

Dated: October 5, 2007.

Nancy M. Morris,

Committee Management Officer.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56615; File No. SR-FINRA-2007-014]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Limit the Use of FINRA's Name and Any Other Name Owned by FINRA and To Require Members and Persons Associated With a Member that Refer to their FINRA Membership on a Web site to Provide a Hyperlink to [www.finra.org](http://www.finra.org)

October 4, 2007.

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 September 17, 2007, the Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) 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 substantially by FINRA. FINRA filed the proposal under section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) 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

FINRA is proposing to amend NASD Interpretative Material 2210-4 ("IM-2210-4") to limit the use of FINRA's name and any other corporate name owned by FINRA and to require members and persons associated with a member that refer to their FINRA Membership on a Web site to provide a hyperlink to <http://www.finra.org>. The text of the proposed rule change is available at <http://www.finra.org>, the principal offices of FINRA, and the Commission's Public Reference Room.

<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).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

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

In its filing with the Commission, FINRA 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. FINRA 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

On November 9, 2006, the SEC approved an amendment to IM-2210-4 establishing a requirement for member firms and persons associated with a member that refer to their membership in NASD on a Web site to hyperlink to NASD's home page, <http://www.nasd.com> ("the hyperlink requirement").<sup>5</sup> On January 8, 2007, NASD published *Notice to Members* 07-02, which announced the Commission's approval of the hyperlink requirement and established July 7, 2007, as its implementation date.<sup>6</sup> Following SEC approval of the hyperlink requirement, NASD and NYSE Group, Inc ("NYSE") announced a plan to consolidate their member regulation operations into a combined organization, the sole U.S. private-sector provider of member firm regulation for securities firms that do business with the public. To reflect this consolidation, NASD changed its corporate name and internet domain and delayed the implementation of the hyperlink requirement until its new corporate name and internet domain could be established.<sup>7</sup> NASD has changed its name to FINRA and changed its internet domain from <http://www.nasd.com> to <http://www.finra.org>. FINRA is now submitting the instant proposed rule change to amend IM-

<sup>5</sup> See Securities Exchange Act Release No. 54740 (November 9, 2006), 71 FR 67184 (November 20, 2006) (SR-NASD-2006-073).

<sup>6</sup> See NASD *Notice to Members* 07-02 (January 2007).

<sup>7</sup> FINRA previously announced that it would file a separate rule change to amend IM-2210-4 to reflect its new corporate name. See Securities Exchange Act Release No. 56124 (July 24, 2007), 72 FR 42165 (August 1, 2007) (SR-NASD-2007-042) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Delay the Implementation of NASD Interpretative Material 2210-4, which Requires Certain Member Firms to Provide a Hyperlink to <http://www.nasd.com>).

2210-4 to reflect the new corporate identity.

First, the proposed rule change amends the heading of IM-2210-4 to refer to FINRA instead of NASD. Second, the reference to the NASD By-Laws has been updated to refer to the FINRA By-Laws, which were adopted on July 30, 2007.<sup>8</sup>

Third, paragraph (1) includes a reference to FINRA or any other corporate name or facility owned by FINRA. By including "any other corporate name or facility owned by FINRA," IM-2210-4 will still retain limitations on the use of NASD's name to avoid any potential confusion or misuse of its legacy name, which is still widely accepted by investors. In addition, IM-2210-4 will encompass names or facilities of FINRA, including TRACE and ADF. Consequently, under the proposed rule change, members could neither state nor imply in any communications with the public that FINRA, or any other corporate name or facility owned by FINRA, endorses, indemnifies, or guarantees the member's business practices, selling methods, the class or type of securities offered, or any specific security.

Finally, in paragraph (3), FINRA replaces the references to "NASD" and the NASD Web site, "www.nasd.com," with "FINRA," and "www.finra.org" to reflect the new corporate identity. This amendment would require members, or persons associated with a member, that refer to their FINRA membership on a Web site to provide a hyperlink to <http://www.finra.org>.<sup>9</sup>

FINRA will announce the implementation date of the proposed rule change in a *Regulatory Notice* to be published no later than 60 days following Commission notice of the filing of the rule change in the **Federal Register** for immediate effectiveness. The implementation date will be 30 days after the date of the filing.

###### 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of section 15A(b)(6) of the Act,<sup>10</sup> which requires, among other things, that

<sup>8</sup> Specifically, Article XV, Section 2, now states: "No member shall use the name of the Corporation except to the extent that may be permitted by the Rules of the Corporation." The name of the Corporation is Financial Industry Regulatory Authority, Inc. See Securities Exchange Act Release No. 56146 (July 26, 2007), 72 FR 42190 (August 1, 2007) (SR-NASD-2007-053) (Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to the Restated Certificate of Incorporation of National Association of Securities Dealers, Inc.).

<sup>9</sup> See Footnote 7.

<sup>10</sup> 15 U.S.C. 78o-3(b)(6).

FINRA's 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. FINRA is amending IM-2210-4 to reflect its new corporate identity and to ensure that its rule regarding the use of its corporate name is current and accurate.

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

FINRA does not believe that the proposed rule change will impose 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 proposed rule change has become effective pursuant to section 19(b)(3)(A) of the Act<sup>11</sup> and Rule 19b-4(f)(6) thereunder,<sup>12</sup> because the foregoing proposed rule does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of such 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.<sup>13</sup>

### **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-FINRA-2007-014 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-FINRA-2007-014. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of FINRA. 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-FINRA-2007-014 and should be submitted on or before November 2, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Nancy M. Morris,**

*Secretary.*

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-56604; File No. SR-NASDAQ-2007-080]

#### **Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of a Proposed Rule Change Relating to the Establishment of the NASDAQ Options Market LLC**

October 3, 2007.

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 September 17, 2007, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by Nasdaq. 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 establish the NASDAQ Options Market, LLC ("NOM LLC"), a Delaware limited liability company that will operate the NASDAQ Options Market ("NOM") as a Nasdaq facility, as that term is defined in section 3(a)(2) of the Act.<sup>3</sup> In this filing, Nasdaq is submitting to the Commission NOM LLC's Limited Liability Company Agreement ("LLC Agreement"), which is the source of NOM LLC's governance and operating authority, and therefore, functions much like the articles of incorporation and bylaws for a corporation. Nasdaq also is submitting a Delegation Agreement whereby Nasdaq will make a limited delegation to NOM LLC as described in detail below. The texts of the LLC Agreement and the Delegation Agreement, are available on Nasdaq's Web site at <http://www.nasdaq.com>, on the Commission's Web site at <http://www.sec.gov>, at 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

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 15 U.S.C. 78s(b)(3)(C).

<sup>14</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. 78c(a)(2).