



DIVISION OF
MARKET REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

October 13, 2006

Mr. James C. Yong
Chief Regulatory Officer
National Stock Exchange
One Financial Place
440 South LaSalle Street, Suite 2600
Chicago, IL 60605

Dear Mr. Yong:

Based on the facts and representations set forth in your letter dated October 13, 2006, we find that it is appropriate in the public interest and consistent with the protection of investors to grant, and hereby grant, to Equity Trading Permit Holders ("ETP Holders") that execute trades for their customers on the National Stock Exchange's ("NSX") electronic trading system known as NSX BLADESM ("NSX BLADE") a limited exemption pursuant to Rule 10b-10(f) under the Securities Exchange Act of 1934 ("Exchange Act") from the requirement in Rule 10b-10(a)(2)(i)(A) to disclose to their customers the name of the person from whom a security was purchased, or to whom it was sold, or the fact that such information will be provided upon the customer's written request. The exemptive relief is limited to trades that ETP Holders execute on NSX BLADE using the post-trade anonymity feature described in your letter.¹

In granting the relief, we note in particular that NSX BLADE (and associated trading rules) will provide for strict price-time priority execution.

You also request assurance that the staff of the Division of Market Regulation ("Staff") will not recommend enforcement action to the Commission under paragraph (a) of Rule 10b-10 under the Exchange Act if an ETP Holder confirms its capacity as "agent" in certain transactions for its customers, as described below. Specifically, an ETP Holder will indicate on a customer confirmation that it acted as agent when the ETP Holder submits a customer's order through NSX BLADE, in the ETP Holders's role as the customer's agent, and the order is executed on NSX BLADE in a trade with an anonymous contra-party that turns out to be the ETP Holder or one of its affiliates trading

¹ This exemption does not apply to crosses submitted under NSX Rules 11.12 or 11.13 (respecting order delivery) or to orders routed to an away trading center for execution.

in a principal (including proprietary) capacity, so long as the conditions set out below are met and the ETP Holder complies with all other requirements of Rule 10b-10 in confirming the customer's order, including paragraph (a)(2)(i) thereof. In your letter, you refer to an order that an ETP Holder submits to NSX BLADE as agent for a customer as a "Customer Order," and an order that the ETP Holder or one of its affiliates submits for trading as principal (including a proprietary order) as a "Principal Order."

Your request is limited to those situations in which: (1) the representatives of the ETP Holder submitting Customer Orders to NSX BLADE do not have knowledge of Principal Orders submitted by the ETP Holder or its affiliates, and the representatives of the ETP Holder or its affiliates submitting Principal Orders to NSX BLADE do not have knowledge of Customer Orders submitted by the ETP Holder (the "No Knowledge Requirement"); and (2) the ETP Holder does not determine or influence the selection of the contra-party(ies) against which Customer Orders will be executed (the "Parity Requirement").

Based on the facts and representations set forth in your letter, the Staff will not recommend enforcement action to the Commission under paragraph (a) of Rule 10b-10 if an ETP Holder indicates on confirmations to its customers that the ETP Holder acted as agent on a customer's behalf when a representative of the ETP Holder submits a Customer Order to NSX BLADE on an agency basis and that order is executed in NSX BLADE in a trade with an anonymous contra-party that turns out to be the ETP Holder or one of its affiliates trading in a principal (including proprietary) capacity, provided that the ETP Holder complies with all other requirements of Rule 10b-10 in confirming the customer's order, including paragraph (a)(2)(i) thereof, and provided that the handling and execution of the Customer Order complies with the No Knowledge and Parity Requirements, as described in your letter.²

In taking this position, we note in particular your representation regarding your expectation that same firm volume, *i.e.*, an execution in which a firm's agency order is matched against the same firm's principal (including proprietary) trading interest ("Same Firm Volume"), as a percentage of total volume (other than cross order and order delivery volume) in a security through NSX BLADE ("Total Volume") will not be material for either high or low trading volume securities.³ We also note that ETP Holders continue to have a duty of best execution.⁴

² This no-action relief is not available for crosses submitted under NSX Rules 11.12 or 11.13 (respecting order delivery) or to orders routed to an away trading center for execution.

