SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62605; File No. SR-NASDAQ-2010-068)

July 30, 2010

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Approving a Proposed
Rule Change to Establish a Revenue Sharing Program With Correlix, Inc.

On June 8, 2010, The NASDAQ Stock Market LLC ("NASDAQ" or the "Exchange")

filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1)

of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] a proposed rule

change to establish a revenue sharing program with Correlix, Inc. ("Correlix"). The proposed

rule change was published for comment in the Federal Register on June 25, 2010.[3] The

Commission received no comment letters on the proposal. This order approves the proposed rule

change.

In its proposal, NASDAQ described real-time analytical tools offered by Correlix to

measure the latency of orders to and from the NASDAQ Market Center, and also described the

terms of the pricing and the revenue sharing agreement between Correlix and the Exchange. In

addition, NASDAQ represented that under the agreement, NASDAQ will receive 30% of the

total monthly subscription fees received by Correlix from parties who have contracted directly

with Correlix to use their RaceTeam latency measurement service for the NASDAQ Market

Center. According to the Exchange, NASDAQ will not bill or contract with any Correlix

RaceTeam customer directly.

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

[2]   17 CFR 240.19b-4.

[3]   See Securities Exchange Act Release No. 62326 (June 18, 2010), 75 FR 36460
        ("Notice").

Pricing for the Correlix RaceTeam product for the NASDAQ market varies depending on the number of unique MPIDs and ports selected by the customer for monitoring by Correlix. For NASDAQ (including the NASDAQ Options Market), the fee will be an initial $3,000 monthly base fee for the first unique MPID monitored. For each additional unique MPID sought to be monitored, an additional monthly charge of $1,000 will be assessed. The monthly price for each unique MPID includes the monitoring of up to 25 NASDAQ port connections associated with that particular MPID. Customers that wish to exceed 25 ports per MPID for monitoring can purchase additional 25 port blocks for an additional fee of $1000 per month per MPID.

According to the Exchange, Correlix will see an individualized unique NASDAQ-generated identifier that will allow Correlix RaceTeam to determine round-trip order time,[4] from the time the order reaches the NASDAQ extranet, through the NASDAQ matching engine, and back out of the NASDAQ extranet. In its proposal, the Exchange represented that the RaceTeam product offering does not measure latency outside of the NASDAQ extranet. Further, NASDAQ stated that the unique identifier serves as a technological information barrier so that the RaceTeam data collector will only be able to view data for Correlix RaceTeam subscriber firms related to latency. Accordingly, Correlix will not see subscriber's individual order detail such as security, price or size; individual RaceTeam subscribers' logins will restrict access to only their own latency data; and Correlix will not see specific information regarding the trading activity of non-subscribers.

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national

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[4]   According to NASDAQ, the product measures latency of orders regardless of whether the orders are rejected, executed, or partially executed.

securities exchange.[5] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(4) of the Act,[6] which requires that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities, and with Section 6(b)(5) of the Act,[7] which requires, among other things, that that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Pursuant to the arrangement, NASDAQ makes the RaceTeam product uniformly available to all customers who voluntarily request it and pay the fees as detailed in the proposal, pursuant to a standard non-discriminatory pricing schedule. In addition, the Commission believes that the proposal will further the protection of investors and the public interest because: (1) Correlix will only be able to view data related to latency for Correlix RaceTeam subscriber firms; (2) Correlix will not see a subscriber's individual order detail such as security, price or size; (3) individual RaceTeam subscribers' logins will restrict access to only their own latency data; and (4) Correlix will not see specific information regarding the trading activity of non-subscribers.

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[5]   In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

[6]   15 U.S.C. 78f(b)(4).

[7]   15 U.S.C. 78f(b)(5).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,[8] that the proposed rule change (SR-NASDAQ-2010-068) be, and hereby is, approved.

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

Florence E. Harmon
Deputy Secretary

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[8]   15 U.S.C. 78s(b)(2).

[9]   17 CFR 200.30-3(a)(12).