

After careful consideration, the Commission believes that NASD's reduction in the reporting period for transactions in TRACE-eligible securities will enable it to implement TRACE more effectively, thus enhancing investor protection by improving the immediacy of information reported to TRACE for both regulatory and transparency purposes. For the reasons discussed above, the Commission finds that the amended proposal is consistent with the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change, as amended, (SR-NASD-2004-057), be, and hereby is, approved.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49875; File No. SR-NASD-2004-001]

Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Arbitrator Training Fees

June 16, 2004.

I. Introduction

On January 7, 2004, the National Association of Securities Dealers, Inc. ("NASD"), through its wholly owned subsidiary, NASD Dispute Resolution, 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 revise the fees that are charged to its panel member arbitrators. On April 2, 2004, NASD filed Amendment No. 1 to the proposed rule change.³ Notice of the proposed rule change, as amended, was published for comment in the **Federal Register** on May 14, 2004.⁴ No comments were

received on the proposed rule change. This order approves the proposed rule change.

II. Description of Proposed Rule Change

The proposed rule change would amend the fees that are charged to its panel member arbitrators. Specifically, the proposal would raise the fee for panel member training from \$100 to \$125 for all applicants who register for the training after the proposed rule change becomes effective.

III. Discussion

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.⁵ Specifically, the Commission believes that the increased fee that NASD proposes to charge for arbitrator training is consistent with Sections 15A(b)(5) and 15A(b)(6) of the Act. Section 15A(b)(5) requires that the rules of a registered national securities association provide for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system which the association operates or controls. Section 15A(b)(6) requires, among other things, that the rules of a national securities association 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.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-NASD-2004-001) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49876; File No. SR-NASD-2004-016]

Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Implementation of a Web-based Arbitration Claim Notification and Filing Procedure

June 16, 2004.

I. Introduction

On January 29, 2004, the National Association of Securities Dealers, Inc. ("NASD") 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 amending NASD Rule 10314(a) to allow parties to complete part of the arbitration claim filing process through the Internet. On February 25, 2004, NASD filed Amendment No. 1 to the proposed rule change.³ On April 16, 2004, NASD filed Amendment No. 2 to the proposed rule change.⁴ Notice of the proposed rule change, as amended, was published for comment in the **Federal Register** on May 14, 2004.⁵ No comments were received on the proposed rule change. This order approves the proposed rule change.

II. Description of Proposed Rule Change

Currently, to file an arbitration claim, NASD requests that the party voluntarily complete and remit, along with other documents, a Claim Information Sheet containing data about the claim and the parties. Upon receipt, NASD staff manually enters the claim data into its CRAFTIS computer system.⁶

The proposed rule change would permit, but not require, a claimant to file an arbitration claim by completing an online version of the Claim Information Form. The online version of

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Mignon McLemore, Counsel, NASD, to Katherine England, Assistant Director, Division of Market Regulation, Commission, dated February 24, 2004.

⁴ See letter from Mignon McLemore, Counsel, NASD, to Katherine England, Assistant Director, Division of Market Regulation, Commission, dated April 16, 2004.

⁵ See Securities Exchange Act Release No. 49673 (May 10, 2004), 69 FR 26910.

⁶ CRAFTIS is the legacy software application that NASD Dispute Resolution uses to support its case administration function. It uses a non-Web-based technology platform.

¹⁰ *Id.*

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Mignon McLemore, NASD, to Katherine England, Assistant Director, Division of Market Regulation, Commission, dated April 2, 2004.

⁴ See Securities Exchange Act Release No. 49674 (May 10, 2004), 69 FR 26909.

⁵ In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).