

Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2006-018. 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-2006-018 and should be submitted on or before August 28, 2006.

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

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54248; File No. SR-NASDAQ-2006-019]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Technical and Conforming Changes to Nasdaq's 4000 Series Rules

July 31, 2006.

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 has designated the proposed rule change as constituting 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 proposed rule change effective upon filing with the Commission.⁵ 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 proposes to conform the Rule 4000 Series of Nasdaq's rules to certain changes made to the Rule 4000 Series of the rules of the National Association of Securities Dealers, Inc. ("NASD") since approval of Nasdaq's rules by the Commission in January 2006 and to correct certain errors in the approved rules. Nasdaq proposes to implement the proposed rule change immediately.

The text of the proposed rule change is available on Nasdaq's Web site (www.complinet.com/nasdaq), at Nasdaq's principal office, and at the Commission's Public Reference Room.

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 the Statutory Basis for, the Proposed Rule Change.

1. Purpose.

Nasdaq is modifying its 4000 Series Rules to conform them to certain changes made to the 4000 Series Rules of the NASD since approval of Nasdaq's rules by the Commission in January

2006 and to correct certain typographical errors in the approved rules.

Specifically, Nasdaq is:

- Amending Nasdaq Rule 4120 to reflect changes made by SR-NASD-2006-015⁶ in connection with the implementation of the Nasdaq Halt Cross, and to add language concerning halts in Nasdaq index warrants that is being relocated from former Nasdaq Rule 2854.⁷
- Amending Nasdaq Rule 4120 to update contact information for Nasdaq's MarketWatch Department and amending Nasdaq IM-4120 and Nasdaq Rules 4310, 4320, and 4350 to remove superfluous and outdated contact information.
- Amending Nasdaq Rule 4305 to change a reference to the Nasdaq National Market to the Nasdaq Global Market, consistent with changes made through SR-NASDAQ-2006-007.⁸
- Amending Nasdaq Rule 4320 to eliminate phase-in dates that have already passed and rule text that has been superseded by the phased-in rules.⁹
- Amending Nasdaq Rule 4350 and adding Nasdaq IM-4350-8 to reflect an amendment made to NASD Rule 4350 by SR-NASD-2005-073.¹⁰
- Amending Nasdaq Rules 4510 and 4520, deleting Nasdaq IM-4500-3, and adding new Nasdaq IM-4500-4, to reflect changes made by SR-NASD-2005-143¹¹ and SR-NASD-2006-047.¹²
- Adding Nasdaq Rule 4613(a)(2) and (3) and Nasdaq IM-4613 to restore a pilot program for supplemental MPIDs that had lapsed at the time of the approval of Nasdaq's exchange registration application but that was

⁶ Securities Exchange Act Release No. 53687 (April 20, 2006), 71 FR 24787 (April 27, 2006) (SR-NASD-2006-015). Nasdaq notes that a further amendment to Rule 4120 was approved by the Commission in Securities Exchange Act Release No. 54155 (July 14, 2006), 71 FR 41291 (July 20, 2006) (SR-NASDAQ-2006-001), but with an implementation date of August 28, 2006. Accordingly, Nasdaq will file a technical rule change prior to that date to reflect the difference between the version of the rule adopted in this filing for the period prior to August 28, and the version to take effect on that date.

⁷ SR-NASDAQ-2006-018 (July 25, 2006).

⁸ Securities Exchange Act Release No. 53799 (May 12, 2006), 71 FR 29195 (May 19, 2006) (SR-NASDAQ-2006-007).

⁹ Securities Exchange Act Release No. 50753 (November 29, 2004), 69 FR 70486 (December 6, 2004) (SR-NASD-2004-147).

¹⁰ Securities Exchange Act Release No. 53578 (March 30, 2006), 71 FR 17532 (April 6, 2006) (SR-NASD-2005-073).

¹¹ Securities Exchange Act Release No. 52997 (December 22, 2005), 70 FR 77222 (December 29, 2005) (SR-NASD-2005-143).

¹² Securities Exchange Act Release No. 53696 (April 21, 2006), 71 FR 25273 (April 28, 2006) (SR-NASD-2006-047).

¹⁷ 17 CFR 200.30-3(a)(12).

