

EXHIBIT D
Internal NASD Emails

From: Schapiro, Mary
Sent: Wednesday, October 25, 2006 3:25 PM
To: McNamara, Monique
Cc: Schloss, Howard
Subject: RE: Speechwriter

we should talk - I ran into Cox at lunch.....

From: McNamara, Monique
Sent: Wednesday, October 25, 2006 3:19 PM
To: Schapiro, Mary
Cc: Schloss, Howard
Subject: Speechwriter

Mary -

I came up to see you but you were on a conference call. We'd like to get the name and contact information of Chris Cox's speechwriter so that we can call him to see what kind of background he might need on PPA. Please let me know if you would like me to come back up...

Thanks,
Monique

From: McNamara, Monique
Sent: Thursday, January 25, 2007 9:38 PM
To: Hayes, Elisabeth
Subject: Re: REVISED: 2006 PPA Special Section/Accomplishments

Let's just say we made a gazillion calls. That should do it.

Sent from my BlackBerry Wireless Handheld

----- Original Message -----

From: Hayes, Elisabeth
To: McNamara, Monique
Sent: Thu Jan 25 20:55:25 2007
Subject: Re: REVISED: 2006 PPA Special Section/Accomplishments

Not sure how I will get a good number for this. Will be a huge estimate -- Matt's out because his grandmother died.

ARE WE STILL HAVING FUN?

Elisabeth Hayes
NASD
202.728.8890

----- Original Message -----

From: McNamara, Monique
To: Shulman, Doug
Cc: Schloss, Howard; Hayes, Elisabeth
Sent: Thu Jan 25 20:19:03 2007
Subject: Re: REVISED: 2006 PPA Special Section/Accomplishments

We spoke, thanks. I will work with EO to get the number of outbound calls made.

Sent from my BlackBerry Wireless Handheld

----- Original Message -----

From: Shulman, Doug
To: McNamara, Monique
Cc: Schloss, Howard; Hayes, Elisabeth
Sent: Thu Jan 25 19:44:22 2007
Subject: RE: REVISED: 2006 PPA Special Section/Accomplishments

I tried to reach you, but got Howard instead. I gave him a few comments.

Many thanks.

From: McNamara, Monique

Sent: Thu 1/25/2007 5:01 PM
To: Shulman, Doug
Cc: Schloss, Howard; Hayes, Elisabeth
Subject: REVISED: 2006 PPA Special Section/Accomplishments

Doug - let me know if this works better for you. It's copied below, as well.

2006 Achievements:

A Report to the Compensation Committee

Special Section: NASD/NYSE Regulatory Consolidation

On January 21, 2007, NASD announced that member firms overwhelmingly approved the By-Law changes necessary for the consolidation of the NASD and NYSE member regulation functions into a single, self-regulatory organization.

Preparation leading up to this announcement began months earlier—in early June 2006—and involved an extraordinary amount of work. NASD staff committed countless hours and energy to make sure that the deal was well negotiated and that our campaign outreach to member firms resulted in a successful vote.

Term Negotiations

NASD's work to negotiate the terms of regulatory consolidation with the NYSE Group began in earnest in June 2006. It was at that point that the senior management teams of both organizations began to engage almost daily to start shaping the contours of the deal.

During early negotiations with the NYSE Group, we steered away from a variety of deal alternatives that would have been disadvantageous for NASD, including:

- * Joint venture
- * Dissolution of NASD
- * Alternating exam approach
- * Formation of an entirely new SRO (the current deal preserves NASD's current SRO status)

Concurrently, we began laying the groundwork with the SEC—involving it as an active partner. We also reached out to the Internal Revenue Service on the development of a Private Letter Ruling to allow the one-time \$35,000 payment to NASD member firms.

In the weeks prior to our public announcement on November 28, 2006, NASD continued exhaustive and complex negotiations with the NYSE Group on the term sheet in order to assure that both parties were sufficiently satisfied with the deal in terms of the financials, governance and management structure. In early November, the final term sheet was unanimously approved by the NASD Board of Governors and approved by the Boards of Directors of NYSE Regulation and NYSE Group.

Member Outreach Campaign

In July 2006, NASD began planning its communications and campaign strategy to make sure that the terms of the deal would be well communicated to firms, and that as many firms as possible were aware of and voted in the election.

During the months leading up to the public announcement we worked to develop and fine-tune messaging that would accurately reflect the benefits of the consolidation plan for member firms. Detailed planning went into determining the best communications tactics to use both on the day of the announcement and throughout the campaign and analyzing how firms were likely to respond to both our tactics and our message.

