



## Regulatory Circular 10-003

Date: March 31, 2010

To: ETP Holders

From: James C. Yong  
Chief Regulatory Officer

Re: Adjustments to Fee and Rebate Schedule With Respect to the Liquidity Take Fee in AutoEx and Rebates for Adding Liquidity in Order Delivery

The National Stock Exchange, Inc. ("NSX<sup>®</sup>" or the "Exchange") filed a rule change, operative at commencement of trading on April 1, 2010, which proposes to amend the NSX Fee and Rebate Schedule (the "Fee Schedule") and Rule 16.4. In summary, the rule change lowers the volume threshold necessary to obtain a lower take fee for securities priced one dollar and higher in AutoEx, and also adjusts the rebates payable in Order Delivery.

### **AutoEx Take Fee For Securities Priced One Dollar and Higher**

For orders in securities priced one dollar and above that take liquidity in AutoEx, the proposed rule change lowers the volume threshold necessary to obtain a lower take fee. Prior to the effective date of the proposed rule change, the Fee Schedule provided that an ETP Holder pay a \$0.0028 per share liquidity take fee if such ETP Holder's liquidity adding average daily volume (as fully defined in Endnote 3 of the Fee Schedule, "Liquidity Adding ADV") was at least five million shares. If an ETP Holder's Liquidity Adding ADV was less than five million shares, the ETP Holder paid a liquidity take fee of \$0.0030 per share. The proposed rule change lowers this volume threshold from five million to 50,000 shares, thereby enabling ETP Holders to more easily achieve the lower take fee of \$0.0028 per share.

### **Order Delivery Rebates**

For displayed orders in securities priced one dollar and above that add liquidity in Order Delivery, the proposed rule change creates an additional intermediate rebate tier and raises the eligibility threshold for the highest rebate tier. Prior to the effective date of the proposed rule change, the Fee Schedule provided a rebate of \$0.0008 per share if Liquidity Adding ADV was at least 1 million and less than 5 million ("Tier 1"), and a rebate of \$0.0024 per share plus 50% of attributable market data revenue if Liquidity Adding ADV was at least 5 million shares ("Tier 2"). The proposed rule change modifies Tier 2 such that an ETP Holder achieving a Liquidity Adding ADV of at least 5 million shares, but less than 30 million shares, receives a rebate of \$0.0024 per share plus 35% of attributable market data revenue. Further, a third tier ("Tier 3") is introduced such that ETP Holders with at least 30 million Liquidity Adding ADV receive a rebate of \$0.0024 per share plus 50% of attributable market data revenue. The proposed rule change also excludes securities priced under one dollar from the definition of Liquidity Adding ADV in the context of Order Delivery rebates.

Finally, the proposed rule change introduces a rebate for orders of securities priced under one dollar that add liquidity in Order Delivery in an amount equal to 0.20 percent of the trade value. Zero Display Reserve Orders of sub-dollar securities in Order Delivery are not eligible to receive this liquidity adding rebate.

The proposed Fee Schedule, operative as of April 1, 2010, is attached to this Circular and is contained in rule change proposal SR-NSX-2010-03 filed today, under Section 19(b)(3)(A) of the Securities Exchange Act of 1934, which renders it effective upon filing. A copy of this rule change filing may be found on the NSX website.

Any questions can be directed to me at 312.786.8893.

**National Stock Exchange, Inc.**  
**Fee and Rebate Schedule**  
Updated as of April 1, 2010

The following reflects the Schedule of Fees and Rebates (pursuant to Rule 16.1(a) and Rule 16.1(c)) for the National Stock Exchange, Inc. ("NSX"). Order matching computations are made on a monthly basis unless otherwise noted. All references to "per share" mean "per share executed."

**I. AUTOMATIC EXECUTION MODE (AutoEx)<sup>1</sup>**

**Securities \$1 and Above**

Displayed Orders<sup>2</sup>  
That Add Liquidity:

**Tapes A and C**

Rebate of \$0.0026 per share if  
Liquidity Adding ADV<sup>3</sup> <25 million or  
Rebate of \$0.0027 per share if  
Liquidity Adding ADV ≥25 million and <40 million or  
Rebate of \$0.0028 per share if  
Liquidity Adding ADV ≥40 million

**Tape B**

Rebate of \$0.0030 per share

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**All Tapes**

Zero Display Orders<sup>4</sup>  
That Add Liquidity:

Rebate of \$0.0025 per share if  
Total ADV<sup>5</sup> ≥30 million and Liquidity Adding ADV ≥5 million

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**All Tapes**

Orders That  
Take Liquidity:

