



Regulatory Circular 07-001

Date: January 12, 2007

To: ETP Holders, NASD/NSX Trade Reporting Facility Participants

From: James C. Yong
Chief Regulatory Officer

Re: CHANGE TO THE **NASD/NSX TRF RULES** TO REQUIRE USE OF A SPECIAL INDICATOR DENOTING THAT CERTAIN TRANSACTIONS ARE REPORTED IN ACCORDANCE WITH SECTION 3 OF SCHEDULE A TO THE NASD BY-LAWS

NASD recently adopted a new paragraph (f) of Rule 6130C (Trade Report Input) relating to the **NASD/NSX Trade Reporting Facility** ("NASD/NSX TRF") and advised its members of the rule change in its website. See, <http://www.nasd.com/RegulatorySystems/TRF/index.htm>.

In its website, NASD stated that:

Pursuant to recent amendments to the NASD By-Laws, members are required to report to NASD in an automated manner all transactions that must be reported to NASD and that are subject to a regulatory transaction fee pursuant to Section 3 of Schedule A to the NASD By-Laws ("Section 3"). As of December 15, 2006, the NASD/NSX TRF will permit reporting in eligible securities of odd-lot transactions, sales where the buyer and seller have agreed to a price substantially unrelated to the current market for the security (also referred to as "away from the market sales"), and purchases or sales of securities effected upon the exercise of an over-the-counter ("OTC") option for purposes of Section 3. If members use the NASD/NSX TRF to report such transactions to NASD, they must include a special indicator denoting that such transactions are reported in accordance with Section 3 as set forth in NASD Rule 6130C(f).

See, <http://www.nasd.com/RegulatorySystems/TRF/index.htm>

A copy of the rule proposal adopting Rule 6130C(f) can be found at http://www.nasd.com/RulesRegulation/RuleFilings/2006RuleFilings/NASDW_017997.

The rules governing the reporting of over-the-counter transactions in eligible securities to the NASD/NSX TRF are contained in the NASD Rule 4000C and 6000C Series. NASD Rules, including the Rule 4000C and 6000C Series, can be found at <http://nasd.complinet.com/nasd/display/index.html>.

If you have any questions, please call me at 312.786.8893. Questions relating to the interpretation of NASD rules should be referred to NASD's Market Regulation Department, Legal Section at (240) 386-5126 or Office of General Counsel at (202) 728-8071.