SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57368; File No. SR-NASDAQ-2008-011)

February 21, 2008

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Equity Securities Using Alternative Settlement Processes in Nasdaq's PORTAL System

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 February 7, 2008, The NASDAQ Stock Market LLC ("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 prepared primarily by Nasdaq. Nasdaq has filed the proposal pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b-4(f)(6) thereunder[4] so that the proposal was 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 allow issuers of PORTAL equity securities to select settlement procedures that do not involve submission to The Depository Trust Company ("DTC").

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

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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).

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

Currently, in order to qualify for inclusion in Nasdaq's PORTAL Market ("PORTAL"), an equity security must be depository eligible.[5] Recently, however, issuers and market participants have implemented alternative regular way non-DTC settlement arrangements for a small subset of Commission Rule 144A equity offerings in order to ensure compliance with various regulatory obligations or trading conditions for the security imposed by its issuer including monitoring the number of record holders for purposes of determining the issuer's reporting obligations under Section 12(g) of the Act. These alternative settlement arrangements are generally implemented through the execution of written agreements among the market participants that obligate them to settle transactions in accordance with the alternative settlement process. Having agreed to follow and be subject to the alternative settlement process, approved participants are then given authorizing credentials that allow them to engage in transactions in the alternative settlement security with other preapproved counter-parties. This process enhances the likelihood that trades in such securities settle appropriately.

In order to provide the enhanced functionality and transparency of the PORTAL system to such issuers, Nasdaq proposes to allow restricted securities using such alternative settlement processes access to PORTAL. Under the proposal, issuers of Rule 144A equity securities, as defined in Rule 6501(c) of the PORTAL Market rules ("PORTAL Equity Securities"), that intend to use an alternative settlement process would have their issues designated as PORTAL

[5] Rule 6502(b)(1)(C). Nasdaq defines "depository eligible" in Rule 11310. Although not specifically required, the primary securities depository for Nasdaq transactions is DTC.

Equity Securities, which would permit such PORTAL Equity Securities to be quoted, traded, and reported for dissemination and regulatory purposes through the PORTAL System like other PORTAL Equity Securities. In order to qualify for PORTAL designation, the alternative settlement security must use an alternative settlement process that: (1) is mandated by the issuer; (2) provides adequate disclosure to investors of the existence of the alternative settlement process, and (3) includes information, technology, and procedures sufficient for Nasdaq to send and receive transaction and other information necessary to the effectuate the process. For qualified alternative settlement securities, the PORTAL system will establish communication linkages and processes with the operators of alternative settlement processes that will be used to seek to ensure that only PORTAL market participants that have met the prerequisites for participation in the process enter indicative quotes, orders, or execute a trade through the PORTAL System in the alternative settlement security. For example, the PORTAL system will regularly communicate with operators of alternative settlement processes and will prevent entities that have not been approved by those operators from entering quotes or orders in the particular alternative settlement security into PORTAL. Once a trade in a PORTAL Equity Security that relies upon an alternative settlement process is consummated, details of the trade will be provided to the alternative settlement process by the PORTAL system.

Nasdaq believes that the above proposal enhances the flexibility for issuers of Commission Rule 144 equity securities to choose a non-DTC settlement process that meets their needs and also increases the efficiency and transparency of the trading in such issues through access to the PORTAL system.

Nasdaq states that the proposed rule change is consistent with the provisions of Section 6 of the Act,[6] in general, and with Sections 6(b)(5) of the Act,[7] 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. Nasdaq believes that offering access to its PORTAL system to equity securities that rely on an alternative settlement processes will enhance the efficiency and transparency of the trading of such securities and will facilitate the reporting of trades in such securities.

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

Nasdaq did not solicit or receive written comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant Section 19(b)(3)(A)(iii) of the Act[8] and Rule 19b-4(f)(6) thereunder[9] because it does not: (1) significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) become operative for 30 days from the date on which it was filed, or such shorter time as the

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6 15 U.S.C. 78f.

7 15 U.S.C. 78f(b)(5).

8 15 U.S.C. 78s(b)(3)(A)(iii).

9 17 CFR 240.19b-4(f)(6).

Commission may designate. 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. Please include File No. SR-NASDAQ-2008-011 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 No. SR-NASDAQ-2008-011. 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at Nasdaq's principal office. 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-NASDAQ-2008-011 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.[10]

Florence E. Harmon
Deputy Secretary

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[10] 17 CFR 200.30-3(a)(12).