

in the electronic book would be handled during a trading halt, that orders that improperly lock or cross other markets or that would trade through another ITS market would be cancelled, and the obligations of a market maker in the electronic book.⁴³ Amendment No. 2 also clarifies the definitions of cross and cross with size orders,⁴⁴ incorporates new provisions relating to orders for non-regular way settlement and to a floor member's responsibility to clear the electronic book before sending orders to other markets,⁴⁵ and updates the proposed rule change to reflect the Exchange's recent demutualization.

The Commission believes that the proposed changes in Amendment No. 2 provide a clearer understanding of the operation of the electronic book and raise no new issues of regulatory concern. In addition, the Commission notes that the requirement for clearing the electronic book is consistent with the Exchange's current requirement that floor brokers or market makers clear the specialist's post in securities before sending orders to other markets.⁴⁶ For these reasons, the Commission believes that good cause exists to accelerate approval of Amendment No. 2.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2, including whether Amendment No. 2 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-CHX-2004-11 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-CHX-2004-11. 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 the CHX. 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-CHX-2004-11 and should be submitted on or before August 19, 2005.

V. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change, as amended, is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with Section 6(b)(5) of the Act.⁴⁷

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴⁸ that the proposed rule change (SR-CHX-2004-11) and Amendment No. 1 thereto are approved, and that Amendment No. 2 thereto is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴⁹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. E5-4026 Filed 7-28-05; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52112; File No. SR-NASD-2005-060]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change To Create the ModelView Entitlement, an Historical Data Product Designed To Provide the Aggregate Amount of Both Displayed and Reserve Size Liquidity in the Nasdaq Market Center at Each Price Level

July 22, 2005.

On May 10, 2005, 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"), 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 create the ModelView entitlement, an historical data product designed to provide the aggregate amount of both displayed and reserve size liquidity in the Nasdaq Market Center at each price level. The proposed rule change was published for comment in the **Federal Register** on June 21, 2005.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

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 association,⁴ the requirements of Section 15A of the Act,⁵ in general, and Section 15A(b)(5) of the Act,⁶ in particular, which requires, among other things, that NASD's rules provide for the equitable allocation of reasonable dues, fees, and other charges among persons using any facility or system which NASD operates or controls. The Commission believes the proposed rule change may encourage the broader redistribution on the Nasdaq Market Center depth of book order information, thus improving transparency and thereby benefiting the investing public.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 51851 (June 14, 2005), 70 FR 35752.

⁴ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78o-3.

⁶ 15 U.S.C. 78o-3(b)(5).

⁴³ See changes to rule text proposed in CHX Article XXA, Rules 2(e), 2(f), 3(d), 4(c)(3), and 6(b).

⁴⁴ See changes to rule text proposed in CHX Article XXA, Rules 2(c)(3) and (4).

⁴⁵ See Proposed CHX Article XXA, Rules 2(c)(5) and 8.

⁴⁶ See CHX Article XX, Rule 10, Interpretation and Policy .02.

⁴⁷ 15 U.S.C. 78f(b)(5).

⁴⁸ 15 U.S.C. 78s(b)(2).

⁴⁹ 17 CFR 200.30-3(a)(12).

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (File No. SR-NASD-2005-060) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. E5-4025 Filed 7-28-05; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52119; File No. SR-NASD-2005-089]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto Relating to NASD's Direct Authority for the Activities Related to or in Support of Trading in Over-the-Counter Equity Securities

July 25, 2005.

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 July 19, 2005, the 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 by the NASD. On July 22, 2005, the NASD filed Amendment No. 1 to the proposed rule change.³ 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

The NASD is proposing to amend NASD's Plan of Allocation and Delegation of Functions by the NASD to Subsidiaries ("Delegation Plan") and certain NASD rules to reflect the NASD's direct authority for the activities related to or in support of trading in over-the-counter ("OTC")

equity securities,⁴ including, but not limited to, the OTC Bulletin Board ("OTCBB"), rather than the current delegation of such authority to The Nasdaq Stock Market, Inc. ("Nasdaq").

