From: Arnold Golub
Sent: Thursday, December 08, 2011 4:52 PM
To: Lawson, Sharon M.
Cc: Evans, Terri L.; Schandler, Sarah; Alexander, Cindy; John Yetter
Subject: SR-NASDAQ-2011-122

This email responds to your questions concerning certain distinctions made in proposed IM-5900-7.

NASDAQ has proposed to offer complimentary products and services to companies switching from the New York Stock Exchange (Eligible Switches), but not to companies switching from other markets. As noted in the rule filing and our November 15, 2011, letter, this distinction is based, in part, on the fact that companies listed on the NYSE receive comparable services from the NYSE, which they would forgo by switching their listing to NASDAQ. In addition, when companies switch to NASDAQ, it helps in our efforts to attract other new listings, including newly public companies, and to retain companies' listings. This benefit is more pronounced when the company switches from the NYSE because NYSE-listed companies tend to be larger and better known than companies listed on NYSE Amex, NYSE Arca or regional exchanges. Having these companies as clients is also valuable to NASDAQ OMX Corporate Solutions (NOCS), which benefits from having well-known companies use its products.

NASDAQ has also proposed to offer four years of complimentary services to Eligible Switches with a market capitalization of $500 million or more, as opposed to the two years of complimentary services available to other Eligible Switches. As we noted in the rule filing, this distinction is based, in part, on NASDAQ's belief that companies with larger market capitalizations generally will have more shares outstanding than smaller companies and, therefore, will be eligible for more services from the NYSE, which they have to forgo by switching their listing to NASDAQ. As a result, we believe we need to offer a more attractive package to help incent these companies to switch and believe that the additional two years will be more attractive to them. In addition, having larger companies switch to NASDAQ is more valuable in attracting other potential listings and NOCS' customers than having smaller companies, which are generally not as well known, switch. Finally, these larger companies generally will pay higher listing fees and purchase more NOCS services (both in addition to the complimentary services and after the complimentary period has ended), thereby making their listing more valuable to NASDAQ and NOCS.

For these reasons, we do not believe that the distinctions described above unfairly discriminate between issuers and believe the proposed rule change is consistent with Section 6(b)(5) of the Act.

Please let me know if you have any additional questions or need additional information.

Regards,

Arnold

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