SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69941; File No. SR-NSX-2013-14)

July 8, 2013

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend its Fee and Rebate Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act " or "Exchange Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on July 1, 2013, National Stock Exchange, Inc. ("NSX®" 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 comment 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

The Exchange is proposing to amend its Fee and Rebate Schedule (the "Fee Schedule") issued pursuant to Exchange Rule 16.1(a) to: (i) increase the rebate paid to Equity Trading Permit ("ETP") Holders[3] that direct Double Play Orders[4] in securities priced at $1 or above to the CBOE Stock Exchange, Inc. ("CBSX") from $0.0013 per share to (a) $0.0045 per share for

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

2 17 CFR 240.19b-4.

3 NSX Rule 1.5 defines the term "ETP" as an Equity Trading Permit issued by the Exchange for effecting approved securities transactions on the Exchange's Trading Facilities.

4 NSX Rule 11.11(c)(10) defines a "Double Play Order" as market or limit orders for which an ETP Holder instructs the System to route to designated away Trading Centers which are approved by the Exchange from time to time without first exposing the order to the NSX Book. A Double Play Order that is not executed in full after routing away receives a new time stamp upon return to the Exchange and is ranked and maintained in the NSX Book in accordance with Rule 11.14(a).

executions in five select securities ("Select Securities")[5], or (b) $0.0015 per share in all other securities; (ii) make it clear that the unexecuted portion of a Double Play Order that is returned to NSX after its initial route to the designated away Trading Center[6], and subsequently executed on the NSX or routed away in accordance with NSX Rule 11.15(a)(ii) is subject to the standard Fee Schedule; and (iii) make it clear that the $0.0030 per share routing fee applies only to orders routed by the Exchange in accordance with NSX Rule 11.15(a)(ii)[7].

The text of the proposed rule change is available on the Exchange's website at www.nsx.com, at the Exchange'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, 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 parts of such statements.

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5 The five select securities include Advanced Micro Devices, Inc. ("AMD"), Bank of America Corp. ("BAC"), Micron Technology, Inc. ("MU"), Nokia Corporation ("NOK"), and Sirius XM Radio Inc. ("SIRI").

6 NSX Rule 2.11(a) defines a Trading Center as other securities exchanges, facilities of securities exchanges, automated trading systems, electronic communications networks or other brokers or dealers.

7 NSX 11.15(a)(ii) provides that "[u]nless the terms of the order direct otherwise, if an order (other than a Sweep Order) has not been executed in its entirety pursuant to paragraph (a)(1) of this Rule, the order shall be eligible for routing away…"

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Section III.A of its Fee Schedule in order to (i) increase the rebate paid to ETP Holders that direct Double Play Orders in securities priced $1 or above to CBSX from $0.0013 per share to (a) $0.0045 per share for executions in Select Securities, or (b) $0.0015 per share in all other securities; (ii) make it clear that the unexecuted portion of a Double Play Order that is returned to NSX after its initial route to the designated away Trading Center, and subsequently executed on the NSX or is routed away in accordance with NSX Rule 11.15(a)(ii) is subject to the standard Fee Schedule; and (iii) make it clear that the $0.0030 per share routing fee applies only to orders routed by the Exchange in accordance with NSX Rule 11.15(a)(ii).

Double Play Order Rebate

The Double Play Order is a market or limit order for which the ETP Holder instructs the System[8] to bypass the NSX Book[9] and route the order to a designated away Trading Center(s) that has been approved by the Exchange.[10] The NSX System will provide any unexecuted portion of a Double Play Order with a new timestamp upon return to the Exchange, and the order will be processed in the manner described in NSX Rule 11.14 (Priority of Orders).

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8 Under NSX Rule 1.5, the term "System" is defined as "the electronic securities communications and trading facility…through which orders of Users are consolidated for ranking and execution."

9 Under NSX Rule 1.5, the term "NSX Book" is defined as "the System's electronic file of orders."

10 See NSX Rule 11.11(c)(10).

Under Section III.A of the Fee Schedule, the Exchange currently pays ETP Holders a rebate of $0.0013 for each share routed to and executed on a designated Trading Center approved by the Exchange. Currently, the only approved Trading Center is CBSX. The Exchange is proposing to increase the rebate for Double Play Orders routed to and executed on CBSX from $0.0013 per share to (i) $0.0045 per share for orders in Select Securities, and (ii) $0.0015 per share for orders in all other securities. This increase mirrors a proposal by the CBSX to increase rebates offered on its Fee Schedule that became effective on July 1, 2013.[11] The Exchange intends to merely pass through rebates to ETP Holders that direct Double Play Orders to the CBSX.