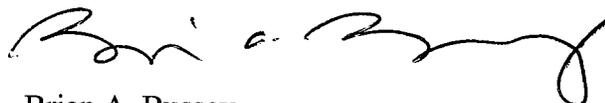
³ In this regard, we note your representation that one year after NSX BLADE becomes fully operational you will review trade data to determine the actual percentage of Same Firm Volume versus Total Volume in high and low volume securities to confirm that this number is not material, and that you will create and maintain a record of the determination.

⁴ See, *e.g.*, Regulation NMS, Exchange Act Rel. No. 49325 (February 26, 2004), 69 Fed. Reg. 11126, 11137 (March 9, 2004) ("A broker-dealer still must seek the most advantageous terms reasonably available

The Office of Financial Responsibility has instructed us to inform you that the Staff will not recommend enforcement action to the Commission if, in lieu of making and preserving a separate record, the ETP Holder relies on NSX's retention of the identities of ETP Holders that execute anonymous trades through NSX BLADE, for the period specified in Rule 17a-4(a), to satisfy the requirements of Rules 17a-3(a)(1) and 17a-4(a) under the Exchange Act. The Staff notes, however, that an ETP Holder has the responsibility to make, keep current, and preserve records of all purchases and sales of securities in accordance with Exchange Act Rules 17a-3 and 17a-4 for trades through NSX BLADE if the ETP Holder knows the identity of the contra-party.

These exemptive and no-action positions are subject to modification or revocation if at any time the Commission or Staff determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act. In addition, these positions are based solely upon the representations you have made and are limited strictly to the facts and conditions described in your incoming letter. Any different facts or circumstances, including any change to the operation of NSX BLADE, may require a different response.⁵ Finally, we express no view with respect to other questions the proposed activities of NSX or any ETP Holder relying on this relief may raise, including the applicability of any other federal or state laws or the applicability of self-regulatory organization rules concerning customer account statements or confirmations.

For the Commission,
by the Division of Market Regulation,
pursuant to delegated authority,⁶



Brian A. Bussey
Assistant Chief Counsel

under the circumstances for all customer orders. A broker-dealer must carry out a regular and rigorous review of the quality of market centers to evaluate its best execution policies, including the determination as to which markets it routes customer order flow.”).

⁵ For example, the continued availability of these positions is dependent on Same Firm Volume as a percentage of Total Volume in fact not being material for either high or low trading volume securities one year after NSX BLADE has become fully operational and thereafter.

⁶ 17 C.F.R § 200.30-3(a)(32).



James C. Yong
Chief Regulatory Officer
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October 13, 2006

**VIA ELECTRONIC MAIL
AND OVERNIGHT COURIER**

Ms. Catherine McGuire
Associate Director and Chief Counsel
Division of Market Regulation
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-6628

Re: Request for a Limited Exemption from Paragraph (a)(2)(i)(A) of Rule 10b-10 Under the Securities Exchange Act of 1934 (the "Act") and Request for No-Action Relief from Rules 10b-10(a)(2), 17a-3(a)(1) and 17a-4(a) Under the Act

Dear Ms. McGuire:

The National Stock Exchange, Inc. ("NSX" or the "Exchange") respectfully requests a limited exemption from paragraph (a)(2)(i)(A) of Rule 10b-10¹ under the Securities Exchange Act of 1934 ("Act") on behalf of Equity Trading Permit Holders ("ETP Holders")² that execute trades on NSX for their customers. The Exchange submits this letter in conjunction with a series of rule changes filed by the Exchange under Section 19 of the Act, and Rule 19b-4 thereunder, in connection with a new electronic trading system known as NSX BLADESM ("NSX BLADE" or the "System") the Exchange is developing to replace the Exchange's current system, the National Securities Trading System, or NSTS.³ NSX's new System (and the new trading rules that are associated with NSX BLADE) will provide for strict price-time priority execution.⁴

¹ Paragraph (f) of Rule 10b-10 under the Act provides the Securities and Exchange Commission ("SEC" or "Commission") authority to issue exemptions from the requirements contained in paragraphs (a) and (b) of the rules promulgated under the Act.

² The term "ETP Holder", as defined in Article I .E.(1) of the Exchange's By-Laws, means "any individual, corporation, partnership, limited liability company or other entity that holds an equity trading permit issued by the Exchange to trade securities on the market operated by the Exchange. An ETP Holder will have the status of a "member" of the Exchange as that term is defined in Section 3 of the Act."

³ The Exchange has tailored this exemption request to correspond to its rule filing. (SR-NSX-2006-08)(approved August 31, 2006 but will become effective for trading through the BLADE system which is expected to launch in October 2006).

