SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64326; File No. SR-NASDAQ-2011-057)

April 22, 2011

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASDAQ Stock Market, LLC Relating to the $2.50 Strike Price Program

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 April 18, 2011, The NASDAQ Stock Market LLC ("NASDAQ" 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 by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The NASDAQ Stock Market LLC proposes to amend Section 6, Series of Options Open for Trading, of Chapter IV, Securities Traded on NOM, to expand the $2.50 Strike Price Program, which applies to NASDAQ members using the NASDAQ Options Market ("NOM").

The text of the proposed rule change is available on the Exchange's website at http://www.nasdaq.cchwallstreet.com, at the principal office of the Exchange, and at 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, the Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b-4.

at the places specified in Item IV below. The Exchange 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 purpose of this proposed rule change is to expand the Exchange's ability to select option classes on individual stocks for which the intervals of strike prices will be $2.50 to list for trading.

The Exchange recently expanded its $2.50 Strike Price Program ("Program")[3] to permit the listing of options with $2.50 strike price intervals for options with strike prices between $50 and $100, provided the $2.50 strike price intervals are no more than $10 from the closing price of the underlying stock in the primary market.[4] The Exchange currently list [sic] series at $2.50 strike price intervals in any multiply traded option once another exchange has selected that option to be a part of the program.

The Exchange proposes to amend Chapter IV, Section 6 at Commentary .03 to specify that it may select up to sixty (60) option classes on individual stocks for which the intervals of

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3 In 2007, NOM proposed to participate in the $2.50 Strike Price Program. See Securities Exchange Act Release Nos. 40662 (November 12, 1998), 63 FR 64297 (November 19, 1998) (order approving File Nos. SR-Amex-98-21; SR-CBOE-98-29; SR-PCX-98-31; and SR-Phlx-98-26) ("1998 Order") and 52893 (December 5, 2005), 70 FR 73488 (December 12, 2005) (order approving File No. SR-Amex-2005-067). NOM participates in the $2.50 Strike Price Program on the same terms and conditions as the other options exchanges. See Securities Exchange Act Release No. 57478 (March 12, 2008), 73 FR 14521 (March 18, 2008) (SR-NASDAQ-2007-004 and SR-NASDAQ-2007-080). See also Securities Exchange Act Release No. 64157 (March 31, 2011), 76 FR 18817 (April 5, 2011) (SR-Phlx-2011-15).

4 The term "primary market" is defined in Exchange Rule 1000 in respect of an underlying stock or exchange-traded fund share as the principal market in which the underlying stock or exchange-traded fund share is traded.

strike prices will be $2.50 in addition to options selected by another exchange as part of the $2.50 Strike Price Program.

NOM has participated in the industry wide $2.50 Strike Price Program since NOM's inception in 2007. Currently, other options exchanges select up to 60 option classes on individual stocks for which the intervals of strike prices will be $2.50.[5] In addition, each options exchange is permitted to list options with $2.50 strike price intervals on any option class that another options exchange selects under its program. Also, significantly more options classes are trading in 2011 as compared to 2007. The Exchange proposes to specify that it may select up to 60 options classes to remain competitive with other exchanges and to offer investors additional investment choices.

Furthermore, the Exchange does not believe that this proposal would have a negative impact on the marketplace. The Exchange would compare this proposal with the $1 Strike Price expansion, wherein NOM expanded its $1 Strike Price Program from 55 individual stocks to 150 individual stocks on which an option series may list at $1 strike price intervals.[6] The Exchange believes that this proposed rule change that would, in part, result in an increase to overall options classes in the industry wide Program, is less than the $1 Strike Price Program increase, which also occurred among several exchanges participating in the program. The Exchange believes that this proposal would have less impact than the $1 Strike Program increase, which did not

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[5] The International Securities Exchange, LLC ("ISE")., NASDAQ OMX PHLX LLC ("Phlx"), and Chicago Board Options Exchange ("CBOE") may select up to 60 option classes on individual stocks for which the intervals of strike prices will be $2.50. See Securities Exchange Act Release Nos. 64258 (April 8, 2011), 76 FR 20764 (April 13, 2011) (SR-ISE-2011-23), 63914 (February 15, 2011) and 76 FR 9846 (February 22, 2011) (SR-Phlx-2011-15).

[6] See Securities Exchange Release Act No. 62451 (July 6, 2010), 75 FR 40001 (July 13, 2010) (SR-NASDAQ-2010-083).

have any negative impact on the market in terms of proliferation of quote volume or fragmentation.

The Exchange believes that the effect of the proposed expansion on the marketplace would not result in a material proliferation of quote volume or concerns with fragmentation. With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority have the necessary system capacity to handle the potential additional traffic associated with the listing and trading of classes on individual stocks in the $2.50 Strike Price Program.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[7] in general, and furthers the objectives of Section 6(b)(5) of the Act[8] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Exchange believes that the effect of the proposed expansion on the marketplace would not result in a material proliferation of quote volume or concerns with fragmentation. In addition, the Exchange believes that it has the necessary system capacity to handle the potential additional traffic associated with the listing and trading of classes.

The Exchange believes the $2.50 Strike Price Program proposal would provide the investing public and other market participants increased opportunities to better manage their risk exposure. While expansion of the $2.50 Strike Price Program may generate additional quote

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[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(5).

traffic, the Exchange does not believe that this increased traffic will become unmanageable since the proposal is limited to a fixed number of classes. Further, the Exchange does not believe that the proposal will result in a material proliferation of additional series because it is limited to a fixed number of classes.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not 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[9] and Rule 19b-4(f)(6) thereunder.[10]

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because the proposal is substantially similar to that of another

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9 15 U.S.C. 78s(b)(3)(A).

10 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Commission has waived the five-day prefiling requirement in this case.

exchange that has been approved by the Commission.[11] Therefore, the Commission designates the proposal operative upon filing.[12]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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.

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. Please include File Number SR-NASDAQ-2011-057 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2011-057. 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

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11 See Securities Exchange Act Release No. 64157 (March 31, 2011), 76 FR 18817 (April 5, 2011) (SR-Phlx-2011-15) (order approving expansion of $2.50 Strike Price Program).

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

comments on the Commission's Internet website (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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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-NASDAQ-2011-057 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

Cathy H. Ahn
Deputy Secretary

[13] 17 CFR 200.30-3(a)(12).