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*

Nasdaq has neither solicited nor received comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[8] and subparagraph (f)(2) of Rule 19b–4 thereunder.[9] 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.[10] Nasdaq will implement the proposed rule change on January 3, 2006.

**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–NASD–2005–141 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–NASD–2005–141. 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 available for inspection and copying at the principal offices 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–2005–141 and should be submitted on or before January 17, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[11]

**Jonathan G. Katz,**

*Secretary.*

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**BILLING CODE 8010–01–P**

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

[9] 17 CFR 240.19b–4(f)(2).

[10] The effective date of the original proposed rule change is December 5, 2005, and the effective date of Amendment No. 1 is December 9, 2005. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change, as amended, under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on December 9, 2005, the date on which Nasdaq submitted Amendment No. 1. *See* 15 U.S.C. 78s(b)(3)(C).

[11] 17 CFR 200.30–3(a)(12).

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## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–52979; File No. SR–NASD–2005–135]**

## Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing of Proposed Rule Change Relating to the Status of Former Registered Persons Serving in the Armed Forces of the United States

December 19, 2005.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 15, 2005, the National Association of Securities Dealers, Inc. (''NASD'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD. 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**

NASD is proposing to amend NASD IM–1000–2 to toll the two-year expiration provisions for qualification examination requirements set forth in NASD Rules 1021(c), 1031(c), and 1041(c) for certain former registered persons serving in the Armed Forces of the United States, including persons who commence their active military duty within two years after they have ceased to be registered with a member and persons who terminate their registration with a member while on active military duty.

Below is the text of the proposed rule change. Proposed new language is in *italics.*

* * * * *

IM–1000–2. Status of Persons Serving in the Armed Forces of the United States

(a)–(b) No Change.

*(c) Status of Formerly Registered Persons*

*(1) If a person who is currently not registered with a member volunteers for or is called into active duty in the Armed Forces of the United States at any time within two years after the date the person ceases to be registered with a member, NASD will defer the lapse of registration requirements set forth in Rules 1021(c), 1031(c), and 1041(c) (i.e., toll the two-year expiration provisions for qualification examination requirements). NASD will defer the lapse of registration requirements commencing on the date the person begins actively serving in the Armed Forces of the United States, provided that NASD is properly notified of the person's period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the qualification examination requirements shall consist of the standard two-year period provided in Rules 1021(c), 1031(c), and 1041(c)*

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

[2] 17 CFR 240.19b–4.

*reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.*

*(2) If a person placed upon inactive status while serving in the Armed Forces of the United States ceases to be registered with a member, NASD will defer the lapse of registration requirements set forth in Rules 1021(c), 1031(c), and 1041(c) (i.e., toll the two-year expiration provisions for qualification examination requirements) during the pendency of his or her active service in the Armed Forces of the United States. NASD will defer the lapse of registration requirements based on existing information in the Central Registration Depository, provided that NASD is properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the qualification examination requirements shall consist of the standard two-year period provided in Rules 1021(c), 1031(c), and 1041(c).*

* * * * *

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

In its filing with the Commission, NASD 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. NASD 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

Since the September 11, 2001 attacks, NASD has provided tailored regulatory relief to securities industry professionals who volunteer for or are called into active military duty. In January 2002, NASD filed with the SEC for immediate effectiveness a rule change that amended NASD IM–1000–2 to codify the staff's position regarding the relief from NASD Rule 1120 (Continuing Education Requirements) for securities industry professionals who volunteer for or are called into active military duty.[3] In addition, in conjunction with the current filing, NASD has filed with the SEC for immediate effectiveness a rule change[4] that amends NASD IM–1000–2 to clarify its scope with respect to registered persons and sole proprietors and to codify NASD's existing guidance relating to the receipt of transaction-related compensation by registered persons actively serving in the Armed Forces of the United States.

Recently, members have requested that NASD toll the two-year expiration period for securities licenses (''two-year licensing expiration provisions'')[5] in certain cases, such as where a person commences active military duty within two years of his or her having been registered with a member or where a person on active military duty ceases to be registered with a member, but seeks employment in the industry following completion of active service.

