



## Regulatory Circular 07-005

Date: March 5, 2007

To: ETP Holders

From: James C. Yong  
Chief Regulatory Officer

**Re: New Fee Schedule for Transactions Priced at Less Than \$1.00 Per Share through NSX BLADE<sup>SM</sup> and ITS Transactions**

The National Stock Exchange, Inc.<sup>SM</sup> ("NSX" or the "Exchange") is adopting changes to its NSX BLADE Fee Schedule for transactions priced at less than \$1.00 per share for transactions executed through NSX BLADE. The NSX BLADE Fee Schedule currently provides for a liquidity provider rebate and liquidity taker fee of \$0.0030 per share executed for transactions in Tape "A", "B" or "C" securities executed through NSX BLADE. Rule 610(c) of Regulation NMS generally requires that the fees charged by a trading center for execution of an order against a quotation of less than \$1.00 per share cannot exceed or accumulate to more than 0.3% of the quotation price per share. In order to comply with this rule, the Exchange is proposing a 0.3% per share liquidity taker fee and a 0.3% per share liquidity provider rebate for transactions that are priced at less than \$1.00 per share. This fee and rebate structure would be in lieu of the \$0.0030 per share liquidity taker fee and the \$0.0030 liquidity provider rebate described above. In other words, for transactions that are priced at less than \$1.00 per share, ETP Holders would be charged 0.3% of the price per share for taking liquidity against an order in NSX BLADE, and would receive a rebate of 0.3% of the price per share for the addition of liquidity to NSX BLADE, provided that it results in an execution through NSX BLADE.

The Exchange is also adopting changes 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"), to provide for a corresponding 0.3% per share liquidity taker fee for ITS Transactions executed through NSX BLADE that are priced at less than \$1.00 per share. Finally, language was also proposed with respect to ITS Transactions executed through NSX BLADE that the Exchange will pay the applicable liquidity provider rebate (\$0.0030 per share or 0.3% per share, depending on the execution price) only after it receives payment of the liquidity taker fee applicable to the execution.

The new Fee Schedules are attached to this Circular for your information and are contained in a rule change proposal (SR-NSX-2007-03) filed March 2, 2007 with the Securities and Exchange 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.

Any questions can be directed to me at 312.786.8893.



## NATIONAL STOCK EXCHANGE, INC.

### FEE SCHEDULE

#### For Executions via NSX BLADE<sup>SM</sup>

As of March, 2007

The following reflects the Schedule of Fees (pursuant to Rule 16.1(a) and Rule 16.1(c)) for all transactions executed via the National Stock Exchange System known as NSX BLADE<sup>SM</sup> ("NSX BLADE" or the "System"):

1. **Order Matching.** Orders in Tape "A", "B" and "C" securities that are matched in NSX BLADE will be subject to the following rebates and execution fees (computed on a monthly basis):
  - A. For orders executed at \$1.00 or more per share:
    1. *Rebate* for adding liquidity: **\$0.0030** per share executed.
    2. *Execution fee* for removing liquidity: **\$0.0030** per share executed.
  - B. For orders executed at less than \$1.00 per share:
    1. *Rebate* for adding liquidity: a dollar amount equal to **0.3%** of the price per share, multiplied by the number of shares executed.
    2. *Execution fee* for removing liquidity: a dollar amount equal to **0.3%** of the price per share, multiplied by the number of shares executed.

Provided, that in the case of ITS transactions, the Exchange will pay the applicable rebate under 1.A.1. or 1.B.1 above only after it receives payment of the fee for removing liquidity that is applicable to the execution.

2. **Order Routing.** Orders that are routed via NSX BLADE and executed in another market center shall be charged **\$0.0040** per share executed.



## NATIONAL STOCK EXCHANGE, INC.

### FEE SCHEDULE

#### For ITS Transactions

As of March, 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 ("NSTS<sup>SM</sup>").** 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 BLADE<sup>SM</sup>.**
  - A. ITS Transactions executed through NSX BLADE in at a ***price per share of \$1.00 or more*** 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).
  - B. ITS Transactions executed through NSX BLADE at a ***price per share of less than \$1.00*** in securities that are classified as Tape "A", "B" or "C" securities will be subject to an *execution fee* for removing liquidity equal to **0.3%** of the price per share, multiplied by the number of shares 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.