

requiring each small-staff OSJ to have an on-site municipal securities principal for supervision of the activities in that office adds an undue burden to dealers that, in many cases, is either impractical or not cost effective. Banc of America believes that if the proposed rule change is approved, dealers may be forced to close certain regional offices, since adding staff would not be cost effective; in turn, this could lead to a reduction in financing services, and/or increased borrowing costs, to issuers of municipal securities.

The MSRB states in its response that under current NASD requirements and the MSRB's proposed amendments, dealers must designate one or more appropriately registered principals in each OSJ and each such principal must be located on site in each OSJ. The MSRB understands that in the equities market, which is subject to NASD's supervisory requirements, there are many one-person offices which, as OSJs, are involved in structuring corporate financing. The MSRB further understands that such functions, when performed at an OSJ, are significant enough to warrant supervision by an on-site principal who is permanently located in that office. The MSRB concluded that in the case of the one-person OSJ described by Banc of America, the practical effect of the proposed rule change on bank dealers would be to require that one person to be registered as a municipal securities principal, just as NASD requires securities firms to register as a principal any one-person OSJ. The MSRB further noted that the purpose of the proposed rule change is to promote regulatory consistency, and that the MSRB does not believe that the situation described by Banc of America justifies deviating from this purpose. After considering Banc of America's comment letter and the MSRB's response, the Commission finds that the proposed rule change conforms Rule G-27 to the relevant NASD rules on supervision and does not believe that the proposed rule change is inconsistent with the Act.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the MSRB⁷ and, in particular, the requirements of Section 15B(b)(2)(C) of the Act⁸ and the rules and regulations thereunder. Section 15B(b)(2)(C) of the Act requires, among

other things, that the MSRB's rules be 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 municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.⁹ In particular, the Commission finds that, by conforming Rule G-27 to the relevant NASD rules on supervision and thereby making such requirements specifically applicable to the municipal securities activities of securities firms and bank dealers, the proposed rule change will promote regulatory consistency by facilitating dealer compliance with such requirements, as well as by facilitating the inspection and enforcement thereof. The proposal will be effective six months after Commission approval, as requested by the MSRB.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-MSRB-2006-10) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55790; File No. SR-NASDAQ-2007-039]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Granting Approval of Proposed Rule Change to Modify the Distributor Fee for Nasdaq Index Weighting Information

May 21, 2007.

On April 4, 2007, The NASDAQ Stock Market LLC ("Nasdaq") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to decrease the distributor fee for the lowest pricing tier for Nasdaq Index

Weighting Information. According to Nasdaq, the lowest pricing tier is the most common option selected by existing customers. The proposed rule change was published for comment in the **Federal Register** on April 18, 2007.³ The Commission received no comments on the proposed rule change.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange⁴ and, in particular, the requirements of Section 6(b)(4) of the Act,⁵ which requires, among other things, that Nasdaq's rules provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using any facility or system which Nasdaq operates or controls, and that it not unfairly discriminate between customers, issuers, brokers, or dealers. Nasdaq proposes to decrease the distributor fee for the tier that encompasses one to 500 subscribers for Nasdaq Index Weighting Information from \$1,000 to \$300 in the case of unlimited frequency of distribution, and from \$500 to \$275 in the case of distribution once a month, quarter, or year. The remaining tiers of the fee schedules for Nasdaq Index Weighting Information (*i.e.*, fees for 501-999, 1,000-4,999, 5,000-9,999, and 10,000+ subscribers) will not change under this proposal. The Commission believes that decreasing the distributor fee for the lowest pricing tier for Nasdaq Index Weighting Information is beneficial to the recipients of such data and should encourage its broader distribution.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-NASDAQ-2007-039) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Florence E. Harmon,

Deputy Secretary.

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³ See Securities Exchange Act Release No. 55620 (April 12, 2007), 72 FR 19569.

⁴ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f(b)(4).

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).

⁷ In approving this rule the Commission notes that it has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

⁸ 15 U.S.C. 78o-4(b)(2)(C).

⁹ *Id.*

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.