

change, as amended, is consistent with Section 15A of the Act.<sup>16</sup> Specifically, the Commission finds the proposal to be consistent with the provisions of Sections 15A(b)(6) of the Act,<sup>17</sup> which requires, among other things, that NASD rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

The Commission believes that the modifications to the proposed rule change that NASD made in response to issues raised by commenters should provide sufficient guidance to allow members to satisfy the requirements of the rule. Moreover, the Commission believes that facilitating investor access to NASD's Web site should lead to better educated and informed investors.

#### V. Solicitation of Comments Concerning Amendment No. 2

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2, including whether Amendment No. 2 to 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-2006-073 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-2006-073. 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 the filing also will 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 Number SR-NASD-2006-073 and should be submitted on or before December 11, 2006.

#### VI. Accelerated Approval of Filing as Amended by Amendment No. 2

The Commission finds good cause for approving the filing, as modified by Amendment No. 2 to the proposed rule change, on an accelerated basis. Amendment No. 2 modifies the proposal in response to issues raised by the commenters. Because Amendment No. 2 raises no novel issues, and provides improvements to the proposed rule change in direct response to issues raised by the commenters, the Commission finds good cause for approving Amendment No. 2 before the 30th day after its publication in the *Federal Register*.

#### VII. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>18</sup> that the proposed rule change (SR-NASD-2006-073), as amended by Amendment No. 2, is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>19</sup>

**Nancy M. Morris,**

*Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54737; File No. SR-NSCC-2006-10]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Clarifying and Technical Changes to NSCC's Rules Regarding ACATS Fund/SERV

November 9, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on September 29, 2006, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by NSCC. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(i) of the Act<sup>2</sup> and Rule 19b-4(f)(1) thereunder<sup>3</sup> 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 parties.

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

The proposed rule change would make clarifying and technical changes to NSCC's Rules principally as they relate to funds which are eligible for processing on Fund/Serv, NSCC's mutual fund processing system.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.<sup>4</sup>

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>3</sup> 17 CFR 240.19b-4(f)(1).

<sup>4</sup> The Commission has modified the text of the summaries prepared by NSCC.

<sup>16</sup> 15 U.S.C. 78o-3.

<sup>17</sup> 15 U.S.C. 78o-3(b)(6).

<sup>18</sup> 15 U.S.C. 78s(b)(2).

<sup>19</sup> 17 CFR 200.30-3(a)(12).

*(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

The purpose of the proposed rule change is to make a technical clarification to NSCC's Rules regarding the appointment of ACATS-Fund/SERV Agents. On May 30, 2005, NSCC filed with the Commission proposed rule change SR-NSCC-2006-06.<sup>5</sup> That rule change, which was effective upon filing, modified NSCC's Rules to enhance the Automated Customer Account Transfer Service ("ACATS") processing capabilities for NSCC members that outsource some or all of their mutual fund processing services. To accommodate these members, NSCC modified Section 16 of Rule 52, "Mutual Fund Services—ACAT/Transfers," to permit one NSCC member to appoint another NSCC member (or Mutual Fund/Insurance Services member) as its ACATS-Fund/SERV Agent ("Agent") with regard to the reregistration of eligible mutual fund assets that are part of a customer account transfer through ACATS.

In its original filing NSCC cited the processing flow of a standard ACATS transfer involving an Agent using a receiving member as a processing example. However, in a customer account transfer the NSCC member may be either a receiving member or a delivering member. This filing seeks to clarify that when a member appoints an Agent, such processing applies whether the member is receiving accounts/assets or delivering accounts/assets. Section 16 of Rule 52 will be modified to reflect this.

As previously stated, an Agent must be either an NSCC member or NSCC Mutual Fund/Insurance Services member. An Agent may act on behalf of multiple NSCC members, but a member may designate only one Agent.

A member must notify NSCC of its designation of Agent in such form and within such time frame as is acceptable to NSCC, and the Agent must acknowledge to NSCC its consent to this designation. The member and its Agent will acknowledge to NSCC that the NSCC member shall at all times continue to be responsible for all provisions of NSCC's Rules, specifically with regard to ACATS and ACATS-Fund/SERV transactions, including any and all actions taken by its Agent.

NSCC will maintain a relationship table of those members that designate an

Agent. In instances where an Agent has been appointed by a member and has been indicated on input received by NSCC, NSCC will replace the member's information (*i.e.*, clearing number and member name) on registration/transfer instructions transmitted to the relevant mutual fund with those of the Agent. Conversely, on acknowledgements or instructions from the relevant mutual fund, NSCC will replace the Agent's clearing number and member name with those of the member's.

As the proposed rule change makes a technical clarification to an existing NSCC rule, it constitutes a stated interpretation with respect to the meaning of an existing rule and is therefore consistent with Section 17A of the Act and the rules and regulations thereunder.

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

NSCC does not believe that the proposed rule change will have any impact or impose any burden on competition.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

Written comments relating to the proposed rule change have not yet been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(i) of the Act<sup>6</sup> and Rule 19b-4(f)(1)<sup>7</sup> thereunder because the proposed rule constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. At any time within sixty days of the filing of such 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 Number SR-NSCC-2006-10 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-NSCC-2006-10. 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 Section, 100 F Street, NE., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at <http://www.nsc.com>. 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-NSCC-2006-10 and should be submitted on or before December 11, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Nancy M. Morris,**

*Secretary.*

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<sup>5</sup> Securities Exchange Act Release Nos. 54163 (July 17, 2006), 71 FR 41852 (July 24, 2006) and 54163A (July 28, 2006), 71 FR 44067 (August 3, 2006).

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>7</sup> 17 CFR 240.19b-4(f)(1).

<sup>8</sup> 17 CFR 200.30-3(a)(12).