⁴ See NSX Rules 11.14 and 11.15.

The System and rules will also provide for post trade anonymity through settlement for trades executed through NSX BLADE.⁵

NSX also requests, on behalf of ETP Holders, your assurance that the staff of the Division of Market Regulation ("Staff") will not recommend that the Commission take any enforcement action under paragraph (a) of Rule 10b-10 under the Act in connection with the activities of ETP Holders executing orders for their customers in the circumstances described below. Specifically, NSX requests this relief to permit an ETP Holder to indicate on a customer confirmation that the ETP Holder acted as agent (where the ETP Holder submits a customer's order on NSX BLADE in the ETP Holder's role as the Customer's agent (hereinafter "Customer Order")) and the order is executed in a trade with an anonymous contra-party that turns out to be the ETP Holder or one of its affiliates trading in a principal (including proprietary) capacity (hereinafter "Principal Order"), so long as the conditions set out below are met and the ETP Holder otherwise complies with all other requirements of Rule 10b-10 in confirming the customer's order, including paragraph (a)(2)(i) thereof.

This request for no-action relief is limited, however, to those situations in which the following requirements are met: (1) the representatives of the ETP Holder or its affiliates submitting Principal Orders do not have knowledge about Customer Orders submitted by the ETP Holder and the ETP Holder representatives submitting Customer Orders do not have knowledge about Principal Orders submitted by the ETP Holder or its affiliates (the "No Knowledge Requirement"); and (2) the ETP Holder does not determine or influence the selection of the contra-party(ies) against which such Customer Orders will be executed (the "Parity Requirement").

Finally, NSX requests certain no-action relief from the requirements of Rules 17a-3(a)(1) and 17a-4(a) under the Act, as described below.

A. Background – NSX and its New Trading System

NSX is the first all electronic stock exchange in the United States. Equity securities listed on the New York Stock Exchange, Nasdaq Stock Market, Inc., American Stock Exchange, NSX and other exchanges are traded on the Exchange. Only

⁵ As explained herein, the Exchange does not request an exemption for when it reveals the identity of a contra-party to an ETP Holder: (i) when required for legal or regulatory purposes; or (ii) if the National Securities Clearing Corporation ("NSCC") or such other Qualified Clearing Agency ceases to act for an ETP Holder or the ETP Holder's clearing firm, and determines not to guarantee the settlement of the ETP Holder's trade. See NSX Rule 11.17.

registered broker-dealers who have applied for⁶ and received an Equity Trading Permit are permitted to trade on NSX.

NSX's new System (and trading rules) will provide for strict price-time priority execution. NSX will maintain an electronic file of orders, called the "NSX Book". Under Rules 11.14 and 11.15, orders will be prioritized on a strict price-time basis, first by price and then by time. Incoming orders (other than sweep orders)⁷ are first matched for execution against orders in the NSX Book.⁸ Orders (other than sweep orders) that cannot be executed are eligible for routing to away trading centers, including Trade Reporting Facilities ("TRF") operated by various markets (including the Exchange's TRF known as the "NASD/NSX TRF") in conjunction with the National Association of Securities Dealers (the "NASD"). In addition, at the ETP Holder's option, NSX may route orders that are not matched on the NSX Book to a different market center for execution.⁹

All trades will be executed through the Exchange's trading system on an anonymous basis.¹⁰ Under the new rules, the Exchange would not reveal the contra-

⁶ Broker-dealers who were members of the Exchange (having met the Exchange's rules and regulations respecting membership) in good standing prior to its demutualization were granted an equity trading permit by virtue of its previous membership standing automatically. Notwithstanding the automatic granting of an equity trading permit, these ETP Holders were required to complete and submit an ETP Application and execute all agreements contained in the ETP Application.

⁷ See Rule 11.15(b).

⁸ In its request for a limited exemption from Rule 10b-10, the Nasdaq Stock Market, Inc. ("Nasdaq") included a description of its internalization mechanism and execution algorithms. See Letter of Edward S. Knight, Executive Vice President, Nasdaq, to Catherine McGuire, Associate Director and Chief Counsel, Division of Market Regulation (Sept. 15, 2003). Unlike Nasdaq, NSX, under its new trading system, will not have an internalization exception to its execution algorithm. Unless an order otherwise meets the requirements of Rule 11.12 for crosses or Rule 11.13(b) for order delivery, NSX will expose all orders to the order interaction process of the NSX trading system and, in contrast to NASDAQ, utilizes only one execution algorithm by which orders are executed.

