

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62754; File No. SR-NASDAQ-2010-105)

August 20, 2010

Self-Regulatory Organizations; NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to NASDAQ Options Market Fees and Rebates

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 August 18, 2010, NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 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 proposes to modify Exchange Rule 7050 governing pricing for NASDAQ members using the NASDAQ Options Market (“NOM”), NASDAQ’s facility for executing and routing standardized equity and index options. Specifically, NOM proposes to: modify pricing for both Penny Pilot³ Options and All Other Options with respect to the fees for removing liquidity⁴.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Penny Pilot was established in March 2008 and in October 2009 was expanded and extended through December 31, 2010. See Securities Exchange Act Release Nos. 57579 (March 28, 2008), 73 FR 18587 (April 4, 2008)(SR-NASDAQ-2008-026)(notice of filing and immediate effectiveness establishing Penny Pilot); 60874 (October 23, 2009), 74 FR 56682 (November 2, 2009)(SR-NASDAQ-2009-091)(notice of filing and immediate effectiveness expanding and extending Penny Pilot); 60965 (November 9, 2009), 74 FR 59292 (November 17, 2009)(SR-NASDAQ-2009-097)(notice of filing and immediate effectiveness adding seventy-five classes to Penny Pilot); 61455 (February 1, 2010), 75 FR 6239 (February 8, 2010)(SR-NASDAQ-2010-013)(notice of filing and immediate effectiveness adding seventy-five classes to Penny Pilot); and 62029 (May 4, 2010), 75

While changes pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative for transactions on September 1, 2010.

The text of the proposed rule change is set forth below. Proposed new text is underlined and deleted text is in brackets.

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7050. NASDAQ Options Market

The following charges shall apply to the use of the order execution and routing services of the NASDAQ Options Market for all securities.

(1) Fees for Execution of Contracts on the NASDAQ Options Market

Fees and Rebates (per executed contract)				
	Customer	Firm	Non-NOM Market Maker	NOM Market Maker
Penny Pilot Options:				
Rebate to Add Liquidity	\$0.32	\$0.10	\$0.25	\$0.30
Fee for Removing Liquidity	\$0.4[0]3	\$0.45	\$0.45	\$0.45
NDX and MNX				
Rebate to Add Liquidity	\$0.10	\$0.10	\$0.10	\$0.20

FR 25895 (May 10, 2010) (SR-NASDAQ-2010-053)(notice of filing and immediate effectiveness adding seventy-five classes to Penny Pilot). See also Exchange Rule Chapter VI, Section 5.

⁴ An order that removes liquidity is one that is entered into NOM and that executes against an order resting on the NOM book.

Fee for Removing Liquidity	\$0.50	\$0.50	\$0.50	\$0.40
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All Other Options:

Fee for Adding Liquidity	\$0.00	\$0.45	\$0.45	\$0.30
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Fee for Removing Liquidity	\$0.4[0]3	\$0.45	\$0.45	\$0.45
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Rebate to Add Liquidity	\$0.20	\$0.00	\$0.00	\$0.00
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The text of the proposed rule change is available on the Exchange’s Web site at <http://www.nasdaqomx.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 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 aspects of such statements.

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

1. Purpose

NASDAQ is proposing to modify Rule 7050 governing the fees assessed for options orders entered into NOM. Specifically, NASDAQ is proposing to modify pricing for both Penny Pilot Options and All Other Options with respect to the fees for removing liquidity. Currently,

NASDAQ distinguishes between options that are included in the Penny Pilot and those that are not.

Penny Options – Removing Liquidity

The Exchange assesses a fee to members removing liquidity through NOM in options included in the Penny Pilot and charges a fee of \$0.40 per executed contract to Customers for removing such liquidity and a fee of \$0.45 per executed contract to members in the capacity of firm, NOM Market Maker and Non-NOM Market Maker for removing liquidity. The Exchange proposes to amend these fees for removing liquidity and assess a Customer \$.43 per contract instead of \$0.40 per contract.⁵

Non-Penny Options – Removing Liquidity

The Exchange assesses fees to members removing liquidity through NOM in non-Penny Options (All Other Options) and charges a fee of \$0.40 per executed contract to members removing liquidity in the capacity of Customer and a fee of \$0.45 per executed contract to members removing liquidity in the capacity of Firm, NOM Market Maker and Non-NOM Market Maker. The Exchange proposes to amend these fees for removing liquidity and assess a Customer \$.43 per contract instead of \$0.40.⁶

While changes pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative for transactions on September 1, 2010.

⁵ A Firm, NOM Market Maker and Non-NOM Market Maker would continue to be assessed \$0.45 per contract for removing liquidity.

⁶ A Firm NOM Market Makers and Non-NOM Market Makers would continue to be assessed \$.045 per contract for removing liquidity.

2. Statutory Basis

NASDAQ believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act,⁷ in general, and with Section 6(b)(4) of the Act,⁸ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which NASDAQ operates or controls. The Exchange believes the proposed amendments to the fees for removing liquidity are equitable and reasonable because they are within the range of fees assessed by other exchanges employing similar pricing schemes. Specifically, NYSE Arca, Inc. (“NYSE Arca”) assesses a customer electronic fee for taking liquidity of \$0.45 for electronic executions in penny pilot issues and foreign currency options.⁹

NASDAQ is one of eight options market [sic] in the national market system for standardized options. It is a mature, robust market that is highly competitive with highly sophisticated and knowledge [sic] participants. Joining NASDAQ and electing to trade options is entirely voluntary. Under these circumstances, NASDAQ’s fees must be competitive, fair and just in order for NASDAQ to attract order flow, execute orders, and grow as a market. NASDAQ thus believes that its fees are equitable, fair and reasonable and consistent with the Exchange Act.

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

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4).

⁹ See NYSE Arca’s Fee Schedule.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁰ and paragraph (f)(2) of Rule 19b-4¹¹ thereunder. 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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-2010-105 on the subject line.

Paper Comments:

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).

- 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-2010-105. 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, 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 such 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 No. SR-NASDAQ-2010-105 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Florence E. Harmon
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).