The Exchange anticipates that additional Trading Centers will be approved in the future for designation by ETP Holders as the destination for Double Play Orders. The Exchange will not pay ETP Holders a rebate for orders that are routed to and executed on a designated Trading Center other than CBSX. The Exchange notes that the ETP Holder directs the order to the designated away Trading Center, and decides the appropriate execution venue based on factors including whether any rebate is available. The Exchange believes that the proposed increase in rebates for Double Play Orders routed to and executed on CBSX will provide ETP Holders with an incentive to direct additional order flow to the NSX and CBSX.

Unexecuted Portion of Double Play Orders

The Exchange is also proposing to amend its Fee Schedule to make it clear that any unexecuted portion of a Double Play Order that is executed on the NSX upon return from an away Trading Center, or is routed away in accordance with NSX Rule 11.15(a)(ii), is subject to the charges on the standard Fee Schedule. The Exchange believes that this amendment will

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[11] See SR-CBOE-2013-65.

provide ETP Holders with important information on how the Exchange imposes its fees and clarify the fees applicable when any unexecuted portion of a Double Play Order is returned to the NSX and subsequently executed or routed away in accordance with NSX Rule 11.15(a)(ii).

Regulation NMS Routing Fee

Finally, the Exchange is proposing to amend its Fee Schedule to make it clear that only orders routed by the Exchange in accordance with NSX Rule 11.15(a)(ii), and not Double Play Orders being routed to the designated away Trading Center as instructed by the ETP Holder, will be subject to the $0.0030 per share routing fee. An ETP Holder will only be charged a fee if an unexecuted portion of the Double Play Order returns to the Exchange, and is routed away by the Exchange in accordance with NSX Rule 11.15(a)(ii). The Exchange believes that, by not charging a routing fee for the initial routing of the Double Play Order, it will attract additional liquidity from ETP Holders seeking a low cost route and execution venue, and will further promote the economically efficient execution of securities transactions.

Operative Date and Notice

The Exchange intends to make the proposed modifications, which are effective upon filing, operative as of the commencement of trading on July 1, 2013. Pursuant to Exchange Rule 16.1(c), the Exchange will "provide ETP Holders with notice of all relevant dues, fees, assessments and charges of the Exchange" through the issuance of an Information Circular and will post a copy of the rule filing on the Exchange's website (www.nsx.com).

2. Statutory Basis

The Exchange believes that the proposed increase in the rebate for Double Play Orders routed away and executed on the CBSX is consistent with the provisions of Section 6(b) of the

Act,[12] in general, and Sections 6(b)(4)[13] and 6(b)(5)[14] of the Act[15] in particular. The Exchange submits that the amendments to the Fee Schedule provide for the equitable allocation of reasonable, dues, fees and other charges among market participants and persons using the facilities of the Exchange and are therefore consistent with Section 6(b)(4) of the Act. The increased rebate is equitably allocated among ETP Holders, issuers and persons using the Exchange's facilities because all ETP Holders are eligible to submit (or not submit) Double Play Orders at their discretion. The Exchange notes that ETP Holders using the Double Play Order to access the CBSX will receive a rebate rather than being charged the Exchange's standard fees for routing orders. This is because the Exchange is passing through to ETP Holders the rebate it receives from CBSX. Providing ETP Holders with a rebate for directing Double Play Orders to the CBSX is reasonable to increase order flow handled by the Exchange. Increased use of the Double Play Order should also increase liquidity at the Exchange since any unexecuted portion is returned to the NSX Book.

The increased rebate is consistent with Section 6(b)(5) of the Act because use of the Double Play Order is available to all ETP Holders, without limitation, and thus the Fee Schedule amendment does not permit unfair discrimination among issuers, ETP Holders or their customers. The increased rebate is also consistent with the protection of investors and the public interest in that they are designed to encourage increased liquidity and more efficient and economical securities trading.

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12 15 U.S.C. 78f(b).

13 15 U.S.C. 78f(b)(4).

14 15 U.S.C. 78f(b)(5).

15 15 U.S.C. 78f(b).

