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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66282; File No. SR-NASDAQ-2012-016)

January 31, 2012

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify Fees Assessed under Rule 7015(c) for Subscription to Computer to Computer Interface Stations

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 23, 2012, The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

NASDAQ is proposing to modify the fees assessed under Rule 7015(c) for subscription to Computer to Computer Interface Stations (“Stations”). NASDAQ will implement the proposed change on February 1, 2012.

The text of the proposed rule change is below. Proposed new language is underscored; proposed deletions are in brackets.

7015. Access Services

The following charges are assessed by Nasdaq for connectivity to systems operated by NASDAQ, including the Nasdaq Market Center, the FINRA/NASDAQ Trade Reporting Facility, and FINRA’s OTCBB Service. The following fees are not applicable to the NASDAQ Options Market LLC. For related options fees for Access Services refer to Rule 7053.

(a) – (b) No change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(c) Computer to Computer Interface (CTCI) Stations

Fee Component	Fee
[1st] <u>Per Station Fee</u> [[\$200] <u>\$600/Station/month</u>
Each Additional Station	\$600/Station/month]

The bandwidth-based fees in the table below apply to CTCI subscribers that have not transitioned off of Nasdaq-supported circuits.

Bandwidth

Fee Component	Fee
Single 56kb line with single hub and router (for remote disaster recovery sites only)	\$900/month
Option 1	
Dual 56kb lines (one for redundancy) and single hub and router	\$1,000/month
Option 2	
Dual 56kb lines (one for redundancy), dual hubs (one for redundancy), and dual router (one for redundancy)	\$1,200/month
Option 3	
Dual T1 lines (one for redundancy), dual hubs (one for redundancy), and dual routers (one for redundancy). Includes base bandwidth of 128kb	\$2,500/month

Bandwidth Enhancement Fee (for T1 subscribers

only)

Per 64kb increase above 128kb T1 base	\$200/month
Option 1, 2, or 3 with Message Queue software enhancement	Fee for Option 1, 2, or 3 (including any Bandwidth Enhancement Fee) plus 20%
Installation Fee	\$2,000 per site for dual hubs and routers
	\$1,000 per site for single hub and router
Relocation Fee (for the movement of TCF/IP-capable lines within a single location)	\$1,700 per relocation

(d) – (h) No change.

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II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

NASDAQ is proposing to eliminate from Rule 7015(c) the \$200 per station/per month fee assessed for the first Station subscribed and assess a uniform fee for all Stations of \$600 per

Station, per month, which is the current fee assessed for each Station subscribed in excess of one. Stations are logical channels used to manage the flow of data to and from a member firm user. A Station allows a subscribing member firm to send orders to NASDAQ or to report trades, using the member firm's computer system and not a NASDAQ Workstation. Stations are synonymous with the logical access ports used for FIX and QIX as they have the same characteristics, including a one-to-one relationship between the member firm and Station and throughput limits.³ Unlike FIX and QIX ports, which are limited to a single service, Stations allow member firms to access multiple services. For example, if a member firm wished to access ACT, ACES and TRACE using FIX it would have to order three separate ports, totaling \$1500 per month, whereas the member firm may connect to all three facilities through a single Station for a proposed fee of \$600 per month.

Use of this service is voluntary and member firms have the option of subscribing to other protocols that offer similar connectivity. NASDAQ notes that the Station fees have not increased since March 2006, when the current fee structure was adopted.⁴ NASDAQ developed and implemented enhancements to CTCI since March 2006, such as updating protocol formatting based on changing industry requirements and adding new servers to support the updated product. NASDAQ also added the ability to receive DROP copies over CTCI, which allows subscribing member firms to send in order information and receive back their DROP copies over a single connection.⁵ As a consequence of adding enhancements, the value of the service has incrementally increased over time and NASDAQ believes that it is appropriate to

³ Rules 7015(a) and (b).

⁴ Securities Exchange Act Release No. 53536 (March 21, 2006), 71 FR 15784 (March 29, 2006) (SR-NASD-2006-026).

⁵ Prior to this enhancement, member firms would have to order a separate port dedicated to the receipt of their DROP copies.

now raise the fee assessed for CTCI to better align it with the increased value of the service and rising costs associated with technology and connectivity. Accordingly, NASDAQ proposes to eliminate the discounted fee assessed for the first Station subscribed and assess a uniform fee of \$600 for each Station subscribed. NASDAQ anticipates that the proposed fees may provide NASDAQ with a profit, in addition to covering costs discussed above.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁶ in general, and Section 6(b)(4) of the Act,⁷ in particular, because it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that NASDAQ operates or controls, and it does not unfairly discriminate between customers, issuers, brokers or dealers. NASDAQ believes that the proposal constitutes an equitable allocation of fees because all similarly-situated member firms would be charged the same amount. In addition, access to NASDAQ will continue to be offered on fair and non-discriminatory terms.

NASDAQ believes that the proposal is reasonable because the fee increase will realign the cost of administering and enhancing the service with the revenue generated by the fee. As noted above, NASDAQ has developed and implemented enhancements to CTCI since last increasing fees in March 2006. As a consequence of adding enhancements, the value of the service has incrementally increased over time and NASDAQ believes that it is appropriate to now raise the fee assessed for the initial Station to better align the fee with the increased value of the service. NASDAQ anticipates that the proposed fee will cover the costs associated with responding to customer requests, configuring NASDAQ's systems, programming to user

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b)(4).

specifications, and administering the service, among other things, and may provide NASDAQ with a profit. As discussed, the proposed fee increase applies to only the first Station subscribed, aligning that fee with the fee historically applied to all Stations subscribed in excess of one. NASDAQ notes that the proposed single Station fee is structured similarly to the FIX port fee that, although offered at \$100 per port, per month less than the proposed Station fee, does not provide the flexibility in connectivity that Stations provide.⁸

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁹ and subparagraph (f)(2) of Rule 19b-4 thereunder.¹⁰ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

⁸ Rule 7015(b).

⁹ 15 U.S.C. 78s(b)(3)(a)(ii). [sic]

¹⁰ 17 CFR 240.19b-4(f)(2).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2012-016 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2012-016. This file number should be included on the subject line if e-mail is used.

To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without

change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2012-016, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Kevin M. O'Neill
Deputy Secretary

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¹¹ 17 CFR 200.30-3(a)(12).