⁹ NSX understands that the exemptive and no-action relief would not apply to any situation in which NSX routes an order to an away trading center for execution, as such executions would be governed by the rules of the away trading center.

¹⁰ Under the new System and rules, ETP holders will not be able to direct orders to ETP Holders. If, in the future, ETP Holders are permitted to direct orders to ETP Holders through NSX, NSX understands that any exemptive relief provided by the Commission in response to this request would not apply to such activities. It should be noted that NSX, like other exchanges, does have rules that allow its members to submit crosses under certain prescribed circumstances. See NSX Rule 11.12. As more fully described below, NSX understands that the exemptive and no-action relief sought hereunder would not apply to crosses submitted under Rules 11.12 or 11.13 (order delivery) because the parties to the trade would have knowledge of the identity of the firm on the other side of the trade. NSX will be seeking exemptive and no-action relief for order delivery firms in the near future.

party's identity on a trade-by-trade basis to ETP Holders for their respective trades through any means, including any clearing or settlement reports.¹¹ Consequently, under the new rules, the Exchange would maintain anonymity in execution through the end-of-day settlement process.

Moreover, NSX's trading algorithm permits orders originated by an ETP Holder to execute against other orders from the same ETP Holder on the same basis as orders from other ETP Holders. Under the System based on strict price-time priority, an ETP Holder could receive an execution against itself, and under the new rules, the ETP Holder would not be informed that it was the contra-side of the trade.

B. New Rule to Adopt Total Anonymity through Settlement

Together with this request for a limited exemption from paragraph (a)(2)(i)(A) of Rule 10b-10, the Exchange has proposed NSX Rule 11.17 in order to extend post trade anonymity so that, except for specific instances discussed below, the Exchange would not reveal the contra-party to the trade through settlement. ETP Holders often seek to trade anonymously to prevent market impact and the consequences that arise when the market has knowledge that a large order must be executed. In these instances, for example, a seller does not want the buyer to know its identity because it may reveal the existence of a large order to be filled. The Exchange believes that post-trade anonymity benefits investors because preserving anonymity through settlement limits the potential market impact that disclosing the ETP Holder's identity may have. Specifically, when the contra-party's identity is revealed, ETP Holders can detect trading patterns and make assumptions about the potential direction of the market based on the user's presumed client-base. For example, if the ETP Holder handles large institutional orders and becomes an active buyer in the security, others could anticipate such demand and adjust their trading strategy accordingly. This could result in increased transaction costs for the ETP Holder representing the institutional orders.

The Exchange therefore believes that due to interest expressed by ETP Holders and the Commission's approval of Nasdaq's proposal and the granting of exemptive relief to other markets to implement post-trade anonymity,¹² it is essential for NSX to offer ETP Holders anonymity through the settlement process. To facilitate NSX's

¹¹ Currently, for each trade executed in the system, NSX produces an execution report that is sent to the parties to the trade. These reports contain a number identifying the ETP Holders on the contra-side of any executions through NSX BLADE. Under the new System and trading rules, when an order is executed, the ETP Holder on the contra-side of the trade will not be identified.

¹² See Securities Exchange Act Release No. 48527 (Sept. 23, 2003), 68 FR 56361 (Sept. 30, 2003) (order approving SR-NASD-2003-85); Letter from Brian A. Bussey, Assistant Chief Counsel, Division of Market Regulation, to Ms. Mai S. Shiver, Acting Director, Senior Counsel, Pacific Exchange, Inc. (April 30, 2004).

proposal, NSX is working with the National Securities Clearing Corporation (“NSCC”) to accommodate anonymity on a post-trade basis. NSCC will assign post-trade anonymous trades with a unique clearing number. NSX will submit clearing records to NSCC, which, pursuant to its rules, will report trades executed on NSX BLADE back to its clearing firms utilizing this unique clearing number.

Under specified circumstances, it might be necessary for NSX to provide the identity of a contra-party to an ETP Holder. As proposed, NSX will reveal the contra-party only in those instances: (i) when required for legal or regulatory purposes; or (ii) if the NSCC or such other Qualified Clearing Agency ceases to act for an ETP Holder or the ETP Holder’s clearing firm, and if the NSCC or such other Qualified Clearing Agency determines not to guarantee the settlement of the ETP Holder’s trade.

