



Regulatory Circular 06-020

Date: November 22, 2006

To: ETP Holders

From: James C. Yong
Chief Regulatory Officer

Re: NASD/NSX TRF LAUNCHES WITH INTERNALIZED TRANSACTIONS ON
BCAR

On Monday, November 27, 2006, the National Stock Exchange, Inc. ("NSXSM" or the "Exchange") and the National Association of Securities Dealers ("NASD") will begin operation of its trade reporting facility (the "NASD/NSX TRF"). NASD will regulate all transactions in this facility, and the NASD/NSX TRF will collect, verify and report these internalized Tape C trade transactions to the exclusive UTP Plan data consolidator for Nasdaq-listed securities, the Nasdaq Exclusive Securities Information Processor ("Nasdaq ESIP"). In order to report trades to the NASD/NSX TRF, firms must be approved as a NASD/NSX TRF participant. The NASD/NSX TRF will begin to report transactions by phasing-in issues as per its roll-out plan.

One Nasdaq-listed stock, Bank of the Carolinas Corporation with the ticker symbol of BCAR, is scheduled to be transitioned into the NASD/NSX TRF on Monday, November 27, 2006.

The rules governing the transactions on the NASD/NSX TRF are contained in the NASD's rule proposal, SR-NASD-2006-127 (a copy of the proposal can be found on http://www.nasd.com/RulesRegulation/RuleFilings/2006RuleFilings/NASDW_017912). The Securities and Exchange Commission approved the proposal on November 17, 2006. See <http://www.sec.gov/rules/sro/nasd/2006/34-54778.pdf>.

We will keep you informed as to the phase-in of other securities to be added to the NASD/NSX TRF.

If you have any questions, please call me at 312.786.8893.