



Regulatory Circular 07-002

Date: February 16, 2007

To: ETP Holders

From: James C. Yong
Chief Regulatory Officer

Re: New Fee Schedules for Transactions through National Securities Trading System ("NSTS") and ITS and Rebate Program for Tape "A" Securities on NSTS

Fee Schedules

The National Stock Exchange, Inc. ("NSX" or the "Exchange") is adopting a new Fee Schedule which provides for a liquidity provider rebate and liquidity taker fee of \$0.0030 per share executed for transactions in Tape "A" or "B" securities executed through National Securities Trading System ("NSTS"), the Exchange's legacy trading system. These fees are being adopted to correspond more closely to the existing fee schedule for transactions executed through NSX BLADESM, the Exchange's new trading platform. Tape "C" securities have been transitioned to NSX BLADE, so there will be no Tape "C" transactions on NSTS. The new pricing provides that ETP Holders who add liquidity to NSTS will be paid a rebate of \$0.0030 per share executed, and ETP Holders who remove liquidity from NSTS will be charged an execution fee of \$0.0030 per share executed. This new pricing was effective upon filing.

The Exchange is also adopting a corresponding liquidity taker fee to its ITS Transactions Fee Schedule, which is applicable to transactions through the Plan for the Purpose of Creating and Operating an Intermarket Communications Linkage or the Intermarket Trading System Plan (hereinafter "ITS Plans"). Thus, an execution fee of \$0.0030 per share executed will be charged for transactions in Tape "A" or "B" securities executed through NSTS through an ITS Plan. There is no liquidity provider fee for transactions through an ITS Plan as such orders do not post and therefore do not add liquidity.

The new Fee Schedules are attached to this Circular for your information and are contained in a rule change proposal (SR-NSX-2007-01) filed February 5, 2007 with the Securities and Exchange Commission ("Commission") under Section 19(b)(3)(A) of the Securities Exchange Act of 1934, which rendered them effective upon filing. A copy of this rule change filing may be found on the NSX website.

Tape "A" Rebate Program on NSTS

The Exchange is proposing to amend old Exchange Rule 11.10A(I) applicable to transactions in NSTS to provide for a rebate program for Tape "A" securities executed through NSTS that is equivalent to the Exchange's current rebate program applicable to transactions executed through NSX BLADE. The proposed Tape "A" rebate program is also equivalent to the Exchange's current Tape "B" and "C" rebate programs applicable to NSTS and NSX BLADE transactions. As with the Exchange's other tape rebate programs, this proposed Tape "A" rebate program will provide a 50 percent transaction credit on revenues generated by transactions executed through NSTS in Tape "A" securities, and will be allocable to ETP Holders on a pro rata basis based upon the Tape "A" revenue generated by such ETP Holder's transactions on NSTS.

A copy of the proposed rule is attached to this Circular for your information and is contained in a rule change proposal (SR-NSX-2007-02) filed February 15, 2007 with the Commission under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. The Exchange requested that the Commission waive the 30 day operative delay and designate the proposal to be effective and operational upon filing. The Exchange will issue another Regulatory Circular advising when this proposal becomes operational. 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 SCHEDULE

For Transactions Executed through the National Securities Trading SystemSM

As of February, 2007

The following reflects the Schedule of Fees (pursuant to Rule 16.1(a) and Rule 16.1(c)) for all transactions executed through the National Stock Exchange's National Securities Trading System ("NSTSSM"). This Fee Schedule supplements the fees, charges and rebates under old Rule 11.10 captioned National Securities Trading System Fees (effective during the phase-in of the NSX BLADESM) and supersedes any contrary fees that are contained in old Rule 11.10. If this Fee Schedule does not contravene any fees contained in old Rule 11.10, and ETP Holder effecting transactions via NSTS will be charged the fees contained in old Rule 11.10.

1. **Transactions in Tape "A" and Tape "B" Securities.** Transactions executed in ***Tape "A" and Tape "B" securities*** will be subject to the following rebates and execution fees (computed on a monthly basis):
 - A. *Rebate* for adding liquidity: **\$0.0030** per share executed; provided, that in the case of ITS transactions, the Exchange will pay the applicable rebate only after it receives payment of the fee for removing liquidity that is applicable to the execution.
 - B. *Execution fee* for removing liquidity: **\$0.0030** per share executed



NATIONAL STOCK EXCHANGE, INC.

FEE SCHEDULE

For ITS Transactions

As of February, 2007

The following reflects the Schedule of Fees (pursuant to Rule 16.1(a) and Rule 16.1(c)) respecting all transactions executed through the Intermarket Trading System Plan and/or the Plan for the Purpose of Creating and Operating an Intermarket Communications Linkage (hereinafter referred to as the "ITS Plans"). Transactions executed pursuant to the ITS Plans are referred to as "ITS Transactions".

- 1. ITS Transactions in Tape "A" and Tape "B" Securities through National Securities Trading System ("NSTSSM").** ITS Transactions executed through NSTS in ***Tape "A" and Tape "B" securities*** will be subject to an *execution fee* for removing liquidity of **\$0.0030** per share executed (computed on a monthly basis).
- 2. ITS Transactions in Tape "A", "B", and "C" Securities through NSX BLADESM.** ITS Transactions executed through NSX BLADE in ***securities that are classified as Tape "A", "B" or "C" securities*** will be subject to an *execution fee* for removing liquidity of **\$0.0030** per share executed (computed on a monthly basis).
- 3. Pass Through Costs.** NSX may pass through costs assessed to the Exchange by any third party to a specific ETP Holder or other person using the facilities of the Exchange that are attributable to any ITS Transactions.

NATIONAL SECURITIES TRADING SYSTEM

(“NSTS”)

**RULES
OF
NATIONAL STOCK EXCHANGE**

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CHAPTER XI

Trading Rules

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Rule 11.10 National Securities Trading System Fees

A. Trading Fees

(a)-(k) No change.

(l) Tape Credits. Members will receive a 50 percent pro rata transaction credit of gross Tape “A”, “B” and “C” revenue, respectively. To the extent market data revenue from Tape “A”, “B” or “C” transactions is subject to any adjustment, credits provided under this program may be adjusted accordingly.