

qualified security shall contact [Market Operations] *MarketWatch* to obtain excused withdrawal status prior to effecting withdrawal. Excused withdrawals shall be granted by [Market Operations] *MarketWatch* only upon the demonstration of the existence of one of the circumstances set forth in subparagraphs (B) and (C) below.

(B) Excused withdrawal status based on physical circumstances beyond the Service market maker's control may be granted for up to five (5) business days, unless extended by [Market Operations] *MarketWatch*. Excused withdrawal status based on demonstrated legal or regulatory requirements, supported by appropriate documentation and accompanied by a representation that the condition necessitating the withdrawal of quotations is not permanent in nature, may, upon written request, be granted for not more than sixty (60) days. Excused withdrawal status based on religious holidays or national holidays in the U.K. may be granted only if the request is received by the Association five (5) business days in advance and is approved by the Association. Excused withdrawal status based on vacation may be granted only if: the request for withdrawal is received by the Association twenty (20) business days in advance, and is approved by the Association; the request includes a list of the securities for which withdrawal is requested; and the request is made by a Service market maker with three (3) or fewer Nasdaq Workstation™ units authorized for market making in the Service. The following shall not constitute acceptable reasons for granting excused withdrawal status: pending news, a sudden influx of orders or price changes, or the desire to effect transactions with competitors.

(C) No change.

(5) No change.

(6) Stabilizing Bids

(A) and (B) No change.

(C) Notice to the Association

(i) A Service market maker that wishes to enter a stabilizing bid shall so notify [Market Operations] *MarketWatch* in writing prior to the first day on which the stabilizing bid is to appear in the Service. The notice shall include: the name of the qualified Nasdaq security and its Nasdaq symbol; the date on which the security's registration will become effective, if it is already quoted in the Service; whether the stabilizing bid will be a penalty bid or a penalty-free bid; and a copy of the preliminary prospectus or shelf registration statement, unless the Association determines otherwise.

(ii) In the case of a pre-effective stabilizing bid, the notice shall include: the name of the qualified Nasdaq security and its Nasdaq symbol; the contemplated effective date of the offering; whether it is contemplated that the pre-effective stabilizing bid will be converted to a stabilizing bid and, if so, whether the stabilizing bid will be a penalty bid or a penalty-free bid; and a copy of the preliminary prospectus, unless the Association determines otherwise.

(iii) A service market maker that has provided the written notice prescribed above shall also contact [Market Operations] *MarketWatch* for authorization on the day the market maker wishes to enter the stabilizing bid into the Service.

(D) and (E) No change.

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6350. Withdrawal of Quotations

(a) A CQS market maker that wishes to withdraw quotations in a reported security shall contact Nasdaq [Market Operations] *MarketWatch* to obtain excused withdrawal status prior to withdrawing its quotations.

(b) Excused withdrawal status based on illness, vacations or physical circumstances beyond the CQS market maker's control may be granted for up to five (5) business days, unless extended by Nasdaq [Market Operations] *MarketWatch*. Excused withdrawal status based on investment activity or advice of legal counsel, accompanied by a representation that the condition necessitating the withdrawal of quotations is not permanent in nature, may, upon written request, be granted for not more than sixty (60) days. The withdrawal of quotations because of pending news, a sudden influx of orders or price changes, or to effect transactions with competitors shall not normally constitute acceptable reasons for granting excused withdrawal status, unless the Association has initiated a trading halt for ITS/CAES Market Makers in the security, pursuant to Rule 4120.

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11890. Clearly Erroneous Transactions

(a) Authority to Review Transactions Pursuant to Complaint of Market Participant

(1) No change.

(2) Procedures for Reviewing Transactions

(A) Any member, member of a UTP Exchange, or person associated with any such member that seeks to have a transaction reviewed pursuant to

paragraph (a)(1) hereof shall submit a written complaint to Nasdaq [Market Operations] *MarketWatch* in accordance with the following time parameters:

(i) For transactions occurring at or after 9:30 a.m., Eastern Time, but prior to 10 a.m., Eastern Time, complaints must be received by Nasdaq by 10:30 a.m., Eastern Time; and

(ii) For transactions occurring prior to 9:30 a.m., Eastern Time and at or after 10 a.m., Eastern Time, complaints must be received by Nasdaq within thirty minutes.

(B) through (E) No change.

(b) through (d) 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, Nasdaq 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. Nasdaq 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 proposed rule change seeks to reflect the administrative shift of certain responsibilities under NASD Rules 4614, 4619, 4620, 4624, 4625, 5106, 6350 and 11890 from Nasdaq Market Operations to Nasdaq *MarketWatch* and to clarify members' obligations under NASD Rule 4625.

NASD Rules 4614, 4619, 4620, 4624, 5106, 6350, and 11890 all identify Market Operations as the Nasdaq department responsible for administration of the respective rules. Nasdaq has determined that, in order to ensure continued effective administration of these rules, it would be appropriate and desirable to transfer this responsibility to Nasdaq's *MarketWatch* department. As such, the proposed rule change to NASD Rules 4614, 4619, 4620, 4624, 5106, 6350, and 11890 would merely replace references to Market Operations with references to *MarketWatch*.

NASD Rule 4625 authorizes Nasdaq to seek certain information from members and provides specific examples of the types of information that Market Operations and *MarketWatch*,