

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55807; File No. SR-NSX-2007-06)

May 23, 2007

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the Liquidity Provider Rebate Program for Transactions Executed Through NSX BLADE in Which the Order Delivery Mode of Interaction Has Been Selected

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 May 14, 2007, the National Stock Exchange, Inc. (“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 substantially prepared by the Exchange. NSX has filed the proposal pursuant to 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 a change to its liquidity provider rebate program for transactions that are executed through NSX BLADE, the Exchange’s new trading platform. The Exchange wishes to modify its liquidity provider rebate program for only those orders in which the User effecting such order has chosen the order delivery mode of order interaction as set forth in NSX Rule 11.13(b)(2) (“Order Delivery”). The text of the proposed rule change is available at NSX, the Commission’s Public Reference Room, and www.nsx.com.

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).

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

In its filing with the Commission, NSX 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. NSX 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

The Exchange has created a new state of the art trading platform, known as NSX BLADE, which utilizes a strict price/time priority system. Pursuant to Exchange Rule 16.1(a), the Exchange maintains a Fee Schedule that contains its current fees, dues, and other charges applicable to transactions in NSX BLADE ("NSX BLADE Fee Schedule").

Currently, the NSX BLADE Fee Schedule provides for an execution fee of \$0.0030 per share for removing liquidity from NSX BLADE (in other words, a charge for taking liquidity against an order in NSX BLADE), and a rebate of \$0.0030 per share executed for adding liquidity into NSX BLADE (in other words, a rebate for the addition of liquidity to NSX BLADE, provided that it results in an execution through NSX BLADE) regardless of the mode of order interaction chosen by an ETP Holder. Thus, ETP Holders taking liquidity against an order in NSX BLADE are currently charged a fee of \$0.0030 per share executed, and ETP Holders providing liquidity into NSX BLADE are currently paid a rebate of \$0.0030 per share executed. Similarly, orders executed at less than \$1.00 per share will result in either a rebate or

an execution fee for a dollar amount equal to 0.3% of the price per share, multiplied by the number of shares executed.

NSX Rule 11.13(b) establishes two separate modes of order interaction from which ETP Holders may choose: Automatic Execution and Order Delivery. The Exchange is proposing that the NSX BLADE Fee Schedule be modified so that ETP Holders who have selected the Automatic Execution mode of order interaction pursuant to NSX Rule 11.13(b)(1) be granted rebates at a different rate than ETP Holders who have selected the Order Delivery mode of order interaction. Specifically, the Exchange is proposing that the rebate for adding liquidity for ETP Holders who have selected Order Delivery be reduced to \$0.0028 for orders executed at \$1.00 or more per share. The rebate for adding liquidity for ETP Holders who have selected Order Delivery for orders executed at less than \$1.00 per share will be reduced to 0.28% of the price per share, multiplied by the number of shares executed. The Exchange believes this change in its liquidity provider rebate is appropriate because the Order Delivery mode of order interaction involves greater cost and regulatory burden for the Exchange. All other liquidity taker fees and liquidity provider rebates will remain unchanged.

Pursuant to NSX Rule 16.1(c), the Exchange will “provide ETP Holders with notice of all relevant dues, fees, assessments and charges of the Exchange.” Accordingly, ETP Holders will, simultaneously with this filing, be notified through the issuance of a Regulatory Circular of the changes to the NSX BLADE Fee Schedule.

The Exchange liquidity taker fees and liquidity provider rebates have been designed in this manner in order to ensure that the Exchange can continue to fulfill its obligations under the Act.

2. Statutory Basis

NSX believes that the proposed rule change is consistent with the provisions of Section 6

of the Act,⁵ in general, and with Sections 6(b)(4) of the Act,⁶ in particular, in that the proposal provides 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 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

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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁷ and subparagraph (f)(2) of Rule 19b-4 thereunder⁸ because it establishes or changes a due, fee, or other charge applicable only to a member imposed by the self-regulatory organization. Accordingly, the proposal is effective upon Commission receipt of the filing. 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.

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(4).

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ 17 CFR 240.19b-4(f)(2).

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-2007-06 on the subject line.

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-NSX-2007-06. 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 the filing also will be available for inspection and copying at the principal office of NSX. 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-2007-06 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 delegated authority.⁹

Florence E. Harmon
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).