C. Rule 10b-10

1. Contra-Party Identity Requirement

Rule 10b-10, among other things, requires a broker-dealer to disclose to its customers the identity of the party the broker-dealer sold to or bought from to fill the customer’s order. Specifically, under paragraph (i)(A) of Rule 10b-10(a)(2), when a broker-dealer is acting as agent for a customer, some other person, or for both the customer and some other person, the broker-dealer must disclose “the name of the person from whom the security was purchased, or to whom it was sold, for such customer or the fact that the information will be furnished upon written request of such customer” (the “Contra-Party Identity Requirement”). A broker-dealer can provide this information on the confirmation, or it has the option to provide the information to a customer at a later time after receiving a written request from the customer. A broker-dealer has this option as long as it discloses on the confirmation that the contra-party information is available upon written request.

With the introduction of total anonymity at NSX, the Exchange will not generally reveal the identity of the actual contra-party when the order is executed.¹³ Therefore, ETP Holders will not know the identity of the party to whom they sold securities or from whom they purchased securities.¹⁴ Without this information, ETP Holders cannot comply with the Contra-Party Identity Requirement. To permit NSX ETP Holders to utilize NSX

¹³ See previous section for a discussion of the circumstances in which the ETP Holder’s identity will be revealed.

¹⁴ NSX understands that the exemptive and no-action relief sought hereunder would not apply to crosses submitted under Rules 11.12 or 11.13 (respecting order delivery) because the parties to the trade would have knowledge of the identity of the other side of the trade.

without violating Rule 10b-10, the Exchange is seeking an exemption, on behalf of such ETP Holders, from the Contra-Party Identity Requirement when ETP Holders execute transactions using the NSX System.¹⁵

The Contra-Party Identity Requirement, in conjunction with the other requirements of paragraph (a)(2) of Rule 10b-10, is designed to provide customers with information that could alert them to potential conflicts of interest their broker-dealer may have had when handling their orders.¹⁶ The Exchange believes an exemption from the Contra-Party Identity Requirement when an ETP Holder trades through NSX BLADE¹⁷ would not diminish the public policy and investor protection objectives of the Contra-Party Identity Requirement of Rule 10b-10. The Exchange believes the potential for a conflict of interest is less likely in those circumstances when an ETP Holder trades through NSX BLADE because the trades are executed at the best price available on the Exchange and the contra-party is determined randomly based upon multiple factors not controlled by the ETP Holder. In such situations, ETP Holders on NSX are not permitted the discretion in executing the order that would normally give rise to the opportunity for a conflict of interest.

2. Identification as Agent on Confirmation.

The Exchange requests no-action relief, on behalf of its ETP Holders, to permit ETP Holders to indicate on a customer confirmation that the ETP Holder has acted as agent where the ETP Holder submits a customer's order through the electronic trading facilities of NSX, in the ETP Holder's role as the customer's agent, and the order is executed in a trade with an anonymous contra-party that turns out to be the ETP Holder or one of its affiliates trading in a principal (including proprietary) capacity.

No Knowledge Requirement

This request is limited to those circumstances in which the representatives of ETP Holder and its affiliates submitting Principal Orders do not have knowledge about Customer Orders submitted by the ETP Holder, and the ETP Holder representatives submitting Customer Orders have no knowledge about Principal Orders submitted by the

¹⁵ See footnote 14.

¹⁶ Paragraph (a)(2) of Rule 10b-10 requires a broker-dealer to disclose on a confirmation to a customer the capacity in which the broker-dealer handled the customer's order (i.e., as agent or principal), and whether the broker-dealer acted as agent for some other person, or as agent for both the customer some other person. Paragraph (i)(D) of Rule 10b-10(a)(2) requires a broker-dealer to disclose to its customer the source and amount of remuneration received, or to be received, by the broker-dealer in connection with the trade.

¹⁷ See footnote 14.