Below is the text of the proposed rule change, as amended. Proposed new language is in *italics*; proposed deletions are in *brackets*.

* * * * *

PLAN OF ALLOCATION AND DELEGATION OF FUNCTIONS BY NASD TO SUBSIDIARIES

I. NASD, Inc.

The NASD, Inc. (referenced as "NASD"), the Registered Section 15A Association, is the parent company of the [wholly-owned] Subsidiaries NASD Regulation, Inc. (referenced individually as "NASD Regulation"), The Nasdaq Stock Market, Inc. (referenced individually as "Nasdaq"), and NASD Dispute Resolution, Inc. (referenced individually as "NASD Dispute Resolution") (referenced collectively as the "Subsidiaries"). The term "Association" shall refer to the NASD and the Subsidiaries collectively.

A. [Governors, Directors and Committee Members] *Other Defined Terms*—The terms "Industry Governors," "Non-Industry Governors," "Public Governors," "Industry Directors," "Non-Industry Directors," "Public Directors," "Industry committee members," "Non-Industry committee members," and "Public committee members," as used herein, shall have the meanings set forth in the By-Laws of the NASD, NASD Regulation and Nasdaq, as applicable. *For purposes of Section III herein, the term "other markets or systems" does not include markets or systems relating to the trading of OTC Equity Securities as defined in the Rule 6600 Series, including, but not limited to, OTC Bulletin Board securities.*

B. through E. No change.

II. NASD Regulation, Inc.

A. Delegation of Functions and Authority

1. Subject to Section I.B.11, the NASD hereby delegates to NASD Regulation and NASD Regulation assumes the following responsibilities and functions as a registered securities association:

a. through s. No change.

t. To develop and adopt rule changes to establish trading practices with respect to OTC Equity Securities, as defined in the Rule 6600 Series,

⁴ The term "OTC equity securities" herein refers to OTC Equity Securities as defined in the Rule 6600 Series, including, but not limited to, OTC Bulletin Board securities.

including, but not limited to, OTC Bulletin Board securities.

B. No change.

C. Supplemental Delegation Regarding Committees

1. No change.

2. [Operations] *Uniform Practice Code* Committee

a. The [Operations] *Uniform Practice Code* Committee shall have the following functions:

i. through iii. No change.

b. The NASD Regulation Board shall appoint the [Operations] *Uniform Practice Code* Committee by resolution. The [Operations] *Uniform Practice Code* Committee shall have not more than 50 percent of its members directly engaged in market-making activity or employed by a member firm whose revenues from market-making activity exceed ten percent of its total revenues.

III. Nasdaq

A. Delegation of Functions and Authority

1. Subject to Section I.B.11., the NASD hereby delegates to Nasdaq and Nasdaq assumes the following responsibilities and functions as a registered securities association:

a. To operate The Nasdaq Stock Market, automated systems supporting The Nasdaq Stock Market, and other markets or systems [for non-Nasdaq securities].

b. and c. No change.

d. To develop and adopt rule changes (i) applicable to the collection, processing, and dissemination of quotation and transaction information for securities traded on The Nasdaq Stock Market, on other markets operated by The Nasdaq Stock Market, and in the third market for securities listed on a registered exchange, [and in the over-the-counter market,] (ii) for Nasdaq-operated trading systems for these securities, and (iii) establishing trading practices with respect to these securities.

e. through o. No change.

2. No change.

B. and C. No change.

IV. and V. No change.

* * * * *

6545. Trading and Quotation Halt in OTCBB-Eligible Securities

(a) Authority for Initiating a Trading and Quotation Halt

In circumstances in which it is necessary to protect investors and the public interest, [Nasdaq] NASD may direct members, pursuant to the procedures set forth in paragraph (b), to halt trading and quotations in the over-the-counter ("OTC") market of a

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1, which replaced the original filing in its entirety, proposed to revise NASD Rule 6620(f)(1) to reflect the changes proposed to NASD Rule 11890 and made other minor and technical changes to the filing.