

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64534; File No. SR-NASDAQ-2011-069)

May 23, 2011

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Routing Fees

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 May 19, 2011, The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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

The Exchange proposes [sic] modify Rule 7050 governing pricing for NASDAQ members using the NASDAQ Options Market (“NOM”), NASDAQ’s facility for executing and routing standardized equity and index options.

While fee changes pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on June 1, 2011.

The text of the proposed rule change is set forth below. Proposed new text is in italics and deleted text is in brackets.

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¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

7050. NASDAQ Options Market

The following charges shall apply to the use of the order execution and routing services of the NASDAQ Options Market for all securities.

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(4) Fees for routing contracts to markets other than the NASDAQ Options Market shall be assessed as provided below. The current fees and a historical record of applicable fees shall be posted on the NasdaqTrader.com website.

Exchange	Customer	Firm	MM	Professional
BATS	\$0.36	\$0.55	\$0.55	\$0.36
BOX	\$0.06	\$0.55	\$0.55	\$0.06
CBOE	\$0.06	\$0.55	\$0.55	\$0.26
CBOE orders greater than 99 contracts in NDX, MNX ETFs, ETNs & HOLDRs	\$0.24	\$0.55	\$0.55	\$0.26
<u>C2</u>	<u>\$0.31</u>	<u>\$0.55</u>	<u>\$0.55</u>	<u>\$0.46</u>
ISE	\$0.06	\$0.55	\$0.55	\$0.24
ISE Select Symbols*	\$0.18	\$0.55	\$0.55	\$0.34
NYSE Arca Penny Pilot	\$0.50	\$0.55	\$0.55	\$0.50

NYSE Arca Non Penny	\$0.06	\$0.55	\$0.55	\$0.06
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Pilot

NYSE AMEX	\$0.06	\$0.55	\$0.55	\$0.26
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PHLX (for all options other than PHLX Select Symbols)	\$0.06	\$0.55	\$0.55	\$0.26
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PHLX Select Symbols**	\$0.30	\$0.55	\$0.55	\$0.46
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[C2]	[\$0.21]	[\$0.55]	[\$0.55]	[\$0.46]
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* These fees are applicable to orders routed to ISE that are subject to Rebates and Fees for Adding and Removing Liquidity in Select Symbols. See ISE's Schedule of Fees for the complete list of symbols that are subject to these fees.

** These fees are applicable to orders routed to PHLX that are subject to Rebates and Fees for Adding and Removing Liquidity in Select Symbols. See PHLX's Fee Schedule for the complete list of symbols that are subject to these fees.

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The text of the proposed rule change is available on the Exchange's website at <http://www.nasdaq.cchwallstreet.com>, at the principal office of the Exchange, 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, 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

NASDAQ is proposing to modify Rule 7050 governing fees assessed for option orders entered into NOM but routed to and executed on away markets (“Routing Fees”). Specifically, NASDAQ is proposing to amend Customer Routing Fees for orders routed to the C2 Options Exchange, Inc. (“C2”).

The Exchange currently assesses the following Routing Fees to route orders to C2: a Customer is assessed \$0.21 per contract; a Firm is assessed \$0.55 per contract; a Market Maker is assessed \$0.55 per contract; and a Professional is assessed \$0.46 per contract. The Exchange is proposing to amend the Customer Routing Fee to C2 from \$0.21 per contract to \$0.31 per contract. The other C2 Routing Fees for Firms, Market Makers and Professionals would remain the same.

C2 recently amended its Fees Schedule to increase its public customer taker fee from \$.15 to \$.25. The Exchange is proposing to amend its Customer Routing Fee to C2 to account for this increase.³ In addition, NASDAQ Options Services LLC (“NOS”), a member of the Exchange, is the Exchange’s exclusive order router. Each time NOS routes to away markets NOS is charged a \$0.06 clearing fee and, in the case of certain exchanges, a transaction fee is

³ See Securities Exchange Act Release No. 64390 (May 4, 2011), 76 FR 27117 (May 10, 2011) (SR-C2-2011-011).

also charged in certain symbols, which are passed through to the Exchange. The Exchange is proposing this amendment in order to recoup clearing and transaction charges incurred by the Exchange when orders are routed to C2.⁴

In addition, the Exchange proposes to amend the Routing Fees in Rule 7050 to reorder the Routing Fees, specifically to move C2 after CBOE for ease of reference. While fee changes pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on June 1, 2011.

2. Statutory Basis

NASDAQ believes that the proposed rule changes are 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.

The Exchange believes that this fee is reasonable because it seeks to recoup costs that are incurred by the Exchange when routing Customer orders to C2 on behalf of its members. Each destination market's transaction charge varies and there is a standard clearing charge for each transaction incurred by the Exchange. The Exchange believes that the proposed Routing Fee would enable the Exchange to recover the public customer transaction fee assessed by C2, plus clearing fees for the execution of Customer orders. The Exchange also believes that the proposed Routing Fee is equitable because it would be uniformly applied to all Customers.

NASDAQ is one of nine options market in the national market system for standardized

⁴ The Exchange is proposing to recoup the \$.25 per contract public customer transaction fee for orders routed to C2 along with the \$0.06 clearing fee which is incurred by the Exchange, as explained above. See C2 Fees Schedule.

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(4).

options. Joining NASDAQ and electing to trade options is entirely voluntary. Under these circumstances, NASDAQ's fees must be competitive and low in order for NASDAQ to attract order flow, execute orders, and grow as a market. NASDAQ thus believes that its fees are fair and reasonable and consistent with the Exchange Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were either solicited or 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 and paragraph (f)(2) of Rule 19b-4⁸ thereunder. 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.

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:

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ 17 CFR 240.19b-4(f)(2).

- 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-2011-069 on the subject line.

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-2011-069. 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 website (<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, 100 F Street, NE, Washington, DC 20549, 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 office 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 No. SR-NASDAQ-2011-069 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Cathy H. Ahn
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).