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 The Exchange requested the Commission to waive the 30-day operative delay, as specified in Rule 19b-4(f)(6)(iii). 17 CFR 240.19b-4(f)(6)(iii).

restored under NASD rules in SR-NASD-2006-004.¹³

- Amending Nasdaq Rules 4613, 4701, 4710, 4901, and 4904 to reflect changes made to corresponding NASD rules by SR-NASD-2005-150 and SR-NASD-2006-054.¹⁴

- Amending Nasdaq Rule 4710 to reflect a change made to NASD Rule 4710 by SR-NASD-2006-019.¹⁵

- Adopting Nasdaq Rule 4703 to reflect the adoption of the Nasdaq Halt Cross (NASD Rule 4703) in SR-NASD-2005-015,¹⁶ and making conforming changes to Nasdaq Rule 4704.

- Adding Nasdaq Rule 4760, which reflects the recent adoption of the Nasdaq Crossing Network (NASD Rule 4716) in SR-NASD-2005-140.¹⁷

- Amending Nasdaq Rule 4813 to reflect changes made to NASD Rule 4813 by SR-NASD-2005-153.¹⁸

- Amending Nasdaq Rules 4714 and 4905 to reflect changes made to NASD Rules 4714 and 4905 by SR-NASD-2006-049.¹⁹

¹³ Securities Exchange Act Release No. 53192 (January 30, 2006), 71 FR 6302 (February 7, 2006) (SR-NASD-2006-004). Nasdaq notes that a further amendment to Rule 4613 was approved by the Commission in Securities Exchange Act Release No. 54155 (July 14, 2006), 71 FR 41291 (July 20, 2006) (SR-NASDAQ-2006-001), but with an implementation date of August 28, 2006. Accordingly, Nasdaq will file a technical rule change prior to that date to reflect the difference between the version of the rule adopted in this filing for the period prior to August 28, and the version to take effect on that date.

Nasdaq is not at this time restoring the pilot for multiple MPIDs in non-Nasdaq stocks, since rules relating to such stocks are not operational. Rather, as part of the technical rule change referenced above, Nasdaq will expand the language of the pilot in Rule 4613 to cover non-Nasdaq stocks.

¹⁴ Securities Exchange Act Release No. 53017 (December 22, 2005), 70 FR 77225 (December 29, 2005) (SR-NASD-2005-150); Securities Exchange Act Release No. 53739 (April 26, 2006), 71 FR 25876 (May 2, 2006) (SR-NASD-2006-054).

Nasdaq notes that a further amendment to these rules was approved by the Commission in Securities Exchange Act Release No. 54155 (July 14, 2006) (SR-NASDAQ-2006-001), but with an implementation date of August 28, 2006. Accordingly, Nasdaq will file a technical rule change prior to that date to reflect the difference between the version of the rule adopted in this filing for the period prior to August 28, and the version to take effect on that date.

¹⁵ Securities Exchange Act Release No. 53233 (February 2, 2006), 71 FR 7100 (February 10, 2006) (SR-NASD-2006-019).

¹⁶ Securities Exchange Act Release No. 53687 (April 20, 2006), 71 FR 24878 (April 27, 2006) (SR-NASD-2006-015).

¹⁷ Securities Exchange Act Release No. 54101 (July 5, 2006), 71 FR 39382 (July 12, 2006) (SR-NASD-2005-140).

¹⁸ Securities Exchange Act Release No. 53067 (January 6, 2006), 71 FR 2965 (January 18, 2006) (SR-NASD-2005-153).

¹⁹ Securities Exchange Act Release No. 53675 (April 18, 2006), 71 FR 23975 (April 25, 2006) (SR-NASD-2006-049).

- Amending Nasdaq Rule 4912 to reflect changes made to NASD Rule 4912 by SR-NASD-2006-006.²⁰

- Amending Nasdaq Rule 4953 to reflect changes made to NASD Rule 4953 by SR-NASD-2006-051 and SR-NASD-2006-017.²¹

- Amending Nasdaq Rule 4962 to reflect changes made to NASD Rule 4962 by SR-NASD-2006-054 and SR-NASD-2006-016.²²

- Amending Nasdaq Rules 4360, 4410, 4450, 4619, 4620, and 4803 and Nasdaq IM-4351 to correct typographical errors.

2. Statutory Basis.

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,²³ in general, and with Section 6(b)(5) of the Act,²⁴ in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable 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. The proposed rule change conforms the Rule 4000 Series of Nasdaq's rules to certain changes made to the Rule 4000 Series of the rules of NASD since approval of Nasdaq's rules by the Commission in January 2006 and corrects typographical errors in the approved 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, as amended.

²⁰ Securities Exchange Act Release No. 53187 (January 30, 2006), 71 FR 6116 (February 6, 2006) (SR-NASD-2006-006).

