

be submitted on or before April 23, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Florence E. Harmon,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55542; File No. SR-NSX-2007-02]

### Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto to Amend the Exchange's Tape Rebate Programs for Transactions Through NSTS to Establish an Equivalent Tape A Rebate Program

March 27, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 15, 2007, the National Stock Exchange, Inc. ("NSX" or "Exchange") 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 substantially by NSX. NSX amended the proposed rule change on March 19, 2007.<sup>3</sup> NSX filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>4</sup> and Rule 19b-4(f)(6) thereunder,<sup>5</sup> which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is proposing to amend old NSX Rule 11.10(A)(1), which is applicable to transactions through the Exchange's legacy trading system, National Securities Trading System ("NSTS"), to provide for a rebate program for Tape A securities that is equivalent to the Exchange's current

Tape A rebate program applicable to transactions executed through the Exchange's new trading system, NSX BLADE. This proposed Tape A rebate program is also equivalent to the Exchange's current Tape B and Tape C rebate programs applicable to NSTS and NSX BLADE transactions.

The text of the proposed rule change is available at NSX, <http://www.nsx.com>, and the Commission's Public Reference Room.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NSX 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. NSX 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

NSX proposes to amend old Exchange Rule 11.10(A)(1), which is applicable to transactions through NSTS, to provide for a rebate program for Tape A securities that is equivalent to the Exchange's current Tape A rebate program applicable to transactions executed through NSX BLADE. This proposed Tape A rebate program is also equivalent to the Exchange's current Tape B and Tape C rebate programs applicable to NSTS and NSX BLADE transactions.

The Exchange has created a new trading platform, known as NSX BLADE, which uses a strict price/time priority system as the ultimate replacement for NSTS. The Exchange is in the midst of phasing in NSX BLADE. NSX BLADE was launched on October 23, 2006. As of the date of the initial filing of this proposed rule change, all Tape C securities have been phased into NSX BLADE from NSTS, and the Exchange plans to transition all Tape A and Tape B securities from NSTS to NSX BLADE in the near future.

During this transitional period of phasing in various securities to NSX BLADE, the exchange will be operating both NSTS and NSX BLADE. Until such securities are phased into NSX BLADE, Tape A and Tape B securities will continue to be traded via NSTS.

During this transitional period of phasing in various securities to NSX BLADE, the Exchange is operating both NSTS and NSX BLADE. Accordingly, the Exchange is operating under two sets of rules during the phase-in period. All transactions in the NSTS System are operating under the rules pertaining to NSTS (old Exchange Rule 11.9 (National Securities Trading System) and old Exchange Rule 11.10 (National Securities Trading System Fees) and any associated Fee Schedule) while all transactions in NSX BLADE are operating under the NSX BLADE trading rules approved in SR-NSX-2006-03<sup>6</sup> and the new fee rules in Chapter XVI. When the phase-in is complete and NSTS is no longer operational, old Rules 11.9 and 11.10 will be extinguished. The Exchange has issued a Notice to ETP Holders to advise them of the different trading systems and rules and fees applicable to each,<sup>7</sup> and will issue a Notice advising them of the fee changes with this proposed rule change.

Additionally, the Exchange currently offers rebate programs for Tape A, B and C transactions executed through NSX BLADE, each consisting of a 50 percent transaction credit on revenues generated by transactions executed through NSX BLADE in Tape A, B or C securities, respectively. Old Rule 11.10(A)(1), which is applicable to transactions executed through NSTS, currently provides for equivalent 50 percent Tape B and C rebate programs for transactions executed through NSTS. Under each of the Exchange's current rebate programs, the credit is allocable to ETP Holders on a pro rata basis based upon Tape A, B or C revenue generated by an ETP Holder's transactions on NSX BLADE or NSTS, as applicable.

With the instant proposed rule change, the Exchange is proposing to adopt a rebate program for NSTS transactions in Tape A securities that is equivalent to the Exchange's current Tape A rebate program applicable to NSX BLADE transactions. As with the Exchange's other tape rebate programs, this proposed Tape A rebate program will provide a 50 percent transaction credit on revenues generated by transactions executed through NSTS in Tape A securities, and will be allocable to ETP Holders on a pro rata basis based upon the Tape A revenue generated by such ETP Holder's transactions on NSTS. The Exchange believes that there

<sup>6</sup> See Securities Exchange Act Release No. 53963 (June 8, 2006), 71 FR 34660 (June 15, 2006) (order) (SR-NSX-2006-034).

<sup>7</sup> Regulatory Circular 06-011, issued on October 19, 2006.

<sup>14</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Amendment No. 1.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-4(f)(6). The Commission considers the 60-day abrogation period to have commenced on March 19, 2007, the date NSX filed Amendment No. 1.

is no regulatory reason to distinguish Tape A transactions on NSTS from Tape A transactions on NSX BLADE, and is therefore proposing an equivalent rebate program. As with the Exchange's other tape rebate programs, to the extent that market data revenue from Tape A transactions is subject to any adjustment, credits provided under the Tape A program may be adjusted accordingly.

The Exchange believes the proposed rule change is consistent with the protection of investors and the public interest because it lowers the cost of trading and market data to broker-dealers and the investing public, and because it enhances competition in the trading of Tape A securities.

## 2. Statutory Basis

NSX believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,<sup>8</sup> in general, and with Section 6(b)(4) of the Act,<sup>9</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges by crediting members on a pro rata basis.

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

NSX does not believe that the proposed rule change will impose any inappropriate burden on competition.

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

- (i) Significantly affect the protection of investors or the public interest;
- (ii) Impose any significant burden on competition; and
- (iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup> At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears

to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

The Exchange has asked that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) under the Act.<sup>12</sup> The Commission believes waiver of the 30-day operative delay is consistent with the protection of investors and the public interest, because the proposed rule change contains no novel regulatory issues, and is designed to enhance competition in the trading of Tape A securities. Accordingly, the Commission designates the proposed rule change to be effective and operative upon filing with the Commission.<sup>13</sup>

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NSX-2007-02 on the subject line.

### Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NSX-2007-02. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). 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 also will be available for inspection and copying at the principal office of NSX. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NSX-2007-02 and should be submitted on or before April 23, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55524; File No. SR-NSX-2007-03]

### Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Fees for Transactions Executed Through NSX BLADE and ITS Plans Priced at Less Than \$1.00 Per Share

March 26, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 2, 2007, the National Stock Exchange, Inc. ("NSX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange. NSX has filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>12</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>13</sup> For purposes only of waiving the 30-day operative delay of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>14</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(4).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6).