

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](mailto:rule-comments@sec.gov). Please include File Number SR-NASD-2006-026 on the subject line.

#### *Paper Comments*

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

All submissions should refer to File Number NASD-2006-026. 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 the filing also will be available for inspection and copying at the principal offices of NASD. 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 NASD-2006-026 and should be submitted on or before April 19, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Nancy M. Morris,**

*Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-53538; File No. SR-NASD-2006-037]

### **Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Extending the Effective Date of the Uniform Branch Office Definition and Related Interpretive Material and Extending the Transition Deadline for Compliance With Form BR and Form U4 Filing Requirements**

March 22, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 14, 2006, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD. NASD has designated the proposed rule change as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule under section 19(b)(3)(A)(i) of the Act<sup>3</sup> and Rule 19b-4(f)(1) thereunder,<sup>4</sup> 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**

NASD is filing with the Commission an extension of the effective date of amendments to NASD Rule 3010(g)(2)(A) which defines the term "branch office," and related IM-3010-1 which provides guidance on factors to be considered by members when conducting internal inspections of offices ("Uniform Branch Office Definition"), from May 1, 2006 to July 3, 2006.<sup>5</sup> Further, NASD is extending from May 1, 2006 to July 3, 2006 the transition deadline for compliance with Form BR (Uniform Branch Office Registration Form) and Form U4 (Uniform Application for Securities Industry Registration or Transfer) filing

requirements for firms with branch offices in existence before the close of business on October 14, 2005.<sup>6</sup> NASD is not proposing any textual changes to NASD's rules.

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

In its filing with the Commission, NASD 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. NASD 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**

On September 9, 2005, the SEC approved: (1) amendments to NASD Rule 3010(g)(2) which defines the term "branch office" and (2) the adoption of IM-3010-1 to provide interpretive guidance on factors to be considered by members in conducting internal inspections of offices.<sup>7</sup> In the rule filing, NASD stated that the effective date of the Uniform Branch Office Definition would follow deployment of the new branch office registration system on the Central Registration Depository (CRD®), and that members would have sufficient time to transition to the new Form BR (Uniform Branch Office Registration Form) and associated filing protocols.<sup>8</sup> Following SEC approval of the Uniform Branch Office Definition, NASD announced in a *Notice to Members* that the effective date of the amendments would be May 1, 2006.<sup>9</sup>

In addition, on September 30, 2005, the SEC approved the Form BR and conforming and technical changes to Form U4 (Uniform Application for Securities Industry Registration or Transfer) and Form U5 (Uniform Termination Notice for Securities Industry Registration).<sup>10</sup> In the rule

<sup>6</sup> See Securities Exchange Act Release No. 52544 (September 30, 2005), 70 FR 58764 (October 7, 2005) (SR-NASD-2005-030) ("Form BR Approval Order").

<sup>7</sup> See Uniform Branch Office Definition Approval Order.

<sup>8</sup> See Form BR Approval Order. See also NASD *Notice to Members* 05-66 (October 2005).

<sup>9</sup> See NASD *Notice to Members* 05-67 (October 2005).

<sup>10</sup> See Form BR Approval Order. See also NASD *Notice to Members* 05-66 (October 2005).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>4</sup> 17 CFR 240.19b-4(f)(1).

<sup>5</sup> See Securities Exchange Act Release No. 52403 (September 9, 2005), 70 FR 54782 (September 16, 2005) (SR-NASD-2005-104) ("Uniform Branch Office Definition Approval Order").

<sup>12</sup> 17 CFR 200.30-3(a)(12).

filing and subsequent *Notice to Members*, NASD announced May 1, 2006 as the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with branch offices in existence before the close of business on October 14, 2005. Such firms currently have until May 1, 2006 to: (1) Complete and file the "conversion" Form BR for each such branch and (2) with respect to the registered persons employed by such branches, amend all applicable Forms U4 to assign these registered persons to the branch office(s) (or other locations) from which they work.<sup>11</sup>

Numerous members have requested an extension of the May 1, 2006 deadlines, as the process for transitioning existing and new branch offices into the new centralized branch office registration system on CRD has been more time consuming than originally anticipated. In particular, members with the largest number of associated persons have stated that the process of completing a Form BR for each branch office location, which requires more detailed information on each branch location (both existing and new locations) than previously required under Schedule E to Form BD, has been resource and labor intensive. Such members have expressed concern that, despite the allocation of significant resources to meet the May 1, 2006 deadlines, they do not believe they will be able to complete the necessary Forms BR and Forms U4 linking each associated person to a registered office location by such deadline. As a result, NASD believes this one-time extension of the deadlines to July 3, 2006 of: (1) the effective date of the Uniform Branch Office Definition and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with branch offices in existence before the close of business on October 14, 2005 will allow for a more orderly transition by members to the new Uniform Branch Office Definition and the new centralized branch office registration system on CRD.

NASD is filing the proposed rule change for immediate effectiveness. The proposed rule change will become effective upon the date of this filing, thereby extending to July 3, 2006: (1) the effective date of the Uniform Branch Office Definition and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with branch offices in existence before the close of business on October 14, 2005.

## 2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of section 15A(b)(6) of the Act,<sup>12</sup> which requires, among other things, that NASD rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that the extension to July 3, 2006 will allow for a more orderly transition by members to the Uniform Branch Office Definition and the new centralized branch office registration system on CRD. The extension will allow members to comply with the Uniform Branch Office Definition and the new Form BR without unduly burdening members.

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

NASD 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)<sup>13</sup> of the Act and paragraph (f) of Rule 19b-4 thereunder,<sup>14</sup> in that the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of NASD. At any time within 60 days of the filing of the 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.

## 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](mailto:rule-comments@sec.gov). Please include File Number SR-NASD-2006-037 on the subject line.

### *Paper Comments*

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

All submissions should refer to File Number SR-NASD-2006-037. 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 NASD. 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-NASD-2006-037 and should be submitted on or before April 19, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

**Nancy M. Morris,**  
Secretary.

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<sup>11</sup> See NASD *Notice to Members* 05-66 (October 2005).

<sup>12</sup> 15 U.S.C. 78o-3(b)(6).

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f).

<sup>15</sup> 17 CFR 200.30-3(a)(12).