SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56112; File No. SR-NASDAQ-2007-064)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify Fees for Members Using the Nasdaq Market Center

July 20, 2007

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 July 2, 2007, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") 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 substantially prepared by Nasdaq. Nasdaq filed the proposal pursuant to Section 19(b)(3)(A)(ii) of the Act[3] and Rule 19b-4(f)(2)[4] thereunder, as establishing or changing a due, fee, or other charge applicable to a member, which renders the proposed rule change effective upon filing with the Commission. 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

Nasdaq proposes to modify pricing for Nasdaq members using the Nasdaq Market Center. Nasdaq will implement this rule change on July 2, 2007. The text of the proposed rule change is available at Nasdaq, www.nasdaq.com, and the Commission's Public Reference Room.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 15 U.S.C. 78s(b)(3)(A)(ii).

4 17 CFR 240.19b-4(f)(2).

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

On June 1, 2007,[5] Nasdaq increased its fees for routing orders in securities other than exchange-traded funds to the New York Stock Exchange ("NYSE") in instances where the order does not check the Nasdaq book prior to routing. Nasdaq also changed its fee schedule to provide that orders that do not attempt to execute in Nasdaq prior to routing to other venues do not count in determining a member's average daily volume of shares of liquidity accessed and/or routed for purposes of determining the pricing tier applicable to a particular member. Nasdaq is now further amending the fee schedule to increase the fees for orders that check the Nasdaq book but only to the extent of displayed liquidity, rather than for the full size of the order.

Market participants using Nasdaq for routing orders have the ability to instruct as to the conditions under which routing should occur. One possibility is to route without checking the Nasdaq book; another is to route after checking the Nasdaq book only to extent of displayed liquidity; and another is to send the full order for execution against

5 See Securities Exchange Act Release No. 55979 (June 28, 2007), 72 FR 37065 (July 6, 2007) ((SR-NASDAQ-2007-055)(May 29, 2007))

the book prior to routing, thereby allowing undisplayed reserved size to be accessed. For example, if displayed size at the inside was 1000 shares and 10,000 shares were in reserve at that price, an order for 10,000 shares could be fully executed in Nasdaq if the full order was sent, but would be routed if the order accessed only the displayed size.

Both the changes made in the instant proposed rule change and the changes made in SR-NASDAQ-2007-055 are designed to enhance the quality of Nasdaq's market by providing an incentive for members to enter orders that check the full size of the Nasdaq book prior to routing. An increase in the extent to which members check the book will in turn encourage liquidity providers to post executable quotes in Nasdaq. Moreover, since there is generally far more undisplayed liquidity than displayed liquidity at the inside price, the proposed change will encourage members to execute their orders in Nasdaq to the fullest extent possible.

For orders that check the book only to the extent of displayed interest, the fee will be $0.00035 per share executed when routed to the NYSE for execution and $0.0035 per share executed when routed elsewhere. At the same time, however, Nasdaq is lowering the fee for Directed Intermarket Sweep Orders sent to the NYSE, from $0.0035 to $0.00035 per share executed, in keeping with the overall prevailing level of fees for routing to NYSE.

Finally, for the month of July 2007, Nasdaq is lowering: (i) the volume level required for receiving a liquidity provider credit of $0.0025 per share executed from 35 million average daily shares of liquidity provided to 30 million average daily shares of liquidity provided; (ii) the volume level required for paying a fee of $0.000275 per share executed when routing to the NYSE from 35 million average daily shares of liquidity provided to 30 million average daily shares of liquidity provided; and (iii) one of the criteria for paying an execution/routing fee of $0.0026 per share executed from 35 million average daily shares of liquidity provided to 30 million average daily shares of liquidity provided.[6] The change reflects Nasdaq's expectation that overall trading volumes will be low during the month of July due to the Fourth of July holiday and the vacation schedules of member employees.

2. Statutory Basis

Nasdaq believes that the proposed rule change is 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. Nasdaq believes that the fee change reflects an allocation of fees that recognizes the benefits to Nasdaq market quality of liquidity provision and orders that access all available liquidity in Nasdaq prior to routing.

B. Self-Regulatory Organization's Statement on Burden on Competition

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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[6] Specifically, in July 2007, the $0.0026 fee will be available to members with an average daily volume through the Nasdaq Market Center in all securities during the month of: (i) more than 30 million shares of liquidity provided, and (ii) more than 55 million shares of liquidity accessed and/or routed; or: (i) more than 25 million shares of liquidity provided, and (ii) more than 65 million shares of liquidity accessed and/or routed.

[7] 15 U.S.C. 78f.

[8] 15 U.S.C. 78f(b)(4).

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change has become effective upon filing with the Commission pursuant to Section 19(b)(3)(A)(ii) of the Act[9] and Rule 19b-4(f)(2) thereunder,[10] in that the proposed rule change establishes or changes a member due, fee, or other charge imposed by the self-regulatory organization. At any time within 60 days of the filing of the 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.

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-2007-064 on the subject line.

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9 15 U.S.C. 78s(b)(3)(A)(ii).

10 17 CFR 240.19b-4(f)(2).

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2007-064. 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 inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of Nasdaq. 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-NASDAQ-2007-064 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[11]

Florence E. Harmon
Deputy Secretary

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[11] 17 CFR 200.30-3(a)(12).