

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item 1 and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² the National Association of Securities Dealers, Inc. (“NASD”), through its subsidiary, The Nasdaq Stock Market, Inc. (“Nasdaq”), is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to establish a new order processing option for its INET and Brut facilities that allow those system users to direct that their market-on-open orders being sent to the American and New York Stock exchanges for participation in those markets’ opening processes will have any shares remaining unexecuted after the open be returned to the Nasdaq facility of their origin for display and potential execution as appropriate.

Nasdaq has designated this proposal as non-controversial and requests that the Commission waive the 30-day pre-operative waiting period contained in Exchange Act Rule 19b-4(f)(6)(iii). If such a waiver is granted by the Commission, this rule proposal, which is effective upon filing with the Commission, shall become immediately operative pursuant to SEC Rule 19b-4(f)(6). The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

4903. Order Entry Parameters

(a) –(b) No Change

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(c) Thru Brut Orders—

(1) General. A Thru Brut Order is an order submitted to the System that is designated for routing to another market center. The following requirements shall apply to Thru Brut Orders:

(A) – (B) No Change

(C) Market/Limit on Open Orders – if requested by the entering party, unexecuted share amounts of market on open orders directed to the New York or American stock exchanges will be returned to the System for display and potential execution.

(d) – (f) No Change

* * * * *

4956. Routing**(a) INET Order Routing Process**

(1) The INET Order Routing Process shall be available to Participants from 7:00 a.m. to 8:00 p.m. Eastern Time, and shall route orders as described below:

(A) – (B) No Change**(C) Market/Limit on Open Orders**

If requested by the entering party, unexecuted share amounts of market on open orders directed to the New York or American stock exchanges will be returned to the INET System for display and potential execution.

* * * * *

2. Procedures of the Self-Regulatory Organization

The Board of Directors of Nasdaq approved the proposed rule change at its meeting on July 19, 2006 and the Board of Governors of the NASD reviewed the proposed rule change at its meeting on July 20, 2006. The staff of Nasdaq has provided an opportunity for the staff of NASD Regulation, Inc. to consult with respect to the proposed rule change, pursuant to the Plan of Allocation and Delegation of Functions by

NASD to Subsidiaries. No other action by the NASD is necessary for the filing of the rule change.

Nasdaq will make the proposed rule change effective immediately upon Commission approval. Questions regarding this rule filing may be directed to Thomas P. Moran, Associate General Counsel, The Nasdaq Stock Market, Inc. at (301) 978-8483 (telephone) or (301) 978-8485 (fax).

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

a. Purpose

Nasdaq is proposing to provide a new voluntary option for its INET and Brut facilities that will allow users to direct that, for orders being sent to the New York or American Stock Exchanges for participation in those markets' opening process, thereafter return any unexecuted share amounts back to the originating facility for display and potential execution. Currently, such share amounts are automatically cancelled back to the entering party, and Nasdaq wishes give its facility users the ability to elect to have those unexecuted remainders to instead continue to participate in Nasdaq's automated execution environment. Nasdaq believes that the above option will enhance the choices available to INET and Brut systems users to select the best method to execute proprietary and customer orders across multiple trading venues.

b. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A of the Act,³ in general and with Section 15A(b)(6) of the Act,⁴ in particular,

³ 15 U.S.C. 78o-3.

⁴ 15 U.S.C. 78o-3(b)(6).

in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, remove impediments to a free and open market and a national market system, and, in general, to protect investors and the public interest.

4. 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, as amended.

5. 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.

6. Extension of Time Period for Commission Action

Nasdaq does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Nasdaq has designated this proposal as non-controversial and requests that the Commission waive the 30-day pre-operative waiting period contained in Exchange Act Rule 19b-4(f)(6)(iii). If such a waiver is granted by the Commission, this rule proposal, which is effective upon filing with the Commission, shall become immediately operative pursuant to SEC Rule 19b-4(f)(6). Given the voluntary nature of the proposed routing option, and the efficiency that use of this proposed option may engender, Nasdaq respectfully requests that the Commission waive both the 5-day pre-filing and the 30-day pre-operative period.

