

such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act,<sup>16</sup> and Rule 19b-4(f)(6) thereunder.<sup>17</sup> 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.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>18</sup> normally does not become operative prior to 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>19</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The NASD has asked the Commission to waive the 30-day pre-operative delay. The Commission believes that such waiver is consistent with the protection of investors and the public interest because it would allow the NASD to update and clarify its rules.<sup>20</sup> The Commission notes that the proposed rule change will facilitate the implementation of NASD rules that were subject to notice and comment and approved by the Commission on November 21, 2006. For this reason, the Commission designates the proposed rule change to be operative on the date that the Nasdaq Exchange begins operations as a national securities exchange for non-Nasdaq exchange-listed securities.

#### 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-2007-012 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-2007-012. 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-2007-012 and should be submitted on or before March 13, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>21</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-2839 Filed 2-16-07; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55283; File No. SR-NASD-2007-010]

### Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend NASD Rule 7010 To Modify Pricing for NASD Members Using ITS/CAES System and Inet Facility

February 12, 2007.

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 January 29, 2007, 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 substantially by NASD. NASD submitted the proposed rule change under Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission.<sup>5</sup> 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 proposes to amend NASD Rule 7010 to modify the pricing for its members using the ITS/CAES System and the Inet facility (the "Nasdaq Facilities"), which are currently operated by The Nasdaq Stock Market, Inc. and its subsidiaries ("Nasdaq") as facilities of NASD. The text of the proposed rule change is available on the NASD's Web site at <http://www.nasd.com>, at NASD 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, 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

<sup>16</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>17</sup> 17 CFR 240.19b-4(f)(6).

<sup>18</sup> *Id.*

<sup>19</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>20</sup> For purposes only of waiving the operative date of this proposal, the Commission has considered the rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>21</sup> 17 CFR 200.30-3(a)(12).

<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).

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

<sup>5</sup> NASD stipulated the implementation date to be February 1, 2007.

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

This proposed rule change modifies the pricing schedule for the systems for trading non-Nasdaq exchange-listed securities that are currently operated as NASD facilities by Nasdaq. The fees apply to the Nasdaq Facilities, but as is currently the case with respect to fees for these systems, the fee schedule reflects the volume of a member's use of ITS/CAES, Inet, and the Nasdaq Market Center (a facility of The NASDAQ Stock Market LLC (the "Nasdaq Exchange")) in determining applicable fees.<sup>6</sup> The changes made by this proposed rule change relate to order execution fees for ITS/CAES and Inet, fees for routing to venues other than the New York Stock Exchange (the "NYSE"), and fees for routing orders in exchange-traded funds to the NYSE; fees to route other orders to the NYSE are unchanged.

Currently, members with an average daily volume in all securities during the month of (i) More than 30 million shares of liquidity provided, and (ii) more than 50 million shares of liquidity accessed and/or routed; or members with an average daily volume through the Nasdaq Facilities in all securities during the month of (i) More than 20 million shares of liquidity provided, and (ii) more than 60 million shares of liquidity accessed and/or routed, pay a fee of \$0.0027 per share executed when their

<sup>6</sup> The consideration of volumes through the Nasdaq Exchange is a function of the phased transition of Nasdaq from an operator of NASD facilities to a separate national securities exchange. As such, NASD fee schedules will be amended to remove all references to Nasdaq at or shortly after the time when the Nasdaq Exchange begins to trade non-Nasdaq exchange-listed securities, which is currently expected to occur on February 12, 2007. The Nasdaq Exchange has submitted a comparable filing to establish the same fees for Nasdaq-listed securities, which likewise considers trading volumes through ITS/CAES and Inet. See SR-NASDAQ-2007-003.

When the Nasdaq Exchange begins to trade non-Nasdaq securities, Inet will no longer be operated as an NASD facility for trading non-Nasdaq securities. Accordingly, for the month of February, the volumes used to determine fees for ITS/CAES and Inet will also consider volumes in non-Nasdaq securities through the Nasdaq Market Center. For this reason, a reference to "Nasdaq-listed securities" is being deleted from the explanatory text of Rule 7010(i)(1). This change is necessary to ensure that members using Inet and ITS/CAES prior to the anticipated transition on February 12, 2007 pay fees for that period that reflect a full month's worth of their trading activity.

orders access liquidity on ITS/CAES or Inet or are routed. Members with lower volumes pay a fee of \$0.0028 or \$0.003, depending on their volumes. The proposed rule change raises the volume thresholds needed to qualify for the \$0.0027 fee, such that it will be available to market participants that (i) Add more than 35 million shares of liquidity per day during the month and route or remove more than 55 million shares of liquidity per day during the month, or (ii) add more than 25 million shares of liquidity per day during the month and route or remove more than 65 million share of liquidity per day during the month.

Currently, members adding more than 30 million shares of liquidity per day during the month receive a liquidity provider credit of \$0.0025 per share executed; members providing less liquidity receive a credit of \$0.002. The proposed rule change raises the threshold needed to qualify for the \$0.0025 rebate to 35 million shares per day. However, the proposed rule change also introduces an intermediate credit of \$0.0022 per share executed for members that provide more than 20 million shares of liquidity during the month.

