

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53174; File No. SR-NSX-2006-01)

January 24, 2006

Self-Regulatory Organizations; National Stock Exchange; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend its Fee Schedule Contained in Exchange Rule 11.10(A) to Decrease the Monthly Transaction Fee Cap

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 January 19, 2006, the National Stock Exchange (“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 the Exchange. The NSX filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,³ 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 proposes to amend its fee schedule reflected in Exchange Rule 11.10(A) to reduce its monthly transaction fee cap in Exchange Rule 11.10(A)(i) from \$200,000 to \$50,000. The text of the proposed rule change is set forth below. Proposed new language is in *italics*; proposed deletions are in [brackets].

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

CHAPTER XI

Trading Rules

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Rule 11.10 National Securities Trading System Fees

A. Trading Fees

(a) – (h) No change.

(i) Transaction Fee Cap. The monthly transaction fee charged to each member shall be equal to the lesser of (1) the amount assessed pursuant to Paragraph (A)(a) through (A)(h) of this Rule 11.10 or (2) [~~\$200,000~~] \$50,000.

(j) – (r) 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, 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 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’s fee schedule reflected in Exchange Rule 11.10(A) currently provides for fees payable by members based upon, among other things, transactions executed on the Exchange. The Exchange’s current fee schedule provides for a monthly transaction fee cap of

the lesser of the fees contained in Exchange Rule 11.10(A)(a) to 11.10(A)(h) or \$200,000. With this filing, the Exchange proposes to reduce the dollar cap parameter from \$200,000 to \$50,000. This proposal will allow the Exchange to cap the transaction fee (which consists of trading fees in respect of agency, odd lot, professional agency, proprietary and preferencing transactions, as well as the fees associated with crosses and meets and the agency order mix fee) at \$50,000 per month for competitive reasons in an attempt to preserve order flow. Please note that this transaction fee is calculated shortly after the month end activity (i.e., the transaction fee for January would be calculated in February) and would be collected thereafter (in February), after the effective date of this filing. Accordingly, the Exchange will utilize this new rule in the calculation of the January fee (which would represent a reduction of the transaction fees for all NSX members).

The NSX believes the reduction of the fee cap will in no way impede the Exchange's current regulatory program or its ability to enforce compliance by its members with the Exchange's Rules or the Act.

2. Statutory Basis

The NSX believes the proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(4) of the Act,⁶ 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.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

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 establishes or changes a due, fee, or other charge applicable only to a member imposed by the Exchange, and, therefore, has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁷ and subparagraph (f)(2) of Rule 19b-4 thereunder.⁸ 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. Please include File No. SR-NSX-2006-01 on the subject line.

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ 17 CFR 240.19b-4(f)(2).

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File No. SR-NSX-2006-01. 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 will also be available for inspection and copying at the principal office of the 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 No. SR-NSX-2006-01 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

Nancy M. Morris
Secretary

⁹ 17 CFR 200.30-3(a)(12).