

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55355; File No. SR-NASDAQ-2007-007)

February 26, 2007

Self-Regulatory Organizations; The NASDAQ Stock Market LLC.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Technical and Conforming Changes to Nasdaq's 7000 Series Rules

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 9, 2007, The NASDAQ Stock Market LLC ("Nasdaq") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been substantially prepared by Nasdaq. Nasdaq has designated this proposal as non-controversial under Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> 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 reflect in the Rule 7000 Series of Nasdaq's rules certain changes made to the Rule 7000 Series of the rules of the National Association of Securities Dealers, Inc. ("NASD") in recent months with respect to systems operated by Nasdaq and its affiliates under NASD rules, and to make other conforming changes to reflect Nasdaq commencing operations as an exchange for trading non-Nasdaq listed securities on February 12, 2007. Nasdaq proposed to implement the proposed rule change on February 12, 2007.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.

**7013. Consolidated Quotation Service and Exchange-Listed Securities Transaction Credit**

(a) No change.

(b) Nasdaq members that trade securities listed on the NYSE ("Tape A") and Amex ("Tape B") through Nasdaq may receive from Nasdaq transaction credits based on the number of transactions attributed to them. A transaction is attributed to a member if the transaction is executed through [CAES, ITS or Nasdaq's Brut Facility] the Nasdaq Market Center, and the member acts as liquidity provider (i.e., the member sells in response to a buy order or buys in response to a sell order). A Nasdaq member may earn credits from one or both pools maintained by Nasdaq, each pool representing 50% of the revenue paid by the Consolidated Tape Association to Nasdaq for each of Tape A and Tape B transactions after deducting the amount that Nasdaq pays to the Consolidated Tape Association for capacity usage. A Nasdaq member may earn credits from the pools according to the member's pro rata share of transactions attributed to Nasdaq members in each of Tape A and Tape B for each calendar quarter. Liquidity providers executing transactions in Tape B securities through the Nasdaq Market Center will receive credits with respect to such transactions on an estimated monthly basis; all other credits under this rule will be paid on a quarterly basis.

**7014. [Computer Assisted Execution Service] Nasdaq Market Center for Non-Nasdaq Securities**

The charges to be paid by members [receiving the Computer Assisted Execution Service (CAES)] using the Nasdaq Market Center for trading non-Nasdaq exchange-listed securities through the Nasdaq Market Center shall consist of a fixed service charge of \$200 per member

per month, transaction charges as provided in Nasdaq Rule 7018 and equipment-related charges as provided elsewhere in the Rule 7000 Series.

**7015. Access Services.**

(a) – (c) No change.

(d) New Nasdaq Workstation

Nasdaq Workstation Trader	\$475 per user per month (including data entitlement package)
Nasdaq Workstation Post Trade	See Rule 7015[(d)](e)

(e) – (g) No change.

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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 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 modifying its 7000 Series Rules to reflect certain changes made to the Rule 7000 Series of the rules of the NASD in recent months with respect to systems operated by Nasdaq and its affiliates under NASD rules, and to make other conforming changes to reflect Nasdaq commencing operations as an exchange for trading non-Nasdaq listed securities on February 12, 2007.

Specifically, Nasdaq is:

- Amending Nasdaq Rule 7013 to reflect changes to NASD Rule 7010(c)(2) by SR-NASD-2006-067<sup>5</sup> and to update system names to reflect Nasdaq's operation as an exchange.
- Amending Nasdaq Rule 7014 to update system names to reflect Nasdaq's operation as an exchange.
- Amending Nasdaq Rule 7015 to correct a cross-reference in the rule.

## 2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>6</sup> in general, and with Sections 6(b)(4) and (5) of the Act,<sup>7</sup> in particular, in that the proposal 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, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

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<sup>5</sup> Securities Exchange Act Release No. 54015 (June 19, 2006), 71 FR 36369 (June 26, 2006) (SR-NASD-2006-067).

<sup>6</sup> 15 U.S.C. 78f.

<sup>7</sup> 15 U.S.C. 78f(b)(4) and (5).

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.

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

Because the foregoing proposed rule change (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and subparagraph (f)(6)(iii) of Rule 19b-4 thereunder.<sup>9</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to waive the operative delay if such action is consistent with the protection of investors and the public interest. Nasdaq has requested that the Commission waive the five-day notice requirement and 30-day operative delay and designate the proposed rule change immediately operative.

The Commission is exercising its authority to waive the the five-day notice requirement and believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. The Commission notes that the rule changes proposed herein

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6)(iii).

are intended to conform to changes which have either recently been made effective as changes to NASD rules or are merely technical in nature. Thus, Nasdaq's proposal raises no new issues of regulatory concern. Moreover, waiving the operative delay will allow Nasdaq to implement the changes immediately in conjunction with Nasdaq beginning to operate as a national securities exchange for trading non-Nasdaq securities. Therefore, the Commission has determined to waive both the five-day notice requirement and the 30-day delay and allow the proposed rule change to become operative upon filing.<sup>10</sup>

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](mailto:rule-comments@sec.gov). Please include File No. SR-NASDAQ-2007-007 on the subject line.

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<sup>10</sup> For purposes only of waiving the operative delay of this proposal, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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-2007-007. 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. 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 Number SR-NASDAQ-2007-007 and should be submitted on or before [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).