Once the plan was announced on November 28, we initiated a multi-faceted communications campaign to member firms to educate them about the benefits of the consolidation plan. We sent out a number of email communications, hosted a conference call for firms and created a special Regulatory Consolidation Web page to house information on the plan for firms. We also worked closely with leading industry associations to gain their support and received public endorsements from: ACLI (American Council of Life Insurers), ICI (Investment Company Institute), FSI (Financial Services Institute), SIFMA (Securities Industry and Financial Markets Association), SIFMA Small Firms Committee, NAIBD (National Association of Independent Broker/Dealers), NASAA (North American Securities Administrators Association), and STA (Security Traders Association).

For three weeks in December, our senior team traveled full-time across the country, speaking to broker-dealers at a series of 28 member meetings in 26 cities. These meetings gave us a chance to meet with firms face to face, hear their questions and concerns, and engage in conversations about the plan.

On December 14, we mailed proxies to all NASD member firms and asked them to vote on the By-Law amendments needed to effectuate the transaction by January 19, 2007. Within a week of our proxy mailing, we embarked on an intensive calling campaign to confirm that firms had received our proxy materials and to answer any questions. Outbound calling was done by NASD in conjunction with our proxy firm. We also set up a pool of subject matter experts to respond to the more than 700 incoming calls and emails we received during the voting period.

In addition to planned communications, we also produced and distributed a number of unplanned communications in response to misinformation that was being distributed by organizations other than NASD.

Finally, from the day of the announcement through the end of the voting period, we made a concerted effort to keep NASD employees updated through email and NASD's Intranet.

I removed the period at the end of the sentence to remain consistent with the rest of the bullet points.

<http://clt-nasdw-cmspl.clt.nasd.com/RegulatoryConsolidation/generalInformation/AssertionsandFacts/index.htm>

The link to this page:

[http://clt-nasdw-](http://clt-nasdw-cmspl.clt.nasd.com/RegulatoryConsolidation/generalInformation/CommunicationsToFirms/NASDW_018120)

[cmspl.clt.nasd.com/RegulatoryConsolidation/generalInformation/CommunicationsToFirms/NASDW_018120](http://clt-nasdw-cmspl.clt.nasd.com/RegulatoryConsolidation/generalInformation/CommunicationsToFirms/NASDW_018120)

has been removed from this page:

<http://clt-nasdw-cmspl.clt.nasd.com/RegulatoryConsolidation/generalInformation/CommunicationsToFirms/index.htm>

From: McNamara, Monique
Sent: Monday, January 08, 2007 5:46 PM
To: Valdez, Irita
Cc: Diganci, Todd; Schloss, Howard; Crawford, Shari; Condon, Nancy
Subject: CHANGES TO WEB
Importance: High

Everyone - below are the changes (in red) that we need to make to the web site regarding the IRS reference.

Irita, once these are done, Shari will proof them, since I need to leave early today.

-M

<http://www.nasd.com/>

REMOVE from the "Setting the Record Straight" box: The one-time payment of \$35,000 is the maximum amount the IRS will permit NASD to make to members and still retain tax-exempt status.

REPLACE with: Based on discussion with outside tax counsel, the transaction cannot support a payment in excess of \$35,000 per firm without seriously jeopardizing NASD's tax exempt status.

<http://www.nasd.com/RegulatoryConsolidation/generalInformation/AssertionsandFacts/index.htm>

