



The VOICE of the Independent Broker/Dealer

April 16, 2007

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: SEC File Number SR-NASD-2007-023

Re: NASD Proposed Rule Changes Dated March 19, 2007

Dear Ms. Morris:

The National Association of Independent Broker-Dealers ("NAIBD") is a 27-year old association whose members include approximately 200 NASD member firms nationwide. Further information about NAIBD, including news releases regarding our endorsement of the NASD/NYSE consolidation, can be found on our website at www.naibd.com.

The NAIBD's Membership Advocacy Committee (MACTM) works diligently to research and analyze upcoming rules and regulations, then communicate their potential impact on independent Broker/Dealers. When given an opportunity and when relevant, NAIBD submits its comments to appropriate regulatory bodies regarding rule proposals. Accordingly, the NAIBD appreciates and welcomes the opportunity to comment on the amendments that the NASD has proposed to its By-Laws in order to effectuate the consolidation of the regulatory functions of the NASD and NYSE Regulation, Inc. The NAIBD in general supports the proposed amendments as submitted to the SEC on March 19, 2007 pursuant to Rule 19b-4 promulgated under the Securities Exchange Act of 1934.

This organization supports the proposed changes as being consistent with and continuing the effective self-regulatory structure of both the NASD and NYSE. In particular, we feel that the form of the consolidation being one of a merger of the NYSE into the NASD is likely the most efficient solution for the combination of the two entities. The NAIBD is satisfied that the proposed amendments are intended to and should maintain adequate representation on the Board of Governors for industry members. Naturally, we believe that continued, substantive industry involvement in the Board is essential to the fair, balanced and effective operation of such a self-regulatory organization. In addition, the intended composition of the industry members on the Board and in Board committees appears to promote diversity among industry representation on the Board of Governors.

Our review of the proposed changes has resulted in one question that we feel may require further consideration or clarification of the amendments. We note that Article VII, section 4, provides that the Board of Governors shall consist of "no fewer than 16 nor more than 25" Governors, and that the number of Public Governors must always exceed the number of Industry Governors. That same section also provides that the Board must include 10 Industry Governors, with one being selected by the Floor Members, one being selected by the Independent Dealer Members, one being selected by the Investment Company Members, three being selected by the Small Firm Members, one being selected by the Mid-Size Firm Members, and three being selected by the Large Firm Members. It appears to us that when this required composition is followed, the Board cannot consist of fewer than 22 Governors. We arrive at this number by including the mandatory 10 Industry Governors referred to above, with at least 11 Public Governors, and the CEO of the Corporation. We would appreciate your advising us whether our understanding is correct, in which case it might be prudent to revise Article VII, section 4, to state that the Board of Governors will number between 22 and 25. If we have misunderstood the proposed changes, we would be interested in knowing under what conditions the Board would have fewer than 22 Governors.

National Association of Independent Broker/Dealers

16835 W Bernardo Drive, Suite 203, San Diego, California 92127
Phone: 858.592.0334 * Fax: 866.250.1914 * www.naibd.com



The VOICE of the Independent Broker/Dealer

We remain committed to constructive engagement in the regulatory process and, therefore, support the proposed By-Law amendments and the resulting consolidation of the member firm regulatory functions of NASD and NYSE Regulation.

And, again, we thank you for the opportunity to comment on the proposed NASD By-Law amendments. Should you have any questions, please contact the undersigned at NAIBD offices, 858-592-0334.

Respectfully,

A handwritten signature in black ink, appearing to read "LR", with a long horizontal flourish extending to the right.

Lisa Roth, Chairman

National Association of Independent Broker/Dealers

16835 W Bernardo Drive, Suite 203, San Diego, California 92127
Phone: 858.592.0334 * Fax: 866.250.1914 * www.naibd.com

