

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-61996; File No. SR-NSX-2010-04)

April 28, 2010

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Fee and Rebate Schedule Issued Pursuant to Exchange Rule 16.1(c) with Respect to the Liquidity Adding Rebate for Securities Priced under One Dollar

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 9, 2010, National Stock Exchange, Inc. 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 prepared by the Exchange. The Commission is publishing this notice to solicit comment on the proposed rule change from interested persons.

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

National Stock Exchange, Inc. (“NSX[®]” or “Exchange”) is proposing to amend the Fee and Rebate Schedule (the “Fee Schedule”) issued pursuant to Exchange Rule 16.1(c) to adjust the liquidity adding rebate for securities priced under one dollar.

The text of the proposed rule change is available on the Exchange’s website at <http://www.nsx.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

With this rule change, the Exchange is proposing to modify the Fee Schedule to adjust the liquidity adding rebate for securities priced under one dollar in both the Automatic Execution mode of order interaction ("AutoEx") and the Order Delivery mode of order interaction ("Order Delivery").³

AutoEx Liquidity Adding Rebate For Securities Priced Under One Dollar

For orders in securities priced under one dollar that provide liquidity in AutoEx, the Fee Schedule currently provides that an ETP Holder receives a rebate of 0.25% of trade value, where "trade value" is defined as the dollar amount equal to the price per share multiplied by the number of shares executed.⁴ The proposed rule change adjusts such rebate to be the lesser of the foregoing amount and 25% of the quote spread, where "quote spread" is defined as the dollar amount equal to the number of shares executed multiplied by the difference at the time of

³ The Exchange's two modes of order interaction are described in NSX Rule 11.13(b).

⁴ See Explanatory Endnote (6) to the Fee Schedule.

execution between (x) the price per share of the national best bid, and (y) the price per share of the national best offer.⁵

Order Delivery Liquidity Adding Rebate For Securities Priced Under One Dollar

For orders in securities priced under one dollar that provide liquidity in Order Delivery, the Fee Schedule currently provides that an ETP Holder receives a rebate of 0.20% of trade value. The proposed rule change adjusts such rebate to be the lesser of 0.20% of trade value and 20% of the quote spread.

In both Order Delivery and AutoEx, no quote spread rebate is payable in the event of locked or crossed quotations. Finally, the proposed rule change modifies for purposes of internal consistency the language in the Fee Schedule to make clear that Zero Display Reserve Orders of sub-dollar securities in both AutoEx and Order Delivery remain ineligible to receive the liquidity adding rebate.⁶

Rationale

The Exchange has determined that these changes are necessary to maintain an appropriate incentive for ETP Holders to submit increased order volumes of sub-dollar securities in AutoEx and Order Delivery and, ultimately, to increase the revenues of the Exchange for the purpose of continuing to adequately fund its regulatory and general business functions. The Exchange has further determined that the proposed fee adjustments are necessary for competitive reasons. The

⁵ See Explanatory Endnote (12) to the Fee Schedule.

⁶ Specifically, the parenthetical “(except for Zero Display Orders)” is deleted in the Fee Schedule text describing the amounts of the sub-dollar liquidity adding rebates and, consistent with the discussion of dollar-and-higher securities, the word “Displayed” is being added to the types of orders under discussion. The net result (that Zero Display Reserve Orders are not eligible to receive rebates for adding liquidity in sub-dollar securities) remains unchanged.

Exchange believes that these rebate changes will not impair the Exchange's ability to fulfill its regulatory responsibilities.

The proposed modifications are reasonable and equitably allocated to those ETP Holders that opt to submit orders of sub-dollar securities, and are not discriminatory because ETP Holders are free to elect whether or not to send such orders. The proposed modifications continue to incentivize ETP Holders to submit liquidity adding displayed orders over Zero Display Reserve Orders, and AutoEx orders over orders in Order Delivery. Based upon the information above, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest.

Operative Date and Notice

The Exchange intends to make the proposed modifications, which are effective on filing of this proposed rule, operative for trading on April 12, 2010. Pursuant to Exchange Rule 16.1(c), the Exchange will "provide ETP Holders with notice of all relevant dues, fees, assessments and charges of the Exchange" through the issuance of a Regulatory Circular of the changes to the Fee Schedule and will post a copy of the rule filing on the Exchange's website (www.nsx.com).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,⁷ in general, and Section 6(b)(4) of the Act,⁸ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using the facilities of the Exchange. Moreover, the proposed fee

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4).

rule change is not discriminatory in that all ETP Holders are eligible to submit (or not submit) trades and quotes at any price in AutoEx and Order Delivery in all tapes, as either displayed or undisplayed, liquidity adding or liquidity taking and sub-dollar or dollar-and-above, and may do so at their discretion.

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.

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

The proposed rule change has taken effect upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act⁹ and subparagraph (f)(2) of Rule 19b-4¹⁰ thereunder, because, as provided in (f)(2), it changes “a due, fee or other charge applicable only to a member” (known on the Exchange as an ETP Holder). At any time within sixty (60) days of the filing of such 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.

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁰ 17 CFR 240.19b-4.

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-2010-04 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-NSX-2010-04. 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 Web site viewing and printing in the Commission's Public Reference Room on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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-NSX-2010-04, 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.¹¹

Elizabeth M. Murphy
Secretary

¹¹ 17 CFR 200.30-3(a)(12).