

Nasdaq believes that the originally approved ViewSuite pricing is reasonably related to the costs of creating and operating the product and reflects its eventual value to subscribers. As SuperMontage becomes established and understood by investors and the trading community, Nasdaq believes that the existing pricing will be appropriate for the ViewSuite product. At present, because SuperMontage and ViewSuite are still new products, Nasdaq is seeking to maximize adoption of the products through lower prices and by simplifying user entitlements for potential new subscribers.

To support broad dissemination of the data and understanding by its customers, Nasdaq proposes to simplify and reduce the pricing for ViewSuite on a pilot basis. The pilot would be for one year. The sole ViewSuite entitlement would include ADAP, Prime, and NQDS service, as those products are defined in Rule 7010(q). Nasdaq does not believe that it is appropriate to offer a stand-alone data package of the incremental ViewSuite data that is not contained in NQDS. This is because the incremental information consists of supplemental quotation and order information (NQDS contains all market participants' best quotes) that might be misleading to subscribers as a stand-alone package.

As with the existing ViewSuite pricing, both professional and non-professional fees would be offered. Monthly controlled device fees for existing ViewSuite subscribers would be reduced, with the exception of professional subscribers to DepthView.

¹⁰ Nasdaq believes that the impact of the effective increase in the fees to professional DepthView users will be minimal; Nasdaq's research suggests that, in general, these users will willingly purchase the additional information contained in the ViewSuite entitlement once the charge for this information is reduced.

Nasdaq would continue to distribute both detailed and aggregate data from SuperMontage but decisions on how to display the data would be left to vendors' discretion (subject to the SEC Vendor Display Rule). Any Enterprise License Agreements will remain in effect for their specified term.

¹⁰ Fees would be generally reduced, as follows:

TotalView Professional: —\$80
TotalView Non-Professional: —\$136
PowerView Professional: —\$5
PowerView Non-Professional: —\$15
DepthView Professional: +\$20
DepthView Non-Professional: —\$11

Nasdaq believes that the increase in Depth View pricing reflects the addition of NQDS, which cannot be discounted because it is part of the UTP Plan, as described above.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of section 15A of the Act,¹¹ in general and with section 15A(b)(5) of the Act,¹² in particular, in that the proposal provides 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 NASD operates or controls. Nasdaq represents that the proposed pilot programs are available to all distributors of the ViewSuite products.

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

Nasdaq 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, as amended.

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 on the proposed rule change.

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, as amended, is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. 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 will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to file number SR-NASD-2003-111 and should be submitted by September 11, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48353; File No. SR-NASD-2003-126]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. To Extend the Pilot Period for Rules Relating to Bond Fund Volatility Ratings

August 15, 2003.

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 7, 2003, 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 and II below, which Items have been prepared by the NASD. The NASD filed the proposal pursuant to section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission.⁵ The Commission is publishing this notice to solicit

¹³ 1917 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ The NASD provided written notice of its intention to file the proposed rule change on August 5, 2003. The Commission reviewed the NASD's submission, and told the NASD it was acceptable to file the proposed rule change immediately. The NASD asked the Commission to waive the 30-day operative delay. See Rule 19b-4(f)(6)(iii). 17 CFR 240.19b-4(f)(6)(iii).

¹¹ 15 U.S.C. 78o-3.

¹² 15 U.S.C. 78o-3(b)(5).