

February 26, 2010

VIA EMAIL AND OVERNIGHT MAIL

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: File Number SR- NASDAQ-2010-007

Dear Ms. Murphy:

NYSE Euronext, on behalf of its subsidiary options Exchanges, NYSE Arca Inc. (“Arca”) and NYSE Amex LLC (“Amex”) appreciates the opportunity to comment on the above referenced filing of NASDAQ Options Market (“NOM”). The Exchange is concerned about the effect on the national market system resulting from the proposed rule change.

The filing proposes to eliminate the requirement that at least one Options Market Maker be registered for trading a particular series before that series may be opened for trading on NOM. Market Makers on NOM, as with all other Options Exchanges, are considered Specialists for all purposes under the Exchange Act¹ or Rules there under. As such, each Market Maker is required to engage in a course of dealings for his own account to assist in the maintenance of a fair and orderly market. In the absence of a Market Maker in a series, no one is responsible on NOM for maintenance of a fair and orderly market.

Further, if NOM wishes to be relieved of the obligation to appoint a specialist in certain series, an exemption under Section 11(c) under the Exchange Act is available.

NYSE Euronext questions what has changed in the national market system since the original approval of rules governing the NASDAQ Options Market. The issue of having a market maker appointed in each series was raised in comments on the original filing² submitted by the Securities Industry and Financial Markets Association (“SIFMA”):³ “One aspect of the Proposal that SIFMA believes should be clarified involves the treatment of option series without a Market Maker. It is not clear from the Proposal what actions will be taken should a Market Maker withdraw from making a market in a particular option series, including whether NOM will continue to match orders in the series. Similarly, the Proposal does not address use of the matching system for new customer orders following withdrawal as a Market Maker.” NOM mitigated this concern by modifying “Chapter IV, Section 5 to clarify that NOM will

¹ See NOM Chapter V11 Sec 2,

² See Exchange Act Release No. 55667, SR-NASDAQ-2007-004, (April 25, 2007)

³ See Letter from Christopher Nagy, Chair, SIFMA Options Committee, dated May 22, 2007.



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not leave open for execution any option series in which there is no registered options market maker. In the event that the sole registered market maker for an options series withdraws its registration and ceases making markets, NOM will, in accordance with revised Chapter IV, Section 5, place that options series into a non-regulatory execution suspension until such time as a member registers to make markets in that series.”⁴ NYSE Euronext feels NOM needs to clarify what has changed to imply that SIFMA’s concerns are no longer valid.

NOM, in the same response referenced above, also states, “In addition, brokers must also fulfill their fiduciary duty if they determine that orders on NOM are not receiving best execution” as part of their rationale for dismissing SIFMA’s concerns. Since many of our permit holders on both Arca and Amex options routinely route orders to multiple exchanges as part of their due diligence, NYSE Euronext feels that, if NOM’s proposed rule is approved, it should be compelled to assist brokers in fulfilling their duty of best execution by cancelling back to brokers any resting orders in series where NASDAQ no longer has a registered market maker providing quotes, or at the bare minimum to send an alert that a registered market maker quote is no longer present.

We question how permitting a series to be available for trading in the absence of a registered market maker fosters transparency, price competition and the development of the national market system.

Finally, NYSE Euronext questions the necessity of NOM’s proposed rule change. The simplest solution is for NOM to not list a series if no Market Maker applies to trade it. No options exchange is obligated to list every series in a class; there is no requirement for NOM to do so.

NYSE Euronext urges the Commission to not approve the rule proposal.

Sincerely,

A handwritten signature in black ink that reads "Janet M. Kissane".

Janet M. Kissane

cc: Elizabeth King
Heather Seidel

⁴ See Letter from Jeffrey S. Davis, Vice President and Deputy General Counsel, NASDAQ, “Response to Comments SR-NASDAQ-2007-004”