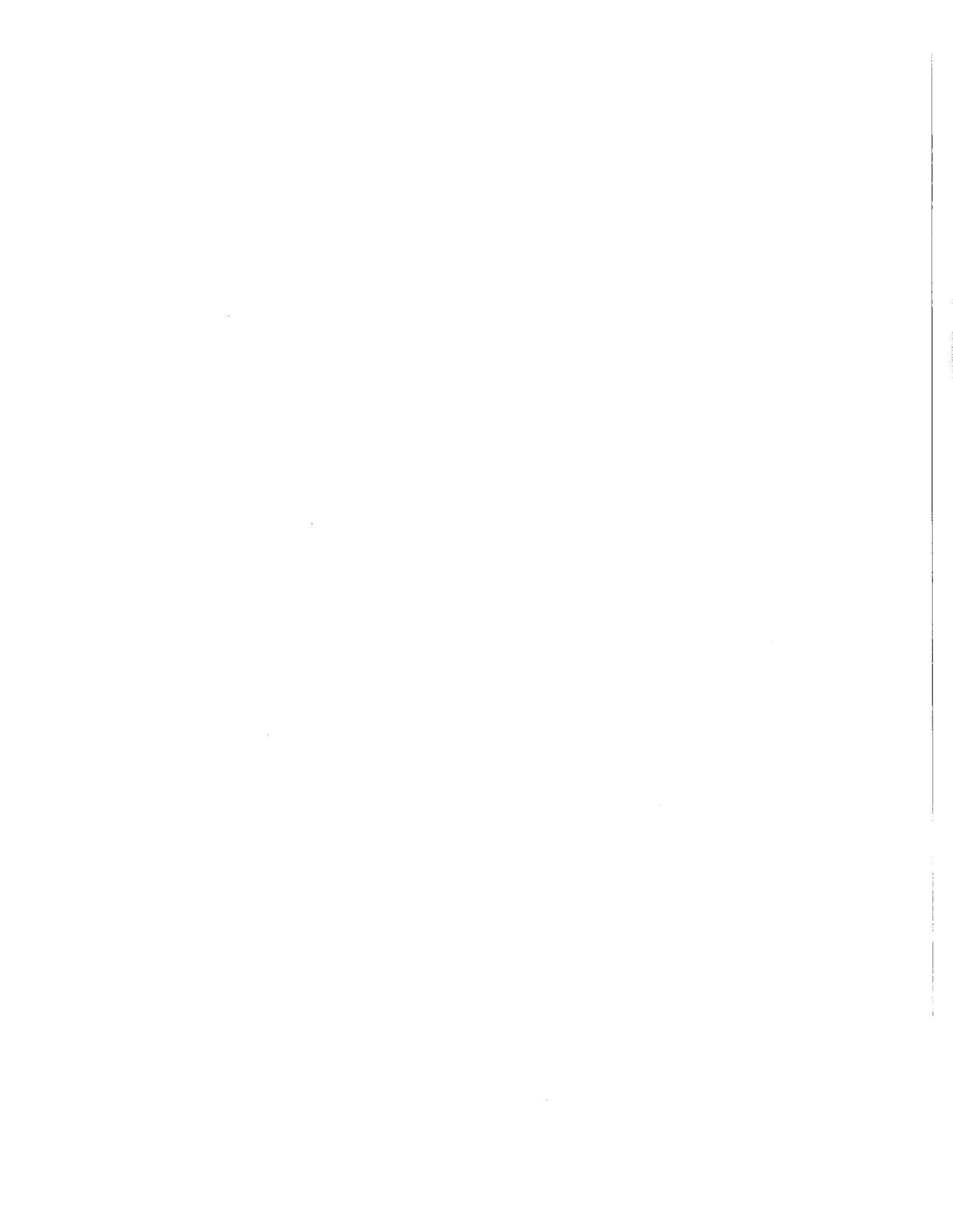
Assertion (#4) : NASD could pay each member firm a total of \$100,000 over a three-year period.

Fact: NASD cannot and will not pay each member firm a total of \$100,000 over a three-year period. The unique circumstances of the consolidation allow NASD to make a one-time payment to each member firm of \$35,000. A payment of \$35,000 per member firm—for a total of \$178 million—is the maximum amount NASD can distribute to members in connection with this transaction and still retain its 501(c)(6) tax-exempt status. Also,

the Gross Income Assessment will be reduced by \$1,200 per firm for five years, subject to annual Board approval; this reduction amounts to nearly \$31 million in additional member savings that will result from this transaction.

http://www.nasd.com/RegulatoryConsolidation/generalInformation/CommunicationsToFirms/NASDW_018120

We've been asked to take this email down for now until we talk to OGC.



From: Diganci, Todd <Todd.Diganci@nasd.com>
Sent: Thursday, March 15, 2007 8:47 PM
To: Schapiro, Mary
Subject: IRS comment for MLS.doc
Attach: IRS comment for MLS.doc

<<...>>

Mary - this was kind of difficult to explain and keep simple at the same time. Hope this helps.

Todd

I am pleased to inform the Board that on March 13th, we received our favorable private letter ruling from the IRS satisfying a critical condition of closing. Specifically, the IRS ruled that our one time payment proposed of \$35K per firm, or \$178.5M in aggregate, in conjunction with the planned transaction, would not affect NASD's tax-exempt status under section 501(c)(6). The IRS based its conclusion on several factors including but not limited to;

- The proposed payment was necessary to achieve governance reforms required as a condition to closing which were approved through a NASD membership vote.
- The source of funding the proposed payment is supported by the expected incremental cash flows to be generated from the transaction.
- The transaction was designed to be financially neutral for the parties. This resulted in a sales price (\$103M) less than a commercial arms length negotiated price. The difference between commercially reasonable and financially neutral prices represents foregone value.
- The foregone value has been estimated in the range of REDACTED based on an independent valuation. This forgone value and estimated range serve as the basis for and limit of the payment to the members
- NASD's proposed \$35K payment per firm, or \$178.3M in aggregate, falls within this range and therefore does not affect its tax exempt status.

One final point on this - The proxy represented that New SRO is committed to 5 years of future rebates totaling over \$30M of additional payments plus other fee reductions anticipated after the third year of integration. The realization of these actions would clearly drive the total payments to the member firms towards the higher end of the IRS approved range.

NASD_DEFS0014856