Fee of \$0.0028 per share if  
Liquidity Adding ADV ≥50,000 or  
Fee of \$0.0030 per share if  
Liquidity Adding ADV <50,000

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**Securities Under \$1 (All Tapes)**

Orders That Add Liquidity: Rebate of 0.25% of trade value<sup>6</sup> (except for Zero Display Orders<sup>4</sup>)

Orders That Take Liquidity: Fee of 0.30% of trade value

## II. ORDER DELIVERY MODE<sup>7</sup>

### Securities \$1 and Above (All Tapes)

Displayed Orders<sup>2</sup>  
That Add Liquidity:

Rebate of \$0.0008 per share if  
Liquidity Adding ADV  $\geq$ 1 million and  $<$ 5 million or  
Rebate of \$0.0024 per share and 35% of market data revenue<sup>8</sup> if  
Liquidity Adding ADV  $\geq$ 5 million and  $<$ 30 million or  
Rebate of \$0.0024 per share and 50% of market data revenue if  
Liquidity Adding ADV  $\geq$ 30 million

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Zero Display Orders<sup>4</sup>  
That Add Liquidity:

Rebate of \$0.0008 per share if  
Liquidity Adding ADV  $\geq$ 1 million and  $<$ 10 million or  
Rebate of \$0.0010 per share if  
Liquidity Adding ADV  $\geq$ 10 million and  $<$ 20 million or  
Rebate of \$0.0012 per share if  
Liquidity Adding ADV  $\geq$ 20 million

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### Securities Under \$1 (All Tapes)

Orders That Add Liquidity: Rebate of 0.20% of trade value<sup>6</sup> (except for Zero Display Orders)

## III. OTHER SERVICES

### A. Order Routing<sup>9</sup> (All Tapes)

#### Securities \$1 and Above

Fee of \$0.0029 per share

#### Securities Under \$1

Fee of 0.30% of trade value

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## B. Pass Through Charges

NSX may pass through to a specific ETP Holder costs that are assessed to the Exchange by a third party that are attributable to that particular ETP Holder for its use of the facilities of the Exchange.

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### Explanatory endnotes:

- (1) As specified in Rule 11.13(b)(1).
- (2) “**Displayed Orders**” means orders that are not Zero Display Orders.
- (3) “**Liquidity Adding ADV**” means, with respect to an ETP Holder<sup>10</sup>, the number of shares such ETP Holder has executed as a liquidity provider on average per trading day (excluding partial trading days) across all tapes on NSX for the calendar month (or partial month, as applicable<sup>11</sup>) in which the executions occurred; provided, however, that for purposes of calculating an ETP Holder’s Liquidity Adding ADV solely with respect to the rebate in AutoEx for Displayed Orders that add liquidity, the full trading day during the measurement period on which such ETP Holder’s liquidity adding volume is lowest shall be excluded; provided, further, that for purposes of calculating an ETP Holder’s Liquidity Adding ADV with respect to the rebates in Order Delivery, securities priced under one dollar shall be excluded.
- (4) “**Zero Display Orders**” means “Zero Display Reserve Orders” as specified in Rule 11.11(c)(2)(A).
- (5) “**Total ADV**” means, with respect to an ETP Holder<sup>10</sup>, the number of shares such ETP Holder has executed as a liquidity provider, liquidity taker and router of executed trades on average per trading day (excluding partial trading days) across all tapes on NSX for the calendar month (or partial month, as applicable<sup>11</sup>) in which the executions occurred. For purposes of clarity: (i) no rebates apply to Zero Display Orders where the ETP Holder fails to achieve a Liquidity Adding ADV of at least 5 million shares in the same month (or partial month, as applicable); (ii) no rebates apply to Zero Display Orders where the ETP Holder fails to achieve Total ADV of at least 30 million shares in the same month (or partial month, as applicable); (iii) both Displayed Orders and Zero Display Orders in AutoEx and Order Delivery are counted for purposes of determining Total ADV; and (iv) the foregoing rebates apply only to liquidity adding Zero Display Orders executed in AutoEx.
- (6) “**Trade value**” means a dollar amount equal to the price per share multiplied by the number of shares executed.
- (7) As specified in Rule 11.13(b)(2).
- (8) As specified in Rule 16.4.
- (9) Orders that are routed via NSX and executed in another market center.
- (10) Upon verification and approval by NSX, the number of shares executed by ETP Holders under common ownership and control will be aggregated for purposes of calculating average daily volumes. See Rule 16.3.
- (11) In the event of any change to this Fee and Rebate Schedule at other than the end of a calendar month, volume calculations will be made on the basis of such number of full trading days within such month during which the unchanged pricing or rebate program’s terms are in effect.