



## Regulatory Circular 10-004

Date: April 9, 2010

To: ETP Holders

From: James C. Yong  
Chief Regulatory Officer

Re: Adjustments to Fee and Rebate Schedule With  
Respect to the Liquidity Adding Rebates for Sub-Dollar Securities

The National Stock Exchange, Inc. ("NSX"® or the "Exchange") filed a rule change, operative at commencement of trading on April 12, 2010, which proposes to amend the NSX Fee and Rebate Schedule (the "Fee Schedule") with respect to the liquidity adding rebate for securities priced under one dollar in both the Automatic Execution mode of order interaction ("AutoEx") and the Order Delivery mode of order interaction ("Order Delivery").

### **AutoEx Liquidity Adding Rebate For Securities Priced Under One Dollar**

For orders in securities priced under one dollar that provide liquidity in AutoEx, the Fee Schedule currently provides that an ETP Holder receives a rebate of 0.25% of trade value, where "trade value" is defined as the dollar amount equal to the price per share multiplied by the number of shares executed. The proposed rule change adjusts such rebate to be the lesser of the foregoing amount and 25% of the quote spread, where "quote spread" is defined as the dollar amount equal to the number of shares executed multiplied by the difference at the time of execution between (x) the price per share of the national best bid, and (y) the price per share of the national best offer.

### **Order Delivery Liquidity Adding Rebate For Securities Priced Under One Dollar**

For orders in securities priced under one dollar that provide liquidity in Order Delivery, the Fee Schedule currently provides that an ETP Holder receives a rebate of 0.20% of trade value. The proposed rule change adjusts such rebate to be the lesser of the foregoing amount and 20% of the quote spread.

The proposed Fee Schedule, operative as of April 12, 2010, is attached to this Circular and is contained in rule change proposal SR-NSX-2010-04 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 12, 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)**

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

Rebate of the lesser of 0.25% of trade value<sup>6</sup> and  
25% of the quote spread<sup>12</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)**

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

Rebate of the lesser of 0.20% of trade value<sup>6</sup> and  
20% of the quote spread<sup>12</sup>

**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.
- (12) “**Quote spread**” means a dollar amount equal to the number of shares executed multiplied by the difference at the time of execution between (x) the price per share of the national best bid, and (y) the price per share of the national best offer, in each case as such quotes are disseminated pursuant to an effective national market system plan and as the terms “national best bid” and “national best offer” are more fully defined in Rule 600 of Regulation NMS; provided, for purposes of clarity, that no rebate based on the quote spread shall be payable in the event of crossed or locked quotations.