

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-61457; File No. SR-CTA/CQ-2009-03)

February 1, 2010

Consolidated Tape Association; Notice of Filing of the Fifteenth Substantive Amendment to the Second Restatement of the Consolidated Tape Association Plan and Eleventh Substantive Amendment to the Restated Consolidated Quotation Plan

Pursuant to Section 11A of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 608 thereunder,² notice is hereby given that on November 2, 2009, the Consolidated Tape Association (“CTA”) Plan and Consolidated Quotation (“CQ”) Plan participants (“Participants”)³ filed with the Securities and Exchange Commission (“Commission”) a proposal⁴ to amend the Second Restatement of the CTA Plan and Restated CQ Plan (collectively, the “Plans”).⁵ The proposal represents the fifteenth substantive amendment to the

¹ 15 U.S.C. 78k-1.

² 17 CFR 242.608.

³ Each participant executed the proposed amendment. The Participants are: BATS Exchange, Inc.; Chicago Board Options Exchange, Incorporated; Chicago Stock Exchange, Inc.; Financial Industry Regulatory Authority, Inc.; International Securities Exchange LLC; NASDAQ OMX BX, Inc.; NASDAQ OMX PHLX, Inc.; The NASDAQ Stock Market LLC; National Stock Exchange, Inc.; New York Stock Exchange LLC; NYSE Amex, Inc.; and NYSE Arca, Inc.

⁴ On January 13, 2010, the CTA filed a revised transmittal letter indicating, among other technical changes, that the Participants also proposed to make changes in the names and addresses of certain Participants (“Transmittal Letter”).

⁵ See Securities Exchange Act Release Nos. 10787 (May 10, 1974), 39 FR 17799 (May 20, 1974) (declaring the CTA Plan effective); 15009 (July 28, 1978), 43 FR 34851 (August 7, 1978) (temporarily authorizing the CQ Plan); and 16518 (January 22, 1980), 45 FR 6521 (January 28, 1980) (permanently authorizing the CQ Plan). The most recent restatement of both Plans was in 1995. The CTA Plan, pursuant to which markets collect and disseminate last sale price information for non-NASDAQ listed securities, is a “transaction reporting plan” under Rule 601 under the Act, 17 CFR 242.601, and a “national market system plan” under Rule 608 under the Act, 17 CFR 242.608. The CQ Plan, pursuant to which markets collect and disseminate bid/ask quotation information for listed securities, is also a “national market system plan” under Rule 608 under the Act, 17

CTA Plan (“Fifteenth Amendment to the CTA Plan”) and the eleventh substantive amendment to the CQ Plan (“Eleventh Amendment to the CQ Plan”), and reflects changes unanimously adopted by the Participants. The Fifteenth Amendment to the CTA Plan and the Eleventh Amendment to the CQ Plan (“Amendments”) would amend the Plans to provide that the Participants pay the Network B Administrator a fixed annual fee in exchange for its performance of Network B administrator functions under the Plans. In addition, the Amendments seek to accommodate recent changes in names and addresses of certain Participants. The Commission is publishing this notice to solicit comments from interested persons on the proposed Amendments.

I. Rule 608(a)

A. Description and Purpose of the Amendments

Network Administrator Fees under the Plans. Section XII (“Financial Matters”) of the CTA and Section IX (“Financial Matters”) of the CQ Plan each provides that a network’s Operating Expenses are to be deducted from the network’s Gross Income in determining the amounts that the network’s administrator distributes to the Participants. Section XII(c)(i) (“Determination of Operating Expenses”) of the CTA Plan currently provides that a CTA network’s Operating Expenses include all costs and expenses “associated with, relating to, or resulting from, the generation, consolidation or dissemination of the CTA’s network’s last sale price information.” Likewise, Section IX(c)(i) (“Determination of Operating Expenses”) of the CQ Plan currently provide that a network’s Operating Expenses include all costs and expenses that the network’s administrator incurs in “collecting, processing and making available that CQ network’s quotation information.”

CFR 242.608.

Proposed Revision. The Network B Administrator has noted that accounting for operating costs is administratively burdensome, especially the allocation of organization overhead costs to the Network B Administrator function. As a result, the Network B Participants have determined that paying the Network B Administrator a fixed fee in exchange for its Network B administrative services would be more efficient.

Therefore, the Participants propose to replace their payment to the Network B Administrator of Operating Costs with their payment to the Network B Administrator of a fixed fee. (The Network A Administrator similarly receives a fixed fee for its performance of administrative functions under the CTA and CQ Plans and the Participants understand that Nasdaq receives a fixed fee for its performance of administrative functions under the “Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis.”)

For calendar year 2009, the Network B Participants propose to set the fixed fee at \$3,000,000. This amount will compensate the Network B Administrator for its Network B Administrative services during 2009 under both the CTA Plan and the CQ Plan.

Annual Increase. For each subsequent calendar year, the Network B Participants propose to increase (but not decrease) the amount of the payment by the percentage increase (if any) in the annual cost-of-living adjustment that the U.S. Social Security Administration applies to Supplemental Security Income for the calendar year preceding that subsequent calendar year, subject to a maximum annual increase of five percent. For example, if the Social Security Administration’s cost of living adjustment for Supplemental Security Income were to be three

percent for calendar year 2010, then the Participants' fixed payment to the Network B Administrator for 2010 would increase by three percent to \$3,090,000.

