SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54455; File No. SR–NASD–2006–102]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Allow for the Digital Recording of Arbitration Hearings

September 15, 2006.

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 23, 2006, 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 NASD. NASD has designated this proposal as concerned solely with the administration of a self-regulatory organization pursuant to section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b–4(f)(3) thereunder,[4] which renders the proposed rule change 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

NASD is proposing to amend Rule 10326 of the NASD Code of Arbitration Procedure (''Code'') to allow for the digital or other recording of arbitration hearings.

Below is the text of the proposed rule change.[5] Proposed new language is in italics.

* * * * *

10326. Record of Proceedings

(a) A verbatim record by stenographic reporter or a tape, *digital, or other* recording of all arbitration hearings shall be kept. If a party or parties to a dispute elect to have the record transcribed, the cost of such transcription shall be borne by the party or parties making the request unless the arbitrators direct otherwise. The arbitrators may also direct that the record be transcribed. If the record is transcribed at the request of any party, a copy shall be provided to the arbitrators.

(b) No change

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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

The purpose of the proposed rule change is to amend Rule 10326 of the Code to allow for the digital or other recording of arbitration hearings.

Rule 10326 of the Code currently requires arbitration hearings to be recorded either by a stenographic reporter or through the use of a tape recorder. Since its inception in 1968, NASD Dispute Resolution has used tape recorders to fulfill this obligation.

In response to constituent suggestions that NASD consider upgrading its recording technology, NASD intends to formally evaluate the digital recording of its arbitration hearings.[6] The evaluation will help to ascertain how well arbitrators adapt to using digital recording equipment, the quality of the recordings, the appropriate file storage format(s), and the best means for disseminating and storing audio files.

Since Rule 10326 currently does not allow for the use of digital recording equipment, NASD is proposing to revise the rule to expand the permissible methods of recording arbitration hearings to allow for the use of ''digital or other'' recording devices. This change will allow NASD to use digital recording technology, or another recording method, should such technology prove to be superior to the tape recording system that is currently in use.

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of section 15A(b)(6) of the Act,[7] which requires, among other things, that NASD's rules 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 is consistent with the provision of the Act noted above because it will provide additional options for the recording of arbitration hearings, which may be better than the current alternatives available under the Code.

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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A)(iii) of the Act[8] and subparagraph (f)(3) of Rule 19b–4 thereunder[9] as it is concerned solely with the administration of a self-regulatory organization.

At any time within 60 days of the filing of the 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]

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule

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

[2] 17 CFR 240.19b–4.

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

[4] 17 CFR 240.19b–4(f)(3).

[5] The rules proposed in this filing will be renumbered as appropriate following Commission approval of the pending revisions to the NASD Code of Arbitration Procedure for Customer Disputes; see Securities Exchange Act Release No. 51856 (June 15, 2005), 70 FR 36442 (June 23, 2005) (SR–NASD–2003–158); and the NASD Code of Arbitration Procedure for Industry Disputes; see Securities Exchange Act Release No. 51857 (June 15, 2005), 70 FR 36430 (June 23, 2005) (SR–NASD–2004–011).

[6] Digital recording is the recording and storing of audio data through use of one of several computer file formats, such as MP3, AVI, WAV, etc., rather than using tape. These files can be stored electronically, and sent via e-mail.

[7] 15 U.S.C. 78o–3(b)(6).

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

[9] 17 CFR 240.19b–4(f)(3).

[10] *See* section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

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–2006–102 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–NASD–2006–102. 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 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–2006–102 and should be submitted on or before October 13, 2006.

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

Jill M. Peterson,

Assistant Secretary.

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[11] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54319A; File No. SR–NASD–2006–060]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing of Proposed Rule Change To Require Members To File Regulatory Notices With NASD Electronically

September 18, 2006.

Correction:

In FR Document No. E6–13812, beginning on page 48959 for Tuesday August 22, 2006, the first sentence under ''Statutory Basis'' in column 1 should read as follows:

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[1] which requires, among other things, that NASD 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, in that the proposed rule change will permit the expeditious filing of specified required regulatory notices and other required submissions by requiring firms to file such reports and documents with NASD electronically.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[2]

Jill M. Peterson,

Assistant Secretary.

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[1] 15 U.S.C. 78o–3(b)(6).

[2] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54466; File No. SR–NYSEArca–2006–48]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To Amend NYSE Arca Equities, Inc.'s Clearly Erroneous Executions Rule To Include an Appeal Fee for the Archipelago Exchange

September 18, 2006.

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 11, 2006, NYSE Arca, Inc. (''NYSE Arca'' or ''Exchange'') 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 NYSE Arca. 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

NYSE Arca proposes to amend NYSE Arca Equities Rule 7.10 governing clearly erroneous executions (''CEE'') on the Archipelago Exchange, the equities trading facility of NYSE Arca Equities, Inc. (''NYSE Arca Equities''). Specifically, the Exchange proposes to assess a fee associated with the appellate mechanism of NYSE Arca Equities Rule 7.10.

The text of the proposed rule change is available on NYSE Arca's Web site (*http://www.nysearca.com*), at NYSE Arca's principal office, 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, NYSE Arca 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. NYSE Arca 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

The Exchange amended NYSE Arca Equities Rule 7.10 (Clearly Erroneous Executions) to include subsections (c)(2)–(4), which amendment became effective May 16, 2005. NYSE Arca Equities Rules 7.10(c)(2)–(4) provide for an appeals panel that includes the Exchange's Chief Regulatory Officer (''CRO''), or a designee of the CRO, and two representatives from Equity Trading Permit (''ETP'') Holders (together with the CRO, the ''CEE Panel'') to review the determination of clearly erroneous executions that are made by an NYSE Arca Equities officer under NYSE Arca Equities Rule 7.10(c)(1).

As part of its continuing efforts to enhance the appeal process, the Exchange proposes to add NYSE Arca