



Regulatory Circular 07-014

Date: September 26, 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.

On May 7, 2007, 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; *NSX Regulatory Circular 07-007*.

As the Commission has not yet received its funding for fiscal year 2008, the fees paid under Section 31 will not be reduced on October 1, 2007, and will remain at their current rate of \$15.30 per million until 30 days after the Commission receives its fiscal year 2008 regular appropriation. We will keep you advised of any future announcements from the Commission regarding this fee reduction.

In addition, once the Commission's Section 31 fee is reduced in accordance with its May 7th announcement, the National Stock Exchange, Inc. (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 when the regulatory transaction fee assessed to ETP Holders is adjusted.

Any further questions can be directed to me at 312.786.8893.