

application process and how to complete the revised Form NMA.⁸

FINRA has filed the proposed rule change for immediate effectiveness. The effective date will be the date of filing, February 29, 2008. FINRA will announce the implementation date in a *Regulatory Notice* to be published no later than 30 days following the effective date.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁹ which requires, among other things, that FINRA 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 proposed rule change amends NASD Rule 1013 to require that an applicant file a membership application directly with the Department instead of with a particular district office and revises the online Form NMA to make it more interactive. The proposed rule change does not propose any new or additional content requirements for member applications. The proposed rule change also eliminates the requirement to pay the membership application fee with a physical check. FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) as it will ensure a more streamlined and efficient membership application process.

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

FINRA 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 has become effective pursuant to Section 19(b)(3)(A)(i) of the Act¹⁰ and

Rule 19b-4(f)(1)¹¹ thereunder, because it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule.

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.

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-FINRA-2008-008 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-FINRA-2008-008. 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 office 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-2008-008 and should be submitted on or before April 8, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57468; File No. SR-ISE-2008-09]

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Approving Proposed Rule Change To Amend Exchange Rules Related to the Imposition of Fines for Minor Rule Violations

March 11, 2008.

On January 18, 2008, the International Securities Exchange, LLC ("ISE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend ISE Rule 1614, "Imposition of Fines for Minor Rule Violations," to add summary fines for violations of ISE Rule 1100, "Exercise of Options Contracts." The proposed rule change was published for comment in the **Federal Register** on February 5, 2008.³ The Commission received no comments regarding the proposal. This order approves the proposed rule change.

The Exchange proposes to add a summary fine schedule pursuant to its Minor Rule Violation Plan ("MRVP") that will apply to any member who fails to submit to the Exchange in a timely manner pursuant to ISE Rule 1100 (or a regulatory information circular issued pursuant to ISE Rule 1100) an "Advice Cancel" or exercise instruction relating to the exercise or nonexercise of a noncash-settled equity option. The Exchange believes that imposing the

⁸ FINRA will also provide advance notice through the *Regulatory Notice* process (or similar guidance) of any systems changes to the electronic application process that would alter the manner in which applicants interact with the electronic filing system.

⁹ 15 U.S.C. 78o-3(b)(6).

¹⁰ 15 U.S.C. 78s(b)(3)(A)(i).

¹¹ 17 CFR 240.19b-4(f)(1).

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 57229 (January 29, 2008), 73 FR 6753.

fine levels specified with respect to both individual members and member organizations, and providing for a rolling 24-month surveillance period, will serve as an effective deterrent to such violative conduct.⁴

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁵ In particular, the Commission believes that the proposal is consistent with Section 6(b)(5) of the Act,⁶ which requires that the rules of an exchange be designed to promote just and equitable principles of trade, to facilitate 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. The Commission further believes that ISE's proposal to impose sanctions on individuals and member organizations who fail to submit Advice Cancel or exercise instructions in a timely manner is consistent with Sections 6(b)(1) and 6(b)(6) of the Act,⁷ which require that the rules of an exchange enforce compliance with, and provide appropriate discipline for, violations of Commission and Exchange rules. In addition, the Commission finds that the proposal is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d-1(c)(2) under the Act,⁸ which governs minor rule violation plans. The Commission believes that the proposed rule change should strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities as an SRO in cases where full disciplinary proceedings are unsuitable in view of the minor nature of the particular violation.

In approving this proposed rule change, the Commission in no way

minimizes the importance of compliance with ISE rules and all other rules subject to the imposition of fines under the MRVP. The Commission believes that the violation of any SRO rules, as well as Commission rules, is a serious matter. However, the MRVP provides a reasonable means of addressing rule violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Commission expects that ISE would continue to conduct surveillance with due diligence and make a determination based on its findings, on a case-by-case basis, whether a fine of more or less than the recommended amount is appropriate for a violation under the ISE MRVP or whether a violation requires formal disciplinary action.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act⁹ and Rule 19d-1(c)(2) under the Act,¹⁰ that the proposed rule change (SR-ISE-2008-09) be, and hereby is, approved and declared effective.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57478; File Nos. SR-NASDAQ-2007-004 and SR-NASDAQ-2007-080]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Amendment No. 2 to a Proposed Rule Change and Order Granting Accelerated Approval to a Proposed Rule Change, as Amended, To Establish Rules Governing the Trading of Options on the NASDAQ Options Market; Order Approving a Proposed Rule Change Relating to the LLC Agreement Establishing the NASDAQ Options Market LLC and Delegation Agreement Delegating to NOM LLC the Authority To Operate the NASDAQ Options Market; Order Granting an Application of The NASDAQ Stock Market LLC for an Exemption Pursuant to Section 36(a) of the Exchange Act from the Requirements of Section 19(b) of the Exchange Act; and Order Granting an Exemption for the NASDAQ Options Market LLC from Section 11A(b) of the Exchange Act

March 12, 2008.

I. Introduction

On January 30, 2007, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change ("Trading Rules Proposal") to adopt rules governing participation in and trading on The NASDAQ Options Market ("NOM"), which will be an options exchange facility of Nasdaq operated by The Nasdaq Options Market LLC ("NOM LLC"). The proposed rule change, as modified by Amendment No. 1, was published for comment in the **Federal Register** on May 1, 2007.³ The Commission received five comment letters regarding the proposed rule change.⁴ Nasdaq responded to the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 55667 (April 25, 2007), 72 FR 23869 ("Trading Rules Proposal Notice").

⁴ See letters to Nancy M. Morris, Secretary, Commission, from Stephen Schuler, Managing Member, Global Electronic Trading Company ("GETCO"), and Daniel Tierney, Managing Member, GETCO, dated July 20, 2007 ("GETCO Letter"); Michael J. Simon, Secretary, The International Securities Exchange, LLC ("ISE"), dated June 15, 2007 ("ISE Letter"); John C. Nagel, Director and Associate General Counsel, Citadel Investment

⁴ In addition, as a member of the Intermarket Surveillance Group, the Exchange, as well as certain other self-regulatory organizations ("SROs") executed and filed on October 29, 2007 with the Commission, a final version of an Agreement pursuant to Section 17(d) of the Act (the "17d-2 Agreement"). As set forth in the 17d-2 Agreement, the SROs have agreed that their respective rules concerning the filing of Expiring Exercise Declarations, also referred to as Contrary Exercise Advices, of options contracts, are common rules. As a result, the proposal to amend ISE's MRVP will result in further consistency in sanctions among the SROs that are signatories to the 17d-2 Agreement concerning Contrary Exercise Advice violations.

⁵ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78f(b)(1) and 78f(b)(6).

⁸ 17 CFR 240.19d-1(c)(2).

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 240.19d-1(c)(2).

¹¹ 17 CFR 200.30-3(a)(12); 17 CFR 200.30-3(a)(44).