



Regulatory Circular 07-007

Date: May 7, 2007

To: ETP Holders

From: James C. Yong
Chief Regulatory Officer

Re: SEC's Section 31 Transaction Fee Rate

The Investor and Capital Markets Relief Act (the "Fee Relief Act") amended Section 31 of the Securities Exchange Act of 1934 to change the fee rates applicable under subparagraphs (b) and (c) of Section 31. The Fee Relief Act requires the Securities and Exchange Commission ("Commission") to make annual adjustments to the fee rates applicable under Section 31(b) and (c) for each of the fiscal years 2003 through 2011, and one final adjustment to fix the fee rates for fiscal 2012 and beyond. The Commission may also be required to make a mid-year adjustment to the Section 31 transaction fee rate.

Today the Commission announced that "effective Oct. 1, 2007, or 30 days after the date on which the Commission receives its fiscal year 2008 regular appropriation, **whichever dates comes later**, the Section 31 fee rate applicable to securities transactions on the exchanges and certain over-the-counter markets **will decrease to \$11.00 per million from the current rate of \$15.30 per million.**" (Emphasis added.) See, *Fee Rate Advisory #1 for Fiscal Year 2008*, Rel. 2007-89 (a copy is attached).

Once the Commission's rate change becomes effective, the National Stock Exchange, Inc.SM (the "Exchange" or "NSXSM") will accordingly adjust its regulatory transaction fee assessed to ETP Holders under NSX Rules that the Exchange uses to help fund the Exchange's Section 31 fee obligations to the Commission. We will update you on the date when the regulatory transaction fee assessed to ETP Holders will be adjusted to the level set forth in this circular.

For information on the previous rate change, please refer to NSX Regulatory Circular 07-004. For additional information on the calculation of the regulatory transaction fee, please refer to NSX Regulatory Circular 04-011. Any further questions can be directed to me at 312.786.8893.

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U.S. Securities and Exchange Commission

Fee Rate Advisory #1 for Fiscal Year 2008

FOR IMMEDIATE RELEASE 2007-89

Washington, D.C., May 7, 2007 - The Investor and Capital Markets Fee Relief Act requires that the Commission make annual adjustments to the rates for fees paid under Section 6(b) of the Securities Act of 1933 and Sections 13(e), 14(g), and 31 of the Securities Exchange Act of 1934.

Effective Oct. 1, 2007, or 5 days after the date on which the Commission receives its fiscal year 2008 regular appropriation, whichever date comes later, the Section 6(b) fee rate applicable to the registration of securities, the Section 13(e) fee rate applicable to the repurchase of securities, and the Section 14(g) fee rates applicable to proxy solicitations and statements in corporate control transactions will increase to \$39.30 per million from the current rate of \$30.70 per million. The Section 6(b) rate is also the rate used to calculate the fees payable with the Annual Notice of Securities Sold Pursuant to Rule 24f-2 under the Investment Company Act of 1940.

In addition, effective Oct. 1, 2007, or 30 days after the date on which the Commission receives its fiscal year 2008 regular appropriation, whichever date comes later, the Section 31 fee rate applicable to securities transactions on the exchanges and certain over-the-counter markets will decrease to \$11.00 per million from the current rate of \$15.30 per million. The assessment on security futures transactions under Section 31(d) will remain unchanged at \$0.0042 for each round turn transaction.

As required by the statute, the Commission consulted with both the Congressional Budget Office and the Office of Management and Budget regarding the annual adjustment. The adjusted fee rates will not affect the amount of funding available to the Commission. A copy of the Commission's order, including the calculation methodology, is available at <http://www.sec.gov>.

Pursuant to their rules, self-regulatory organizations collect from their members funds to offset the self-regulatory organizations' Section 31 obligations. Additional information on the transition to the new Section 31 fee rate will be available shortly on the Internet Web sites of the New York Stock Exchange and NASD at <http://www.nyse.com> and <http://www.nasd.com>, respectively. The Office of Interpretation and Guidance in the Commission's Division of Market Regulation is also available for questions on Section 31 fees at (202) 551-5777, or by e-mail at marketreg@sec.gov.

The Commission will issue further notices as appropriate to keep the public informed of developments relating to the effective dates of the fee rates under Section 6(b), Section 13(e), Section 14(g), and Section 31. These

notices will be posted at the Commission's Internet Web site at <http://www.sec.gov>.

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<http://www.sec.gov/news/press/2007/2007-89.htm>

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