The fees reflected in this proposed rule change were announced by Nasdaq on November 30, 2006,<sup>7</sup> as part of a market-wide evolution in the pricing structure for non-Nasdaq listed securities and an effort by Nasdaq to adopt consistent pricing for all types of securities. Previously, the fees charged by Nasdaq and other venues for non-Nasdaq securities had been characterized by low execution and routing fees and no credits for liquidity providers. During the fall of 2006, however, other markets began to adopt higher execution fees, coupled with liquidity provider credits, thereby moving toward a structure that had long been in effect for Nasdaq-listed securities. As of January 2, 2007, NASD likewise introduced fees for the ITS/CAES and Inet that reflected this evolving pricing structure.<sup>8</sup> However, the fees filed for January were intended as a one-month transition away from the previous structure, and therefore included lower thresholds to qualify for favorable pricing. In addition, the new higher thresholds proposed by this proposed rule change reflect the growing volumes of orders for NYSE-listed securities that are executed or

<sup>7</sup> See Nasdaq Head Trader Alert #2006-199 (November 30, 2006), available at <http://www.nasdaqtrader.com/trader/news/2006/headtraderalerts/hta2006-199.stm>.

<sup>8</sup> See Securities Exchange Act Release No. 55129 (January 18, 2007), 72 FR 03894 (January 26, 2007).

routed through Inet and ITS/CAES, and are intended to encourage further usage.

2. Statutory Basis

NASD believes that the proposed rule change is consistent with Section 15A of the Act,<sup>9</sup> in general, and furthers the objectives of Section 15A(b)(5) of the Act,<sup>10</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the NASD operates or controls.

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

NASD does not believe that the proposed rule change will impose 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*

NASD has neither solicited nor received comments on the proposed rule change.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>11</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder,<sup>12</sup> because it establishes or changes a due, fee, or other charge imposed by the 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

<sup>9</sup> 15 U.S.C. 78o-3.

<sup>10</sup> 15 U.S.C. 78o-3(b)(5).

<sup>11</sup> 15 U.S.C. 78s(b)(3)(a)(ii).

<sup>12</sup> 17 CFR 240.19b-4(f)(2).

- Send an e-mail to *rule-comments@sec.gov*. Please include File Number SR–NASD–2007–010 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–2007–010. 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 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 SR–NASD–2007–010 and should be submitted on or before March 13, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>13</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7–2841 Filed 2–16–07; 8:45 am]

**BILLING CODE 8010–01–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–55280; File No. SR–NASD–2007–003]

### Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Fees and Credits for the NASD/BSE Trade Reporting Facility

February 12, 2007.

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 January 16, 2007, 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 and II below, which Items have been prepared by NASD. NASD filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act <sup>3</sup> and Rule 19b–4(f)(6) thereunder, <sup>4</sup> which renders it 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 proposes to adopt a new NASD Rule 7000D Series relating to fees and credits for the Trade Reporting Facility (“NASD/BSE TRF”) established by NASD and the Boston Stock Exchange (“BSE”). The text of the proposed rule change is available at [www.nasd.com](http://www.nasd.com), NASD, and 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, 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 December 13, 2006, the Commission approved SR–NASD–2006–115, <sup>5</sup> which established rules relating to the new NASD/BSE TRF. The NASD/BSE TRF will provide NASD members with another mechanism for reporting to NASD locked-in transactions in exchange-listed securities effected otherwise than on an exchange. It is anticipated that the NASD/BSE TRF will commence operation in February 2007 upon successful completion of system testing and certification. The instant proposed rule change would adopt a new NASD Rule 7000D Series relating to fees and credits applicable to the NASD/BSE TRF.

NASD is proposing that under new Rule 7002D there will be no transaction fee for reporting locked-in trades to the NASD/BSE TRF in securities listed on the New York Stock Exchange (“Tape A”), the American Stock Exchange (“Tape B”), and the Nasdaq Exchange (“Tape C”). Although NASD is not required to file a proposed rule change where no fees are to be assessed, for members' convenience and to avoid potential confusion with the fee structures of other NASD facilities, NASD is proposing Rule 7002D to clarify that there will be no charge for use of the NASD/BSE TRF to report locked-in transactions in exchange-listed securities effected otherwise than on an exchange. The text of proposed Rule 7002D is identical to the text of current Rule 7002C relating to the NASD/NSX TRF.

In addition, NASD is proposing a transaction credit program under new Rule 7001D that is identical to the existing transaction credit program for the NASD/Nasdaq TRF under Rule 7001B. <sup>6</sup> NASD members reporting trades in Tape A, Tape B and Tape C stocks to the NASD/BSE TRF will receive a 50% pro rata credit on market data revenue earned by the NASD/BSE TRF with respect to those trade reports after deducting the amount, if any, that the Trade Reporting Facility pays to the

<sup>5</sup> See Securities Exchange Act Release No. 54932 (December 13, 2006), 71 FR 76409 (December 20, 2006)(order).

<sup>6</sup> See Securities Exchange Act Release No. 54353 (August 23, 2006), 71 FR 51255 (August 29, 2006).

NASD also notes that the proposed transaction credit program is substantially equivalent to the existing transaction credit program for the NASD/NSX TRF under Rule 7001C. The only difference between the two programs is that under the NASD/NSX TRF transaction credit program, members receive 50% of gross revenue.

<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).

<sup>4</sup> 17 CFR 240.19b–4(f)(6).

<sup>13</sup> 17 CFR 200.30–3(a)(12).