

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54692; File No. SR-NSX-2006-12)

November 2, 2006

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Implement a Fee Schedule Under Rule 16.1(a) and 16.1(c) for Transactions Executed Through the Intermarket Trading System Plan and/or the Plan for the Purpose of Creating and Operating an Intermarket Communications Linkage

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 October 2, 2006, the National Stock Exchange, Inc.SM (“NSX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change, as described in Items I, II, and III below, which Items have been prepared by NSX. NSX submitted the proposed rule change under Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal 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

The Exchange is proposing to implement a Fee Schedule under Rule 16.1(a) and 16.1(c) for transactions executed through the Intermarket Trading System Plan and/or the Plan for the Purpose of Creating and Operating an Intermarket Communications Linkage

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

(“ITS Plans”).⁵ The text of the proposed rule change is available on the Exchange’s Web site at <http://www.nsx.com>, at the Exchange’s Office of the Secretary 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.

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

1. Purpose

In anticipation of the approval of the Exchange’s new trading rules,⁶ the Exchange amended its rules in July 2006 to add Chapter XVI to its rules to set forth, in their own chapter, rules relating to fees, dues, assessments and the tape rebate program. The rule change, SR-NSX-2006-10, was filed pursuant to Section 19(b)(3)(A) of the Act,

⁵ Since October 1, 2006, the effective date of the “Plan for the Purpose of Creating and Operating an Intermarket Communications Linkage Pursuant to Section 11A(a)(3)(B) of the Securities Exchange Act of 1934” (“Linkage Plan”), connectivity between markets is provided pursuant to the Linkage Plan. See Securities Exchange Act Release No. 54551 (September 29, 2006), 71 FR 59148 (October 6, 2006) (approving the NMS Linkage Plan).

⁶ See Securities Exchange Act Release No. 54391 (August 31, 2006), 71 FR 52836 (September 7, 2006).

which rendered it effective upon filing.⁷ As part of that filing, Rule 16.1(c) states that the Exchange will “provide ETP Holders with notice of all relevant dues, fees, assessments and charges of the Exchange. Such notice may be made available to ETP Holders on the Exchange’s website or by any other method deemed reasonable by the Exchange.”

As part of this rule change, the Exchange is filing a Fee Schedule under Rule 16.1(a) and 16.1(c) for transactions executed through the ITS Plans.⁸ The Fee Schedule provides for the ability to pass through costs that are assessed by a third party to the Exchange if such costs are attributable to transactions executed through the ITS Plans.⁹

While SR-NSX-2006-10 was effective upon filing, Rule 16.3 allows the Exchange to delay the effectiveness of Chapter XVI until it gives written notice to its ETP Holders. The Exchange will give notice declaring Rule 16.1(a) and 16.1(c) of Chapter XVI effective solely to implement the pass-through cost provisions for transactions executed through the ITS Plans. All other fees continue to be governed by Rule 11.10 for National Securities Trading System Fees. Moreover, nothing in the proposed Fee Schedule alters in any way any fees otherwise owed under NSX Rule 11.10.

⁷ See Securities Exchange Act Release No. 54194 (July 24, 2006), 71 FR 43258 (July 31, 2006) (Rule 16.3 provides that the new Chapter XVI will become effective upon written notice by the Exchange to the ETP Holders).

⁸ As set forth in Release No. 34-54194, the Exchange proposed to maintain a separate fee schedule that contains its current fees, dues and other charges, instead of including all of its specific fees, dues and charges in the text of its rules.

⁹ See Securities Exchange Act Release Nos. 54548 (September 29, 2006), 71 FR 59159 (October 6, 2006) and 54480 (September 21, 2006) 71 FR 57596 (September 29, 2006) (which allow Linkage Plan participants to directly bill, and to accept direct billing from, any such Linkage Plan participants that are unable to implement Sponsoring Member billing by October 1, 2006.)

Pursuant to newly approved Rule 16.1(c), the Exchange will “provide ETP Holders with notice of all relevant dues, fees, assessments and charges of the Exchange.” ETP Holders and others using the Exchange will be advised of these fees through the Exchange’s website. In addition, the ETP Holders will, simultaneous with the filing, be notified through the issuance of a Regulatory Circular declaring Rule 16.1(a) and 16.1(c) of Chapter XVI effective, and attaching the new Fee Schedule applicable to transactions through the ITS plans.

The fees have been designed in this manner in order to ensure that the Exchange can continue to fulfill its obligations under Section 6(b) of the Act¹⁰.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,¹¹ in general, and Section 6(b)(4) of the Act,¹² in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges.

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 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

The Exchange has neither solicited nor received written comments on the

¹⁰ 15 U.S.C. 78f(b).

¹¹ See id.

¹² 15 U.S.C. 78f(b)(4).

proposed rule change.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act¹³ and subparagraph (f)(2) of Rule 19b-4¹⁴ thereunder, because it involves a member due, fee or other charge. At any time within 60 days of the filing of such 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. Please include File Number SR-NSX-2006-12 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

¹³ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁴ 17 CFR 240.19b-4(f)(2).

All submissions should refer to File No. SR-NSX-2006-12. This file number should be included in the subject line if e-mail is used. To help the Commission process and review 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 filings will also 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-NSX-2006-12 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to the delegated authority.¹⁵

Nancy Morris
Secretary

¹⁵ 17 CFR 200.30-3(a)(12).