SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56883; File No. SR-NSX-2007-11)

December 3, 2007

Self-Regulatory Organizations; The National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change as Modified by Amendment Nos. 1 and 2 Thereto, to Modify Rebate Programs for Automatic Execution Transactions in Certain Designated ETFs

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 1, 2007, the National Stock Exchange, Inc. ("NSX" or "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II , and III below, which Items have been substantially prepared by the Exchange. On October 31, 2007 NSX filed Amendment No. 1 to the proposed rule change. On November 13, 2007 NSX filed Amendment No. 2 to the proposed rule change. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b-4(f)(2) thereunder,[4] which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NSX is proposing a change to its Rules and Fee Schedule to modify its market data rebate program and its liquidity provider rebate program for transactions that are executed through NSX BLADE[SM], the Exchange's trading platform, effective October 1, 2007. The Exchange wishes to modify these rebate programs for only those transactions in certain Designated ETF Shares in

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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).

which the User effecting such order has chosen the automatic execution mode of order interaction as set forth in Exchange Rule 11.13(b)(1). The text of the proposed rule change is available at the Exchange's Web site, http://www.nsx.com, the Exchange and 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, 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

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 (the "NSX BLADE Fee Schedule"). Currently, the NSX BLADE Fee Schedule provides for a rebate of $0.0030 per share for adding liquidity into NSX BLADE through transactions in which ETP Holders have selected the Automatic Execution mode of order interaction ("AutoEx"), regardless of which symbol such transaction involves. Similarly, orders that are AutoEx at less than $1.00 per share will result in a rebate for a dollar amount equal to 0.3% of the price per share, multiplied by the number of shares executed. The Exchange also currently provides a 100% pro rata transaction credit of gross Tape "A", "B" and "C" market data revenue associated with trading regardless of the symbol that is the subject of such trades.[5]

The Exchange is proposing that the NSX BLADE Fee Schedule be modified to include the concept of Designated ETF Shares, which are certain Exchange Traded Funds and Exchange Traded Notes (hereinafter "ETF Shares") that the Exchange has determined should be subject to different liquidity providing and market data rebates than other symbols. These Designated ETF Shares are generally all Exchange Traded Funds and Exchange Traded Notes that are eligible to trade on the Exchange except for the Nasdaq-100 Index, more commonly referred to as the QQQQs. The Designated ETF Shares are listed by the Exchange on Exhibit A to the NSX BLADE Fee Schedule.

ETP Holders providing liquidity using AutoEx in Designated ETF Shares will receive a rebate of $0.0035 per share executed. Similarly, ETP Holders providing liquidity on orders executed at less than $1.00 per share using AutoEx in Designated ETF Shares will result in a rebate for a dollar amount equal to 0.35% of the price per share, multiplied by the number of shares executed. However, trades using AutoEx in Designated ETF Shares would no longer be eligible for market data revenue transaction credits as reflected in the amendments to Exchange Rule 16.2(b). The change in the liquidity provider and market data rebates is being proposed in order to increase trading volume in these Designated ETF Shares. There is no need to provide a similar incentive to increase trading volume in the securities that are not contained in the Exhibit A. These changes would be effective October 1, 2007.

The same trades in non-Designated ETF Shares using AutoEx, as well as all trades using the Order Delivery mode of order interaction as set forth in Exchange Rule 11.13(b)(2) ("Order Delivery"), would continue to receive the current rebate. Thus, for orders executed at $1.00 or

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[5] See Securities Exchange Act Release No. 56008 (July 3, 2007), 72 FR 37809 (July 11, 2007) (SR-NSX-2007-07).

more per share for non-Designated ETF shares, the liquidity provider rebate remains $0.0030 per share executed and, for all orders executed at a $1.00 or more per share using Order Delivery, the liquidity provider rebate remains $0.0028 per share executed.[6] These trades will continue to receive market data revenue transaction credits.

The Exchange is also proposing to delete the provision relating to ITS Transactions in the Fee Schedule as the Intermarket Trading System Plan has expired and therefore, the provision is no longer applicable.

Pursuant to Exchange Rule 16.1(c), the Exchange will "provide ETP Holders with notice of all relevant dues, fees, assessments and charges of the Exchange" through the issuance of a Regulatory Circular of the changes to the NSX BLADE Fee Schedule and will provide a copy of the rule filing on the Exchange's Web site (www.nsx.com).

The Exchange liquidity provider rebates and market data rebates have been designed in this manner in order to ensure that the Exchange can continue to fulfill its obligations under the Act. Moreover, the proposed liquidity provider and market data rebates are not discriminatory in that all ETP Holders are eligible to trade in Designated ETF Shares listed on Exhibit A using AutoEx and may do so at their discretion.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,[7] in general, and Section 6(b)(4) of the Act,[8] in particular, in that it is

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6 For orders executed at less than $1.00 per share, the rebate for non-Designated ETF shares using AutoEx remains 0.30% of the price per share, multiplied by the number of shares executed and the rebate for all trades using Order Delivery remains 0.28% of the price per share, multiplied by the number of shares executed.

7 15 U.S.C. 78f(b).

8 15 U.S.C. 78f(b)(4).

designed to provide for the equitable allocation of reasonable dues, fees and other charges. NSX believes that the change is consistent with an equitable allocation of fees, because decreased market data revenue sharing for liquidity providers is offset by enhanced liquidity provider credits for the same market participants, which allows a more direct and readily calculated incentive for liquidity provision. Moreover, the proposed liquidity provider and market data rebates are not discriminatory in that all ETP Holders are eligible to trade in Designated ETF Shares listed on Exhibit A using AutoEx and may do so at their discretion.

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, as amended.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments on the proposed rule change were neither solicited nor received.

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

The foregoing proposed rule change is filed pursuant to Section 19(b)(3)(A)(ii) of the Act[9] and subparagraph (f)(2) of Rule 19b-4 thereunder[10] because it establishes or changes a due, fee, or other charge applicable only to a member imposed by a 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

[9] 15 U.S.C. 78s(b)(3)(A)(ii).

[10] 17 CFR 240.19b-4(f)(2).

public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.[11]

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-2007-11 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-2007-11. 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

11 For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on November 13, 2007, the date on which NSX filed Amendment No. 2. See 15 U.S.C. 78s(b)(3)(C).

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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such 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-2007-11 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.[12]

Florence E. Harmon
Deputy Secretary

[12] 17 CFR 200.30-3(a)(12).