

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-2006-051 and should be submitted on or before January 10, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E6-21652 Filed 12-19-06; 8:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-54932; File No. SR-NASD-2006-132]

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

December 13, 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 December 1, 2006, the National Association of Securities Dealers, Inc. (“NASD”), through its subsidiary, The Nasdaq Stock Market, Inc. (“Nasdaq”), 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 substantially prepared by Nasdaq. Nasdaq filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) 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. 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 modify the pricing for NASD members using the ITS/CAES System and Nasdaq’s Inet facility (collectively, the “Nasdaq Facilities”). Nasdaq states that it will implement this rule change on December 1, 2006. The text of the proposed rule change is set forth below. Proposed new language is in *italics*; proposed deletions are in [brackets].<sup>5</sup>

**7010. System Services**

(a)-(h) No change.

(i) ITS/CAES System and Inet Order Execution and Routing

(1)-(6) No change.

(7) The following charges shall apply to the use of the Nasdaq Facilities by members for routing to the NYSE for all securities[, including Exchange-Traded Funds]:

[Order charged a fee by the NYSE specialist] .....	[\$0.01 per share executed]
Order that attempts to execute in the Nasdaq Facilities prior to routing: [and that is not charged a fee by the NYSE specialist or that is routed to NYSE via ITS].	[\$0.0002 per share executed (but no more than \$25,000 per month)]
<i>Order for Exchange-Traded Fund</i> .....	<i>\$0.0028 per share executed</i>
<i>All other orders</i> .....	<i>\$0.000225 per share executed</i>
Order that does not attempt to execute in the Nasdaq Facilities prior to routing: [and that is not charged a fee by the NYSE specialist].	[\$0.0003 per share executed (but no more than \$75,000 per month)]
<i>Order for Exchange-Traded Fund</i> .....	<i>\$0.003 per share executed</i>
<i>All other orders</i> .....	<i>\$0.000275 per share executed</i>

(8) No change.

(j)-(y) No change.

\* \* \* \* \*

**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 is modifying its price schedule for routing orders to the New York Stock Exchange LLC (“NYSE”) in response to significant pricing changes that were filed and announced by NYSE on November 30, 2006 and implemented by it on December 1, 2006.<sup>6</sup> Specifically, the NYSE filings establish an increased execution fee of

\$0.000275 per share executed for securities other than exchange-traded funds and a fee of \$0.003 per share executed for most orders for exchange-traded funds, eliminate a \$750,000 monthly fee cap, and eliminate specialist commissions on transactions.

To ensure that its fees for routing orders to the NYSE accurately reflect the costs that Nasdaq will incur and provide appropriate incentives for Nasdaq market participants to seek liquidity on Nasdaq rather than routing directly to NYSE, Nasdaq is instituting the following fees:

- \$0.003 per share executed for exchange-traded fund orders that route

<sup>11</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)(ii).

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

<sup>5</sup> Nasdaq states that changes are marked to the rule text that appears in the electronic NASD Manual found at <http://www.nasd.com>, as further amended on an immediately effective basis by File No. SR-NASD-2006-130 (filed on November 30, 2006).

<sup>6</sup> See Securities Exchange Act Release Nos. 54856 (December 1, 2006) (notice of filing and immediate effectiveness of File No. SR-NYSE-2006-106 to increase transaction execution fees and eliminate fee cap) and 54850 (November 30, 2006) (notice of filing and immediate effectiveness of File No. SR-NYSE-2006-105 to eliminate specialist fees).

to NYSE without attempting to execute in the Nasdaq Facilities;

- \$0.0028 per share executed for exchange-traded fund orders that route to NYSE after attempting to execute in the Nasdaq Facilities;
- \$0.000275 per share executed for orders in securities other than exchange-traded funds that route to NYSE without attempting to execute in the Nasdaq Facilities; and
- \$0.000225 per share executed for orders in securities other than exchange-traded funds that route to NYSE after attempting to execute in the Nasdaq Facilities.

As a further corollary to the changes made by NYSE, Nasdaq is eliminating the monthly fee caps that it had in place for orders routed to NYSE and eliminating the fee for orders charged a fee by the NYSE specialist.

## 2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A of the Act,<sup>7</sup> in general, and with Section 15A(b)(5) of the Act,<sup>8</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. Nasdaq states that the proposed rule change is a direct response to changes in the fees that Nasdaq pays when routing orders to the NYSE for execution.

### 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 is subject to Section 19(b)(3)(A)(ii) of the Act<sup>9</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder<sup>10</sup> because it establishes or changes a due, fee, or other charge applicable only to a member imposed by

the self-regulatory organization. Accordingly, the proposal is effective upon Commission receipt of the filing. 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 No. SR-NASD-2006-132 on the subject line.

### 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 No. SR-NASD-2006-132. 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 will also be available for inspection and copying at the principal office of the 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 No. SR-NASD-2006-132 and should be submitted on or before January 10, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54934; File No. SR-NASD-2006-130]

### Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto To Extend a Pricing Pilot for NASD Members Using ITS/CAES and Inet

December 13, 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 November 30, 2006, the National Association of Securities Dealers, Inc. ("NASD"), through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), 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 substantially prepared by Nasdaq. On December 6, 2006, Nasdaq submitted Amendment No. 1 to the proposed rule change. Nasdaq filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) 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. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

Nasdaq proposes to extend a pricing pilot for NASD members using the ITS/CAES System and Nasdaq's Inet facility (collectively, the "Nasdaq Facilities"). Nasdaq states that it will implement this rule change on December 1, 2006. The text of the proposed rule change is set

<sup>11</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)(ii).

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

<sup>7</sup> 15 U.S.C. 78o-3.

<sup>8</sup> 15 U.S.C. 78o-3(b)(5).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>10</sup> 17 CFR 240.19b-4(f)(2).