Biannual Review. To assure that the fixed fee bears some relationship to the costs that the Network B Administrator incurs in providing Network B administrative services, the Network B Administrator will provide a report every two years that highlights any significant changes to CTA Network B and CQ Network B administrative expenses during the preceding two years. The Participants will review the report and determine by majority vote whether to continue to pay the fixed fee at its then current level or to adjust the fee in some manner.

Payment of the Fee. In order to pay the fee to the Network B Administrator, the Participants authorize the Network B Administrator to deduct, on a quarterly basis, one-quarter of that calendar year's fixed payment from the aggregate of CTA Network B Gross Income and CQ Network B Gross Income before determining that quarter's Net Income under the CTA Plan and the CQ Plan.

If any Participant's share of Net Income for CTA Network B and CQ Network B for any calendar year is less than its pro rata share of the annual fixed payment for that year, the Participant shall be responsible for the difference.

Extraordinary Expenses. The Participants' payment of the fixed fee will compensate the Network B Administrator for all ordinary and customary operating expenses that it incurs in performing the network administrator functions under the CTA and CQ Plans. However, it does not compensate the Network B Administrator for extraordinary expenses that the Network B Administrator may incur on behalf of the Network B Participants.

Extraordinary expenses include such things as that portion of legal and audit expenses and marketing and consulting fees that are outside of the ordinary functions that the Network B

Administrator performs. For example, extraordinary expenses would include such costs as legal fees related to prosecution of a legal proceeding against a vendor that fails to pay applicable charges and fees relating to a marketing campaign that the Participants may determine to undertake to popularize stock trading.⁶

In addition, the Participants propose to amend the Plans to reflect changes in the corporate names and street addresses of NASDAQ OMX BX, Inc. (formerly Boston Stock Exchange, Inc.), NASDAQ OMX PHLX, Inc. (formerly Philadelphia Stock Exchange, Inc.) and NYSE Amex, Inc. (formerly American Stock Exchange LLC). They also propose to conform the language signifying the status of BATS Exchange, Inc. as a national securities exchange to the language used for the other Plan Participants

The text of the proposed Amendments is available on the CTA's Web site (<http://www.nysedata.com/cta>), at the principal office of the CTA, and at the Commission's Public Reference Room.

B. Additional Information Required by Rule 608(a)

1. Governing or Constituent Documents

Not applicable.

2. Implementation of the Amendments

Upon Commission approval of the Amendments, the Participants intend to implement the fixed fee immediately in order to make it effective for the 2009 calendar year. That is, for all of 2009, the Network B Participants would pay the Network B Administrator the fixed fee rather

⁶ The Commission notes that the Transmittal Letter accompanying the proposed Amendments included language not voted on by the Participants and thus not included in the proposed Amendments: "Network B Administrator will not incur any extraordinary expense on behalf of the Network B Participants unless the Network B Participants determine by majority vote to approve the incurrence of that extraordinary expense." This language is not part of the proposed Amendments.

than operating costs.

3. Development and Implementation Phases

See Item I(B)(2) above.

4. Analysis of Impact on Competition

The amendment will impose no burden on competition.

5. Written Understanding or Agreements relating to Interpretation of, or Participation in, Plan

The Participants have no written understandings or agreements relating to interpretation of the Plans as a result of the Amendments.

6. Approval by Sponsors in Accordance with Plan

In accordance with Section IV(b) of the CTA Plan and Section IV(c) of the CQ Plan, each of the Participants must execute a written amendment to the Plans before the Amendments can become effective. The Amendments are so executed.

7. Description of Operation of Facility Contemplated by the Proposed Amendment

a. Terms and Conditions of Access

Not applicable.

b. Method of Determination and Imposition, and Amount of, Fees and Charges

Not applicable.

c. Method of Frequency of Processor Evaluation

Not applicable.

d. Dispute Resolution

Not applicable.

II. Rule 601(a)

A. Equity Securities for Which Transaction Reports Shall be Required by the Plan.

Not applicable.

B. Reporting Requirements

Not applicable.

C. Manner of Collecting, Processing, Sequencing, Making Available and Disseminating Last Sale Information

Not applicable.

D. Manner of Consolidation

Not applicable.

E. Standards and Methods Ensuring Promptness, Accuracy and Completeness of Transaction Reports

Not applicable.

F. Rules and Procedures Addressed to Fraudulent or Manipulative Dissemination

Not applicable.

G. Terms of Access to Transaction Reports

Not applicable.

H. Identification of Marketplace Execution

Not applicable.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed Amendments are 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-CTA/CQ-

2009-03 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-CTA/CQ-2009-03. 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 Amendments that are filed with the Commission, and all written communications relating to the Amendments 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 Web site 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 a.m. and 3 p.m. Copies of the Amendments also will be available for inspection and copying at the principal office of the CTA. 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-CTA/CQ-2009-03 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.⁷

Florence E. Harmon
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(27).