



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
MARKET REGULATION

January 30, 2007

Robert Hill
Chairman
ITS Operating Committee

Re: Extension of the Exemptions from Certain Provisions of the Intermarket Trading System Plan

Dear Mr. Hill:

On September 29, 2006, the Commission granted to the Intermarket Trading System ("ITS") Plan Participants exemptions pursuant to Rule 608(e) under the Securities Exchange Act of 1934 ("Act")¹ from various provisions of the ITS Plan, in connection with implementation 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").² Specifically, the Commission granted the exemptions to permit the Linkage Plan Participants to commence trading pursuant to the Linkage Plan, because certain provisions of the ITS Plan conflict with the operation of the Linkage Plan and other provisions of the ITS Plan were no longer relevant.³

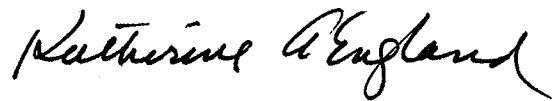
¹ 17 C.F.R. § 242.608(e). Rule 608(c) requires each participant in a national market system plan to comply, and enforce compliance with, the plan by its members and their associated persons. Rule 608(e) establishes the Commission's authority to exempt any self-regulatory organization ("SRO") or SRO member from the requirements of the Rule.

² The Linkage Plan Participants ("Linkage Plan Participants") include the American Stock Exchange LLC, the Boston Stock Exchange, Inc., the Chicago Board Options Exchange, Inc., the Chicago Stock Exchange, Inc., the Nasdaq Stock Market LLC ("Nasdaq"), the National Stock Exchange, Inc., the New York Stock Exchange LLC, NYSE Arca, Inc., and the Philadelphia Stock Exchange, Inc. The National Association of Securities Dealers, Inc. ("NASD") is not participating in the Linkage Plan. The ITS Plan Participants include all the Linkage Plan Participants and NASD. See Securities Exchange Act Release No. 54551 (September 29, 2006), 71 FR 59148 (October 6, 2006) (approving the Linkage Plan).

³ See letter from David Shillman, Associate Director, Division of Market Regulation, Commission, to Robert Hill, Chairman, ITS Operating Committee, dated September 29, 2006.

The Commission granted the exemptions through February 5, 2007, the established Trading Phase Date for Regulation NMS.⁴ On January 24, 2007, the Commission extended the Trading Phase Date.⁵ Accordingly, the Commission hereby extends the previously granted exemptions to the ITS Plan Participants, effective February 6, 2007 up to the Trading Phase Date. These exemptions are subject to modification or revocation at any time, however, if the Commission determines that such action is necessary or appropriate to further the purposes of the Act.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶



Katherine A. England
Assistant Director

⁴ Trading Phase Date is the required date for full operation of Regulation NMS-compliant trading systems of all automated trading centers that intend to qualify their quotations for trade-through protection under Rule 611. See Securities Exchange Act Release No. 53829 (May 18, 2006), 71 FR 30038 (May 24, 2006).

⁵ See Securities Exchange Act Release No. 55160 (January 24, 2007), 72 FR 4202 (January 30, 2007) (extending the Trading Phase Date until March 5, 2007).

⁶ See 17 CFR § 200.30-3(a)(27).



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Dear Mr. Hill:

On September 29, 2006, the Commission granted to the Intermarket Trading System (“ITS”) Plan Participants exemptions¹ pursuant to Rule 608(e) under the Securities Exchange Act of 1934 (“Act”)² from various provisions of the ITS Plan, in connection with implementation 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”).

In addition, on September 29, 2006, the staff of the Division of Market Regulation issued a letter stating that it would not recommend enforcement action to the Commission under Section 19(g)(1) of the Act if the ITS Participants did not enforce compliance with their rules, which correspond to the exemptions from the ITS Plan granted in the Exemption Letter, with the exception of the rules pertaining to locked markets.³

The Commission granted the exemptions through February 5, 2007, the established Trading Phase Date for Regulation NMS.⁴ On January 24, 2007, the Commission extended the

¹ See letter from David Shillman, Associate Director, Division of Market Regulation (“Division”), Commission, to Robert Hill, Chairman, ITS Operating Committee, dated September 29, 2006 (“Exemption Letter”).

² 17 C.F.R. § 242.608(e). Rule 608(c) requires each participant in a national market system plan to comply, and enforce compliance with, the plan by its members and their associated persons. Rule 608(e) establishes the Commission’s authority to exempt any self-regulatory organization (“SRO”) or SRO member from the requirements of the Rule.

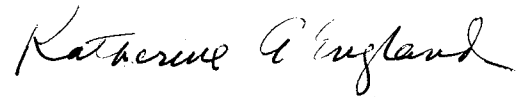
³ See letter from David Shillman, Associate Director, Division, Commission, to Robert Hill, Chairman, ITS Operating Committee, dated September 29, 2006.

⁴ Trading Phase Date is the required date for full operation of Regulation NMS-compliant trading systems of all automated trading centers that intend to qualify their quotations for trade-through protection under Rule 611. See Securities Exchange Act Release No. 53829 (May 18, 2006), 71 FR 30038 (May 24, 2006).

Trading Phase Date.⁵ Accordingly, the staff of the Division of Market Regulation is hereby extending up to the Trading Phase Date the time period during which it will not recommend enforcement action to the Commission under Section 19(g)(1) of the Act if the ITS Participants do not enforce compliance with their rules, which correspond to the exemptions from the ITS Plan granted in the Exemption Letter, with the exception of the rules pertaining to locked markets.

This staff position is limited to enforcement action under Section 19(g)(1) of the Act and does not purport to express any legal conclusions with respect to the applicability of the statutory or regulatory provisions of the federal securities laws. The Staff's position is subject to modification or revocation at any time if the Commission or the Staff determines that such action is necessary or appropriate, in furtherance of the purposes of the Act.

Sincerely,



Katherine A. England
Assistant Director

⁵ See Securities Exchange Act Release No. 55160 (January 24, 2007), 72 FR 4202 (January 30, 2007) (extending the Trading Phase Date until March 5, 2007).