



Regulatory Circular 10-006

Date: June 2, 2010

To: ETP Holders

From: James C. Yong
Chief Regulatory Officer

Re: Trading Pauses in S&P 500[®] Securities Due to Extraordinary Market Volatility and Frequently-Asked Questions

The purpose of this Regulatory Circular is to answer frequently-asked questions ("FAQ") concerning the rule proposal the National Stock Exchange, Inc. ("NSX[®]" or "Exchange") has filed with the Securities and Exchange Commission ("SEC") to adopt, on a pilot basis, new NSX Rule 11.20.B concerning trading pauses in individual securities that are the subject of the pilot due to extraordinary market volatility.

Subject to SEC approval, the Exchange anticipates that the pilot will begin on June 7, 2010 and targets to implement all eligible securities by June 14, 2010. The six month pilot is anticipated to end on December 10, 2010. The Exchange is proposing this rule addition in consultation with other markets and staff of the SEC to provide uniform market-wide trading pause standards for individual securities in the S&P 500[®] Index that experience rapid price movement. The Single Security Circuit Breaker FAQ is attached to this Circular

Any questions can be directed to me at 312.786.8893.

Single Security Circuit Breaker FAQ

What is the Single Security Circuit Breaker and how will it work?

Pursuant to the proposed rules of the National Stock Exchange, Inc. (“NSX” or the “Exchange”), the Exchange, along with all other markets, are proposing entering into a “pilot” program to provide for a stock by stock pause under certain conditions. (See, SR-NSX-2010-05 found at <http://www.nsx.com/resources/content/5/1/documents/SR-NSX-2010-05.pdf>). The rule, when approved, will provide for the following. If a pilot security experiences a price change of 10% or greater during a 5 minute period between the hours of 9:45am and 3:35pm ET, a trading pause will be triggered for that security by the primary listing exchange and will remain in place for 5 minutes across all exchanges. If the primary listing exchange fails to reopen the security, trading may resume at all other exchanges 10 minutes after initiation of the trading pause.

Which securities will be included in the pilot?

The pilot will begin with the securities that make up the S&P 500. Other securities, including Exchange Traded Funds and other structured products (sometimes referred to as Exchange Traded Products), may be added to the pilot.

When will the Single Security Circuit Breaker pilot begin?

NSX anticipates the circuit breaker pilot to begin on June 7, 2010 (with full implementation of the initial stocks by June 14, 2010) and remain in effect through December 10, 2010.

Can only primary listing market center prints trigger a trading pause?

No. All regular way, in sequence prints sent to the Consolidated Tape can trigger a trading pause.

What happens to open orders on the NSX book when a trading halt occurs?

In the event of a trading pause, all open orders in the affected security will be canceled from the book.

What types of orders do you accept during the pause?

During a pause, no order entry will be permitted. Any attempt to enter an order during a trading pause will be rejected.

When will NSX recognize that trading has resumed after a trading pause?

NSX will resume trading upon receipt of a trade resume message on the quote line from the primary listing exchange in the affected security. If the trading has not resumed after 10 minutes, NSX may resume trading.

How will the trading pause be communicated via the SIPs?

Over the CTS/CQS lines, the dissemination of quote condition code 'M' will indicate that a trading pause has been issued by the primary exchange. The UTP SIP will disseminate a regulatory halt "H" to indicate a trading pause.

Where can I direct my questions regarding this change?

All questions regarding Single Security Circuit Breakers can be directed to the NSX Client Services Desk at (800) 843-3924, or nsxtrading@nsx.com.