

## MEMORANDUM

**TO:** File S7-12-06

**FROM:** Josephine Tao  
Division of Market Regulation

**DATE:** March 12, 2007

**RE:** Proposed Amendments to Regulation SHO; File No. S7-12-06  
Discussion with the National Association of Securities Dealers, Inc.

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On February 1, 2007, staff of the Division of Market Regulation spoke with staff of the National Association of Securities Dealers, Inc. (“NASD”), to discuss the proposed Commission amendments to Regulation SHO (the “Proposal”). In formulating the Proposal, the Commission relied primarily on data collected by NASD. NASD collected this data through confidential queries and examinations of member firms. Accordingly, the data contained confidential, company-specific examination findings and discussions. The staff requested, in response to commenters’ requests for data, that NASD provide those findings in summary form with confidential, company-specific information removed.