

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62785; File No. SR-NASDAQ-2010-106)

August 27, 2010

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

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 25, 2010, The NASDAQ Stock Market LLC (“NASDAQ”) 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 prepared by NASDAQ. 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 the Substance of the Proposed Rule Change

NASDAQ proposes to modify pricing assessed to NASDAQ members using the NASDAQ Market Center. NASDAQ will implement the proposed change on September 1, 2010. The text of the proposed rule change is available at <http://nasdaqomx.cchwallstreet.com/>, at NASDAQ’s principal office, 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, NASDAQ 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Item IV below. NASDAQ 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 reduce fees assessed members for routing odd-lot directed orders. NASDAQ assesses different fees for orders directed to the New York Stock Exchange ("NYSE") that do not attempt to execute in the Nasdaq Market Center prior to routing based on whether the order is an odd-lot or round-lot. In this regard, NASDAQ currently assesses a fee of \$0.0021 for round-lot directed orders that execute on the NYSE, an amount equal to the fee assessed NASDAQ by NYSE for executing such orders. NASDAQ assesses a fee of \$0.03 on directed orders that do not attempt to execute in the Nasdaq Market Center prior to routing and that execute at the NYSE as an odd-lot transaction, and \$0.01 for the odd-lot portion of a [sic] partial round-lot orders that do not attempt to execute in the Nasdaq Market Center prior to routing and that execute at the NYSE. The NYSE executes odd-lot orders on the Odd-lot System, a separate system designed to execute odd-lot interest that does not expose odd-lot orders to the market in the NYSE Display Book, but rather executes such interest against a designated maker as a contra party using a complex pricing formula to determine the execution price.

The NYSE recently made technical changes that allow odd-lot interest to be exposed to, and executed against, the general market in its Display Book and is thus decommissioning its separate Odd-lot System.³ In light of the elimination of any distinction between how odd-lot and

³ On July 27, 2010, the Commission approved a proposed rule change by the NYSE to incorporate the receipt and execution of odd-lot interest into the round lot market and

round-lot orders are handled by the NYSE⁴, NASDAQ is making minor modifications to its pricing schedule for the routing of odd-lot orders directed to the NYSE through the NASDAQ Market Center. NASDAQ is proposing to lower the fees assessed for these directed odd-lot orders to \$0.0021 so that the fee is harmonized with the fee assessed NASDAQ by the NYSE for any executed directed order.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁵ in general, and with Section 6(b)(4) of the Act,⁶ 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, because NYSE no longer handles routed round-lot and routed odd-lot orders differently and assesses a single uniform fee for such orders, it is appropriate for NASDAQ to assess a uniform fee for routing both types of orders. The harmonized fees also equal the amount assessed NASDAQ by NYSE for executing such orders. Accordingly, NASDAQ believes that the reduced fees are both reasonable and equitably allocated to members.

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, as amended. To the contrary, NASDAQ believes that the reduced fee will lower costs and

decommission the use of the NYSE's "Odd-lot System." Securities Exchange Act Release No. 62578 (July 27, 2010), 75 FR 45185 (August 2, 2010) (SR-NYSE-2010-43).

⁴ The NYSE is transitioning securities on a rolling basis during the month of August 2010. See http://www.nyse.com/attachment/Trading_In_Shares_Rollout_List.xls.

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(4).

encourage competition. Because the market for order execution and routing is extremely competitive, members may readily direct orders to NASDAQ's competitors if they object to the proposed rule change.

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 rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁷. 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-2010-106 on the subject line.

⁷ 15 U.S.C. 78s(b)(3)(a)(ii).

Paper comments:

- 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-2010-106. 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 website viewing and printing in the Commission's Public Reference Room 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 offices 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 Number SR-NASDAQ-2010-106, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Florence E. Harmon
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).