8. Proposed Rule Change Based on rules of Another Self-Regulatory Organization of the Commission

Not applicable.

9. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.

Pursuant to the requirements of the Act, Nasdaq has caused this filing to be signed by the duly authorized undersigned.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASD-2006-106)

August __, 2006

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. Related to Market/Limit-on-Open Orders Sent to the American and New York Stock Exchanges.

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 August __, 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 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 the Substance of the Proposed Rule Change

Nasdaq proposes change to establish a new order processing option for its INET and Brut facilities that allow those system users to direct that their market/limit-on-open orders being sent to the American and New York Stock exchanges for participation in those markets’ opening processes will have any shares remaining unexecuted after the open be returned to the Nasdaq facility of their origin for display and potential execution as appropriate.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Nasdaq has designated this proposal as non-controversial and requests that the Commission waive the 30-day pre-operative waiting periods contained in Exchange Act Rule 19b-4(f)(6)(iii). If such a waiver is granted by the Commission, this rule proposal, which is effective upon filing with the Commission, shall become immediately operative pursuant to SEC Rule 19b-4(f)(6). The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

4903. Order Entry Parameters

(a) – (b) No Change

(c) Thru Brut Orders—

(1) General. A Thru Brut Order is an order submitted to the System that is designated for routing to another market center. The following requirements shall apply to Thru Brut Orders:

(A) – (B) No Change

(C) Market/Limit on Open Orders – if requested by the entering party, unexecuted share amounts of market on open orders directed to the New York or American stock exchanges will be returned to the System for display and potential execution.

(d) – (f) No Change

* * * * *

4956. Routing

(a) INET Order Routing Process

(1) The INET Order Routing Process shall be available to Participants from 7:00 a.m. to 8:00 p.m. Eastern Time, and shall route orders as described below:

(A) – (B) No Change

(C) Market/Limit on Open Orders

If requested by the entering party, unexecuted share amounts of market on open orders directed to the New York or American stock exchanges will be returned to the INET System for display and potential execution.

* * * * *

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 provide a new voluntary option for its INET and Brut facilities that will allow users to direct that, for orders being sent to the New York or American Stock Exchanges for participation in those markets' opening process, thereafter return any unexecuted share amounts back to the originating facility for display and potential execution. Currently, such share amounts are automatically cancelled back to the entering party, and Nasdaq wishes give its facility users the ability to elect to have those unexecuted remainders to instead continue to participate in Nasdaq's automated execution environment. Nasdaq believes that the above option will enhance the choices

available to INET and Brut systems users to select the best method to execute proprietary and customer orders across multiple trading venues.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A of the Act,³ in general and with Section 15A(b)(6) of the Act,⁴ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, remove impediments to a free and open market and a national market system, and, in general, to protect investors and the public interest.

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, as amended.

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

Nasdaq has designated the proposed rule change as a "non-controversial" rule change pursuant to Section 19(b)(3)(A) of the Act⁵ and subparagraph (f)(6) of Rule 19b-4

³ 15 U.S.C. 78o-3.

⁴ 15 U.S.C. 78o-3(b)(6).

⁵ 15 U.S.C. 78s(b)(1).

thereunder.⁶ The foregoing rule change: (1) does not significantly affect the protection of investors or the public interest, (2) does not impose any significant burden on competition, and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. Nasdaq has requested that the Commission waive the 5-day pre-filing and 30-day pre-operative period requirements for “non-controversial” proposals. The Commission believes that waiver of the 30-day periods is consistent with the protection of investors and the public interest. Accordingly, the Commission has determined to waive operative delay, and the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act,⁷ and Rule 19b-4(f)(6) thereunder,⁸ with no operative delay.

At any time within 60 days of the filing of a rule change pursuant to Section 19(b)(3)(A) of the Act, the Commission may summarily abrogate the 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, as amended, is consistent with the Act. Comments may be submitted by any of the following methods:

⁶ 17 CFR 240.19b-4(f)(6).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

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-NASD-2006-106 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File Number SR-NASD-2006-106. 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 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-2006-106 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Nancy M. Morris
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).