²¹ Securities Exchange Act Release No. 53720 (April 25, 2006), 71 FR 25875 (May 2, 2006) (SR-NASD-2006-051); Securities Exchange Act Release No. 53316 (February 15, 2006), 71 FR 9401 (February 23, 2006) (SR-NASD-2006-017).

²² Securities Exchange Act Release No. 53720 (April 26, 2006), 71 FR 25876 (May 2, 2006) (SR-NASD-2006-054); Securities Exchange Act Release No. 53203 (January 31, 2006), 71 FR 6300 (February 7, 2006) (SR-NASD-2006-016).

²³ 15 U.S.C. 78f.

²⁴ 15 U.S.C. 78f(b)(5).

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 proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁵ and Rule 19b-4(f)(6) thereunder²⁶ because the proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from the date of filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest pursuant to Section 19(b)(3)(A) of the Act²⁷ and Rule 19b-4(f)(6)²⁸ thereunder.

Nasdaq has requested that the Commission waive the 30-day operative delay.²⁹ The Commission believes that the waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Waiver of the 30-day operative period will allow Nasdaq to implement these changes immediately so that they can be in place prior to the time when Nasdaq begins to operate as a national securities exchange. Accordingly, the Commission designates the proposal to be effective and operative upon filing with the Commission.³⁰

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 the 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:

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f)(6).

²⁷ 15 U.S.C. 78s(b)(3)(A).

²⁸ 17 CFR 240.19b-4(f)(6).

²⁹ 17 CFR 240.19b-4(f)(6)(iii).

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

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-2006-019 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-NASDAQ-2006-019. 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 Section, 100 F Street, NE., Washington, DC 20549-1090. 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-2006-019 and should be submitted on or before August 28, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³¹

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54242; File No. SR-NASD-2006-083]

**Self-Regulatory Organizations;
National Association of Securities
Dealers, Inc.; Notice of Filing and
Immediate Effectiveness of Proposed
Rule Change Relating to Revisions to
the Series 27 Examination Program**

July 31, 2006.

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 14, 2006, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("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 of the self-regulatory organization pursuant to Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon receipt of this filing by 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 revisions to the study outline and selection specifications for the Limited Principal—Financial and Operations (Series 27) examination program.⁵ The proposed revisions update the material to reflect changes to the laws, rules and regulations covered by the examination and to better reflect the duties and responsibilities of a financial and operations principal. NASD is not proposing any textual

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

⁵ NASD also is proposing corresponding revisions to the Series 27 question bank, but based upon instruction from the Commission staff, NASD is submitting SR-NASD-2006-083 for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(1) thereunder, and is not filing the question bank for Commission review. See letter to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, from Belinda Blaine, Associate Director, Division of Market Regulation ("Division"), Commission, dated July 24, 2006. The question bank is available for Commission review.

changes to the By-Laws, Schedules to the By-Laws, or Rules of NASD.

The revised study outline is available on NASD's Web site (<http://www.nasd.com>), at NASD, and at the Commission.⁶ The Series 27 selection specifications have been submitted to the Commission under separate cover with a request for confidential treatment pursuant to Rule 24b-2 under the Act.⁷

**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

Section 15A(g)(3) of the Act⁸ requires NASD to prescribe standards of training, experience, and competence for persons associated with NASD members. In accordance with that provision, NASD has developed examinations, and administers examinations developed by other self-regulatory organizations, that are designed to establish that persons associated with NASD members have attained specified levels of competence and knowledge. NASD periodically reviews the content of the examinations to determine whether revisions are necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

Pursuant to NASD Rule 1022(b), members that have a minimum net capital requirement of \$250,000 under SEC Rules 15c3-1(a)(1)(ii)⁹ and 15c3-1(a)(2)(i),¹⁰ as well as members that have a minimum net capital requirement of \$150,000 under SEC Rule 15c3-1(a)(8),¹¹ are required to designate as a Limited Principal—Financial and Operations those individuals associated with them who

⁶ Telephone conversation between Mia Zur, Special Counsel, Division, Commission, and Afshin Atabaki, Counsel, NASD, dated July 19, 2006.

⁷ 17 CFR 240.24b-2.

⁸ 15 U.S.C. 78o-3(g)(3).

⁹ 17 CFR 240.15c3-1(a)(1)(ii).

¹⁰ 17 CFR 240.15c3-1(a)(2)(i).

¹¹ 17 CFR 240.15c3-1(a)(8).

³¹ 17 CFR 200.30-3(a)(12).