The Exchange believes that offering a different rebate structure for the Select Securities is consistent with Section 6(b)(4) of the Act is an equitable allocation of rebates among persons entering orders on the Exchange. In addition, the Exchange believes that the rebates are reasonable based on the trading in the Selected Securities. The liquidity profiles of the Select

Securities are different from those for other symbols. The NBBO market width in the Select Securities in the Select Securities is often $0.01, and the proposed rebate structure for the Select Securities is designed to approximate a midpoint between the NBBO. Further, the proposed rebate structure for the Select Securities is intended to incentivize the trading in the Select Securities and thus provide a greater pool of liquidity. Finally, the proposed rebates for the Select Securities will apply equally to all market participants. The Exchange submits that the different rebate structure for the Select Securities constitutes an equitable allocation of reasonable fees and other charges among ETP Holders, issuers and other persons using the facilities of the Exchange.

The amended rebate structure for the Select Securities is also consistent with Section 6(b)(5) of the Act in that it does not permit unfair discrimination between ETP Holders, issuers and customers. ETP Holders and their customers will choose to send orders in the Select Securities to NSX to be eligible for the amended fee and rebate schedule, but they also have a choice of other execution venues with different pricing mechanisms as well. By offering the enhanced fee and rebate structure in the Select Securities, the Exchange is providing alternatives to ETP Holders and their customers, while also striving to increase the liquidity in the Select Securities on the Exchange.

The Exchange further submits that the proposed clarifications to Section III.A of the Fee Schedule are consistent with the provisions of Section 6(b) of the Act, in general, and Section

6(b)(5) of the Act, in particular, in that these changes are intended to Promote just and equitable principles of trade and the protection of investors. The amendments are intended to provide clarity for ETP Holders, their customers, and other market participants that (i) the Exchange will apply its standard Fee Schedule for any portion of a Double Play Order that is executed on the NSX after returning from another Trading Center or is subsequently routed away by the Exchange in accordance with NSX Rule 11.15(a)(ii); and (ii) the ETP Holders will be charged the $0.0030 routing fee in the event that the Exchange routes an order away in accordance with NSX Rule 11.15(a)(ii), but that such routing fees will not apply to the initial routing of a Double Play Order to the designated away Trading Center. This clarification to the Fee Schedule is consistent with the provisions of Section 6(b) of the Act in that they provide for additional transparency and clarity with respect to the circumstances under which a routing fee will be charged by the Exchange.

Finally, the Exchange believes that the proposed amendments are consistent with Section 6(b)(8) of the Act in that they do not pose any burden on competition that is not necessary or appropriate in furtherance of the Act. The purpose of the proposed amendments is to enhance the ability of the Exchange to attract additional order flow, allow ETP Holders to access liquidity on the CBSX exchange, and expand the pool of liquidity on NSX. The amendments are designed to enhance competition among exchanges and thereby further the purposes of the Act.The exchange notes that it operates in a highly competitive environment in which market participants can make order entry decisions among competing venues. In such an environment, the Exchange must continually review and change its fees and rebates to remain competitive with other exchanges and to offer its ETP Holders and their customers the means to achieve economically efficient securities transactions. The Exchange believes that the proposed rule change reflects this competitive environment.

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

As noted above, the Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Act and specifically Section 6(b)(8) in that they do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that increasing the rebate paid to ETP Holders using the Double Play Order will operate to promote competition by potentially attracting additional liquidity to the Exchange and providing access to liquidity on the CBSX. The Exchange does not believe that passing through the rebate received from the CBSX to ETP Holders imposes a burden on competition for any other Exchange approved Trading Center since other Trading Centers may offer other competitive functions or features such as low cost executions, faster executions, of increased levels of liquidity. The ETP Holder may choose which offering is most attractive and the increased rebate is one factor which an ETP Holder may consider. As stated above, the Exchange operates in a highly competitive market in which market participants can choose competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The proposed rule change has taken effect upon filing pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act[16] and subparagraph (f)(2) of Rule 19b-4.[17] At any time within 60 days of the filing of such 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:

- 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-NSX-2013-14 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-NSX-2013-14. 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

16 15 U.S.C. 78s(b)(3)(A)(ii).

17 17 CFR 240.19b-4.

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 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-NSX-2013-14, 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.[18]

Kevin M. O'Neill
Deputy Secretary

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[18] 17 CFR 200.30-3(a)(12).