In response, NASD is proposing to amend NASD IM–1000–2 to toll the ''two-year licensing expiration provisions'' for a person previously registered with a member who commences his or her active military duty within two years after he or she has ceased to be registered with the member. Under the proposal, the tolling would start on the date such person enters active military service and would terminate 90 days following the person's completion of active service in the Armed Forces of the United States. The proposal requires that NASD be properly notified of the person's period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The proposal also provides that if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the ''two-year licensing expiration provisions'' will consist of the standard two-year period reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.[6]

In addition, NASD is proposing to amend NASD IM–1000–2 to toll the ''two-year licensing expiration provisions'' for a person placed upon ''inactive'' status pursuant to NASD IM–1000–2 who while serving in the Armed Forces of the United States ceases to be registered with a member.[7] Under the proposal, the tolling would start on the date such person ceases to be registered with the member and would terminate 90 days following the person's completion of active service in the Armed Forces of the United States. The proposal requires that NASD be properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. NASD is proposing to toll the ''two-year licensing expiration provisions'' for such persons based on available information in the Central Registration Depository (CRD) regarding their active military status. The proposal further provides that if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the person would have 90 days plus two years following the end of the person's active service in the Armed Forces of the United States to become re-registered with a member.[8]

[3] *See* Securities Exchange Act Release No. 45259 (January 9, 2002), 67 FR 2256 (January 16, 2002) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Relieve Registered Representatives Serving in the Armed Forces From Continuing Education Requirements) (SR–NASD–2002–03).

[4] *See* SR–NASD–2005–134.

[5] NASD Rules 1021(c), 1031(c), and 1041(c) provide that if a person does not register with a member within two years of his or her last registration, his or her qualification as a principal, representative, or assistant representative will lapse and the person must then retest to function as a principal, representative, or assistant representative.

[6] For instance, under the proposal, if a person terminates his registration with a firm on August 1, 2005, is called into active military duty on November 1, 2005, and returns from active military duty on May 1, 2006, NASD would toll the ''two-year licensing expiration provisions'' beginning on November 1, 2005, until July 30, 2006 (which is 90 days following completion of his active military duty). In this example, NASD would have to be notified of his period of active military service by no later than July 30, 2006. Further, if he does not re-register with a member by July 30, 2006, he would then have 21 months remaining (24 months less the three months that ran prior to his entering active service) to re-register with a firm without having to re-take a qualification exam or seek a waiver.

[7] Persons on ''inactive'' status due to active military duty who do not cease their registration with a member while serving in the Armed Forces of the United States are not subject to the ''two-year licensing expiration provisions'' because they are considered registered for purposes of NASD Rules. *See* NASD IM–1000–2.

[8] For example, under the proposal, assume a person registered with Firm A, enters active military duty on January 1, 2006, and is placed on

NASD will announce the effective date of the proposed rule change in a *Notice to Members* (''*NTM*'') to be published no later than 60 days following Commission approval. The effective date will be 30 days following publication of the *NTM* announcing Commission approval.

2. Statutory Basis

NASD 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 NASD'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. NASD believes that the proposed rule change provides appropriate tailored relief to persons actively serving in the Armed Forces of the United States in a manner consistent with NASD's goals of investor protection and market integrity.

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

NASD 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**

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.

**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–NASD–2005–135 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–2005–135. 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–2005–135 and should be submitted on or before January 17, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[10]

**Jonathan G. Katz,**

*Secretary.*

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''inactive'' status for purposes of NASD registration. He then terminates his registration with Firm A on July 1, 2006 while still on active military duty. He returns from active military duty on December 1, 2006. In this example, NASD would remove his ''inactive'' status designation on July 1, 2006 because he has ceased to be registered with a member. However, NASD would toll the ''two-year licensing expiration provisions'' beginning on July 1, 2006, until March 1, 2007 (which is 90 days following completion of his active military duty). NASD would have to be notified of his period of active military service by no later than December 1, 2008 (which is two years following completion of his active military duty).

[9] 15 U.S.C. 78*o*–3(b)(6).

[10] 17 CFR 200.30–3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–52976; File No. SR–NSCC–2005–15]**

## Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Buy-Ins in Its Continuous Net Settlement System

December 19, 2005.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on December 1, 2005, the National Securities Clearing Corporation (''NSCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by NSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The purpose of this proposed rule change is to modify NSCC's Rules with regard to CNS Buy-Ins in an effort to harmonize the buy-in rules of the industry and to assist NSCC members in reducing their exposure related to buy-ins.

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.[2]

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

[2] The Commission has modified the text of the summaries prepared by NSCC.