

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56587; File No. SR-NSX-2007-10)

October 1, 2007

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend the Effective Period for Rule 2.12 Regarding Third-Party Routing Services in Respect of Orders Entered into NSX BLADESM

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 September 28, 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 substantially prepared by NSX. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. 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 Exchange is proposing to extend the effective period for Rule 2.12, which describes the terms under which the Exchange provides routing services procured from a third party with respect to orders entered into its trading system, NSX BLADESM. The text of the proposed rule change is available at NSX, the Commission’s Public Reference Room, and <http://www.nsx.com>.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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 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. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange is proposing to amend Exchange Rules 2.11 and 2.12 to extend the effective period for Rule 2.12 (relating to the Exchange's use of a third party to provide outbound routing of orders from the Exchange to other trading centers ("Routing Services")) through March 31, 2008, and to delay the effectiveness of Rule 2.11 (relating to the outbound routing function of the Exchange's affiliate, NSX Securities, LLC) until April 1, 2008.

Rule 2.11 provides for certain terms and conditions under which NSX Securities, LLC ("NSX Securities"), an affiliate of the Exchange, will provide Routing Services. Rule 2.11 was approved by the Commission in connection with the approval of the Exchange's new trading rules relating to NSX BLADE on August 31, 2006.⁵ The Exchange filed and received approval for the addition of Rule 2.12, which provides for terms and conditions of the Exchange's use of a

⁵ See Securities Exchange Act Release No. 54391 (August 31, 2006), 71 FR 52836 (September 7, 2006) (SR-NSX-2006-08).

third party to provide Routing Services.⁶ The Exchange subsequently filed to extend the effective period for Rule 2.12.⁷

Rule 2.12 currently provides that it is effective through September 30, 2007, with Rule 2.11 becoming effective on October 1, 2007. In connection with the rule filing adding Rule 2.12,⁸ the Exchange requested this finite period of effectiveness so that the Exchange could offer routing services through NSX BLADE while NSX Securities completed its registration process as a broker-dealer with the National Association of Securities Dealers, Inc. (and thus became available to provide routing services),⁹ and while the Exchange evaluated its options for providing routing services to ETP Holders.

In the instant rule filing, the Exchange is proposing to extend the effectiveness of Rule 2.12 through March 31, 2008, and to delay the effectiveness of Rule 2.11 until April 1, 2008, in order to allow the Exchange more time to evaluate its options for providing routing services to ETP Holders. The ability to route orders entered into NSX BLADE to away markets for execution at the best available prices is a key feature of NSX's new system.

The Exchange intends to provide routing services in accordance with Rule 2.12 until March 31, 2008, unless the Exchange, with the Commission's approval, amends Rule 2.12

⁶ See Securities Exchange Act Release No. 54808 (November 21, 2006), 71 FR 69163 (November 29, 2006) (SR-NSX-2006-15).

⁷ See Securities Exchange Act Release Nos. 55624 (April 12, 2007), 72 FR 19732 (April 19, 2007) (SR-NSX-2007-04) and 56067 (July 13, 2007), 72 FR 39650 (July 19, 2007) (SR-NSX-2007-08).

⁸ See Securities Exchange Act Release No. 54808 (November 21, 2006), 71 FR 69163 (November 29, 2006) (SR-NSX-2006-15).

⁹ In January 2007, NSX Securities' application for registration as a broker-dealer was approved by the National Association of Securities Dealers, Inc. (n/k/a the Financial Industry Regulatory Authority, Inc. ("FINRA")). To date, the Exchange has not used NSX Securities for routing services.

before such date. During such time period, the Exchange intends to evaluate its options for providing routing services. At the conclusion of such time period, the Exchange may decide to (i) continue the approach provided for in Rule 2.12 on a permanent basis, and not use NSX Securities as the outbound router (by filing a proposed rule change to delete Rule 2.11 and renumbering Rule 2.12); (ii) use the Exchange's original approach of NSX Securities as an outbound router and discontinue the approach provided for in Rule 2.12 (by filing a proposed rule change to delete Rule 2.12) or (iii) file a proposed rule change to allow ETP Holders to use either NSX Securities or the approach provided for in proposed Rule 2.12 for outbound routing.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,¹⁰ in general, and Section 6(b)(5) of the Act,¹¹ in particular, which requires, among other things, that the rules of an exchange be 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.

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

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

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

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, if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(6) thereunder.¹³

Normally, a proposed rule change filed under 19b-4(f)(6) may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹⁴ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay.¹⁵

The Commission believes that waiving the 30-day operative delay is consistent with the

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

¹⁵ In addition, Rule 19b-4(f)(6)(iii) requires that a self-regulatory organization submit to the Commission written notice of its 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 is exercising its authority to designate a shorter time, and notes that the Exchange provided the Commission with written notice of its intention to file the proposed rule change on September 25, 2007.

protection of investors and the public interest because such waiver would permit the Exchange to immediately update the effective dates for NSX Rules 2.11 and 2.12. For this reason, the Commission designates the proposed rule change to be operative upon filing with the Commission.¹⁶

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.

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-NSX-2007-10 on the subject line.

¹⁶ For the 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).

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 No. SR-NSX-2007-10. This file number should be included in the subject line if e-mail is used. To help the Commission process and review 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, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. 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-2007-10 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Nancy M. Morris
Secretary

¹⁷ 17 CFR 200.30-3(a)(12).