

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54274; File No. SR-NASDAQ-2006-020)

August 3, 2006

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Clarify the Rules of the Nasdaq Global Select Market

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 28, 2006, The NASDAQ Stock Market LLC (“Nasdaq”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. Nasdaq filed the proposal as a non-controversial rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Nasdaq clarifies certain rules related to the Nasdaq Global Select Market and corrects a typographical error. The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are [bracketed].⁵

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¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ Changes are marked to the rule text that appears in the electronic manual of Nasdaq found at www.nasdaqtrader.com.

4425. Nasdaq Global Select Market

(a) An issuer that applies for listing on the [Nasdaq] Nasdaq Global Market and meets the requirements for initial listing contained in Rule 4426 shall be listed on the Nasdaq Global Select Market.

(b) – (f) No change.

4426. Nasdaq Global Select Market Listing Requirements

(a) No change.

(b) Liquidity Requirements

(1) The security must demonstrate either:

(A) – (B) No change.

(C) a minimum of 450 beneficial shareholders, in the case of: (i) an issuer listing in connection with [its emergence from a bankruptcy or reorganization proceeding;] a court-approved reorganization under the federal bankruptcy laws or comparable foreign laws; or (ii) an issuer that is affiliated with another company listed on the Global Select Market.

(2) No change.

(3) The publicly held shares must have either:

(A) – (B) No change.

(C) a market value of at least \$70 million in the case of: (i) an issuer listing in connection with its initial public offering; (ii) an issuer that is affiliated with, or a spin-off from, another company listed on the Global Select Market; and (iii) a closed end management investment company registered under the Investment Company Act of 1940.

(c) – (d) No change.

(e) Closed End Management Investment Companies.

(1) A closed end management investment company registered under the Investment Company Act of 1940 shall not be required to meet paragraph (c) of this Rule 4426.

(2) In lieu of the requirement in paragraph (b)(3) of this Rule 4426, a closed end management investment company that is listed concurrently with other closed end management investment companies that have a common investment adviser [(or whose investment advisers are "affiliated persons," as defined in the Investment Company Act of 1940)] (a "Fund Family") shall be eligible if: (A) the total market value of publicly held shares in such Fund Family is at least \$220 million; (B) the average market value of publicly held shares for all funds in the Fund Family is \$50 million; and (C) each fund in the Fund Family has a market value of publicly held shares of at least \$35 million.

(f) No change.

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II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, Nasdaq included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Nasdaq recently created a new listing segment known as the Nasdaq Global Select Market. Issuers listed on the Nasdaq Global Select Market must meet higher initial listing requirements and will receive certain differentiated services from Nasdaq.⁶ While Nasdaq originally filed the rules related to the Nasdaq Global Select Market as changes to Nasdaq Rules that will be operative once Nasdaq begins operations as a national securities exchange,⁷ in order to implement the new segment on July 1, 2006, prior to Nasdaq's operation as an exchange, Nasdaq also filed these rules as changes to the rules of NASD (the "NASD Filing").⁸ This filing incorporates into Nasdaq Rules certain clarifying changes made in the NASD Filing and corrects a typographical error.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁹ in general, and Section 6(b)(5) of the Act,¹⁰ in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable

⁶ These differentiated services involve the provision of academic, research, and corporate governance materials and support that recognize the size and stature of companies on the Nasdaq Global Select Market. For example, companies on the Nasdaq Global Select Market may receive access to additional reports through Nasdaq's Market Intelligence Desk and Nasdaq Online, peer and industry information derived from surveys and third parties, and access to third-party research about their companies.

⁷ See Securities Exchange Act Release No. 53799 (May 12, 2006), 71 FR 29195 (May 19, 2006) (SR-NASDAQ-2006-007).

⁸ See Securities Exchange Act Release No. 54071 (June 29, 2006), 71 FR 38922 (July 10, 2006) (SR-NASD-2006-068).

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(b)(5).

principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Nasdaq believes that the proposed rule change clarifies certain terms in Nasdaq Rules.

B. Self-Regulatory Organization's Statement on Burden on Competition

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹¹ and Rule 19b-4(f)(6) thereunder,¹² because it: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.¹³

¹¹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹² 17 CFR 240.19b-4(f)(6).

¹³ As required by Rule 19b-4(f)(6)(iii) of the Act, Nasdaq provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description of the text of the proposed rule change, at least five business days prior to the date of the filing of the proposed rule change.

Nasdaq requests that the Commission waive the 30-day operative period under Rule 19b-4(f)(6)(iii).¹⁴ The Commission believes that it is consistent with the protection of investors and the public interest to waive the 30-day operative delay and make this proposed rule change immediately effective upon filing on July 28, 2006, because the proposal merely incorporates certain clarifying changes made in the NASD Filing into Nasdaq Rules and corrects a typographical error.¹⁵

At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.¹⁶

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2006-020 on the subject line.

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

¹⁵ For purposes only of waiving the 30-day operative delay of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁶ See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2006-020. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of Nasdaq. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2006-020 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Nancy M. Morris
Secretary

¹⁷ 17 CFR 200.30-3(a)(12).