ETP Holder or its affiliates.¹⁸ An ETP Holder will be able to satisfy the No Knowledge Requirement if it implements and utilizes an effective system of internal controls such as appropriate information barriers, that operate to prevent the representatives of the ETP Holder or its affiliates submitting Principal Orders from obtaining knowledge about the Customer Orders submitted by the ETP Holder, and the representative of the ETP Holders submitting Customer Orders from obtaining knowledge about the Principal Orders submitted by the ETP Holder or its affiliates. To be effective, such a system of internal controls must include specific policies and procedures that prevent each Principal Order submitter separated by the information barriers from obtaining knowledge regarding Customer Orders submitted by the ETP Holder, and each Customer Order submitter separated by the information barriers from obtaining knowledge regarding Principal Orders submitted by the ETP Holder or its affiliates.

Parity Requirement

In addition to this No Knowledge Requirement, this request is limited to those situations in which the ETP Holder does not in any way determine or influence the selection of the trading interest against which a customer order will be executed.¹⁹ As stated, the NSX System will not support functionality that would allow a broker-dealer to select or influence against whom its orders will be executed.²⁰

Where the Customer Order and the Principal Order are executed against each other by the System, an ETP Holder indicating in the confirmation that the firm has acted as agent does not increase the risk of fraud against the customer, where the No Knowledge Requirement and the Parity Requirement are met. To the contrary, the matching of the agency and the proprietary trading interests occurs at the best price available and the contra-side is determined randomly based upon priority factors established by the rules of the Exchange, which have been submitted to the Commission

¹⁸ See footnote 14.

¹⁹ The SEC has issued no-action relief for Rule 10b-10 under these circumstances. See Letter from Brian A. Bussey, Assistant Chief Counsel, Division of Market Regulation, to Edward S. Knight, Executive Vice President and General Counsel, Nasdaq (January 26, 2005); and Letter from Brian A. Bussey, Assistant Chief Counsel, Division of Market Regulation, to Aleksandra Radakovic, Vice President, J.P. Morgan Securities Inc. (August 4, 2005).

²⁰ If such functionality were to be offered in the future, NSX understands that the relief requested by this letter would not apply to this functionality.

for its approval.²¹ Moreover, the proposed action does not diminish investor protection because it does not relieve an ETP Holder's duty of best execution.²²

D. Books and Record Retention

Rule 17a-3(a)(1) under the Act requires that broker-dealers make and keep current records of all purchases and sales of securities, including "the name or other designation of the person from whom purchased or received or to whom sold or delivered." Rule 17a-4(a) under the Act requires that the records be preserved for six (6) years, the first two (2) years "in an easily accessible place."

The Exchange asks that the Commission staff not recommend enforcement action to the Commission if, in lieu of making and preserving a separate record, a broker-dealer relies on the Exchange's retention of the identities of ETP Holders that execute anonymous trades through NSX BLADE to satisfy requirements of Rules 17a-3(a)(1) and 17(a)-4(a) under the Act. A broker-dealer would retain the responsibility to make, keep current and preserve records of all purchase and sales of securities in accordance with Exchange Act Rules 17a-3 and 17a-4 for trades through NSX BLADE if the broker-dealer knows the identify of the contra-party, including those instances where NSX discloses the contra-party to a trade.

* * * *

²¹ NSX expects that same firm volume, i.e., an execution in which a firm's agency order is matched against the same firm's principal (including proprietary) trading interest, as a percentage of total volume (other than cross order and order delivery volume) in a security through NSX BLADE will not be material for either high or low trading volume securities. The Exchange represents that one year after NSX BLADE becomes fully operational, the Exchange will review trade data to determine the actual percentage of same firm volume versus total volume in high and low volume securities to confirm that this number is not material. The Exchange will create and maintain a record of the determination.

²² See Regulation NMS, Exchange Act Rel. No. 49325 (Feb. 26, 2004), 69 Fed. Reg. 11126, 11137 (March 9, 2004)("A broker-dealer still must seek the most advantageous terms reasonably available under the circumstances for all customer orders. A broker-dealer must carry out a regular and rigorous review of the quality of the market centers to evaluate its best execution policies, including the determination as to which markets it routes customer order flow.")

Ms. Catherine McGuire
October 13, 2006
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In view of the foregoing, the Exchange respectfully requests that the Commission issue an exemption and such other relief as reflected in this letter. If you have any questions, please contact me at 312.786.8893 or Ms. Lori A. Ragus, Senior Regulatory Counsel, at 312.786.8077.

Very truly yours,



James C. Yang
Chief Regulatory Officer

cc: Brian Bussey, Esq. (SEC)
Matthew Daigler, Esq. (SEC)
Lori A. Ragus, Esq. (NSX)