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.

The MSRB believes 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.

B. Self-Regulatory Organization's Statement on Burden on Competition

The MSRB 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

In April 2006 the MSRB published for comment draft amendments to Rule G–27 which incorporated most of the NASD requirements contained in Rules 3010 and 3012 in order to promote regulatory consistency and make these requirements specifically applicable to the municipal securities activities of securities firms and bank dealers. In response to its notice, the Board received two comment letters, both of which expressed support for the draft amendments. The Investment Company Institute (''ICI'') noted that conforming MSRB requirements to those of the NASD ''will strengthen the current supervisory systems of municipal securities dealers because NASD rules require a more structured and formalized supervisory system than Rule G–27 in its current form.'' ICI further stated that the proposal will ''facilitate compliance by those dealers that are dually registered with the MSRB and the NASD * * * [and that this] conformity should also enable the NASD to more efficiently inspect those dealers that are subject to rules of both self-regulatory organizations.''

The other commentator—BSC Securities—was supportive of the draft amendments but was concerned about ''unintended consequences of rulemaking.'' BSC noted that, as a small firm, it is particularly concerned with costs of compliance and therefore urged the Board to adopt provisions that are ''identical (not 'substantially similar') to other SRO's rules to ensure the coordination of regulatory approaches.'' While the Board is sensitive to the costs of compliance, particularly in the case of smaller dealers, we believe that the amendments are appropriate and will result, as ICI stated, in ''no substantive difference in the supervisory systems imposed by the rules of the MSRB and the NASD.''

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. By order approve such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.

The MSRB has proposed that the amendments become effective six months after Commission approval of the proposed rule change.

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 Number SR–MSRB–2006–10 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 Number SR–MSRB–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 Room. Copies of such filing also will be available for inspection and copying at the MSRB's offices. 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–MSRB–2006–10 and should be submitted on or before January 10, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[16]

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E6–21779 Filed 12–19–06; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54933; File No. SR–NASDAQ–2006–051]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto To Temporarily Adjust Tier Volume Limits

December 13, 2006.

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 December 1, 2006, 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 substantially prepared by Nasdaq. On December 7, 2006, the Exchange submitted Amendment No. 1 to the proposed rule change. Nasdaq has filed the proposal pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b–4(f)(2) thereunder,[4] which renders the proposal effective upon filing with the

[16] 17 CFR 200.30–3(a)(12).

[1] 5 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(2).

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 reduce, for the month of December 2006, the average daily volume tiers in Nasdaq-listed securities contained in Nasdaq Rule 7018(a) to qualify for certain fee and rebate levels. Nasdaq would implement the proposed rule change immediately. The text of the proposed rule change is available on Nasdaq's Web site at *http://www.nasdaq.com*, at the principal office of Nasdaq, and at the Commission's Public Reference Room.

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 proposing to reduce, for the month of December 2006, the average daily volume tiers for trading and routing in Nasdaq-listed securities contained in Nasdaq Rule 7018(a) to qualify for certain fee and rebate levels. Currently, in order to qualify for a per-share execution fee of $0.0028, members must have an average daily volume through Nasdaq facilities in all securities during a particular month of (i) more than 30 million shares of liquidity provided and (ii) more than 50 million shares of liquidity accessed and/or routed. For routed orders, to qualify for a fee of the greater of (i) $0.0028 per share executed or (ii) a pass-through of all applicable access fees charged by electronic communications networks that charge more than $0.003 per share executed, a firm must have an average daily volume through Nasdaq facilities in all securities during the month of (i) more than 30 million shares of liquidity provided, and (ii) more than 50 million shares of liquidity access and/or routed. For the month of December 2006, Nasdaq is proposing to reduce those qualification volume tiers to 27 million shares and 47 million shares, respectively. In addition, Nasdaq is also reducing for the month of December 2006 the monthly average daily volume tier required to obtain the $0.0025 credit rebate from its current 30 million share level to 27 million shares.[5]

Nasdaq states that the reduction is designed to respond to certain processing issues associated with Nasdaq's implementation of its new single-book execution facility that can result in inhibiting the ability of users to submit orders to the system and thus not reach their usual levels of participation that would historically entitle them to the most competitive fee and rebate levels. Nasdaq believes that a temporary reduction of the qualification tiers is appropriate while both Nasdaq and its users gain more familiarity with the new single-book trading environment.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[6] in general, and with Sections 6(b)(4) of the Act,[7] in particular, in that the proposal provides for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.

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 proposed rule change is subject to Section 19(b)(3)(A)(ii) of the Act[8] and subparagraph (f)(2) of Rule 19b–4 thereunder[9] 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.[10]

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 Number SR–NASDAQ–2006–051 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–NASDAQ–2006–051. 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

[5] In addition, Nasdaq is also making certain non-substantive and corrective changes to Nasdaq Rule 7018(a) to reflect, among other things, the recent termination of the operation of Nasdaq's Brut Facility.

[6] 15 U.S.C. 78f.

[7] 15 U.S.C. 78f(b)(4).

[8] 15 U.S.C. 78s(b)(3)(A)(ii).

[9] 17 CFR 240.19b–4(f)(2).

[10] 15 U.S.C. 78s(b)(3)(C). For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposal, the Commission considers the period to commence on December 7, 2006, the date on which the Exchange submitted Amendment No. 1.

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.[11]

Florence E. Harmon,

Deputy Secretary.

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

BILLING CODE 8011–01–P

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'')[1] and Rule 19b–4 thereunder,[2] 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,[3] and Rule 19b–4(f)(2) thereunder,[4] 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].[5]

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)]
Order for Exchange-Traded Fund	*$0.0028 per share executed*
All other orders	*$0.000225 per share executed*
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)]
Order for Exchange-Traded Fund	*$0.003 per share executed*
All other orders	*$0.000275 per share executed*

(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.[6] 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

[11] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(ii).

[4] 17 CFR 240.19b–4(f)(2).

[5] 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).

[6] *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).