

Proposed Rule Change by National Association of Securities Dealers  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<b>Initial</b> <input type="checkbox"/>	<b>Amendment</b> <input checked="" type="checkbox"/>	<b>Withdrawal</b> <input type="checkbox"/>	<b>Section 19(b)(2)</b> <input type="checkbox"/>	<b>Section 19(b)(3)(A)</b> <input checked="" type="checkbox"/>	<b>Section 19(b)(3)(B)</b> <input type="checkbox"/>
<b>Pilot</b> <input type="checkbox"/>			<b>Rule</b>		
<b>Extension of Time Period for Commission Action</b> <input type="checkbox"/>			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

I am a member of the self-regulatory organization.  
 I am not a member of the self-regulatory organization.

**Description**  
Provide a brief description of the proposed rule change. (200 characters maximum)

**Contact Information**  
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name:  Last Name:   
Title:   
E-mail:   
Telephone:  Fax:

**Signature**  
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date:   
By:  Executive Vice President and General Counsel  
(Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Edward S Knight

Edward S. Knight

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information**

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item 1 and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

The National Association of Securities Dealers, Inc., through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), is filing this partial amendment to SR-NASD-2006-078, which was filed on June 30, 2006, to make technical amendments to the text of the proposed rule.

Please delete the text of the proposed rule in the original filing in its entirety and replace it with the following:

**7010. System Services**

(a) – (h) No change.

(i) Nasdaq Market Center, Brut, and Inet Order Execution and Routing

(1) - (5) No change.

(6) Except as provided in paragraph ~~[(6)](7)~~, the following charges shall apply to the use of the order execution and routing services of the Nasdaq Facilities by members for securities subject to the Consolidated Quotations Service and Consolidated Tape Association plans other than Exchange-Traded Funds ("Covered Securities"):

**Order Execution**

Order that accesses the Quote/Order of a Nasdaq Facility market participant:	
Charge to member entering order	\$0.0007 per share executed
Credit to member providing liquidity:	
Members with an average daily volume through the Nasdaq Facilities in Covered Securities during the month of more than 5 million shares of liquidity accessed, provided, or routed <u>but less than 10 million shares of liquidity provided</u>	\$0.0005 per share executed
<u>Members with an average daily volume through the Nasdaq Facilities in Covered Securities during</u>	<u>\$0.0006 per share executed</u>

the month of 10 million or more shares of liquidity provided

Other members	No credit
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**Order Routing**

Order routed to Amex	\$0.003 per share executed (plus, in the case of orders charged a fee by the Amex specialist, \$0.01 per share executed)
Order routed through the ITS	\$0.0007 per share executed
Order routed to NYSE	See DOT fee schedule in Rule 7010(i)[(6)](7)
Order for NYSE-listed Covered Security routed to venue other than the NYSE	\$0.001 per share executed
Order for Covered Security listed on venue other than the NYSE and routed to venue other than Amex	\$0.003 per share executed

(7) – (8) No change.

(j) - (y) No change.

\* \* \* \* \*

**EXHIBIT 4****7010. System Services**

(a) – (h) No change.

(i) Nasdaq Market Center, Brut, and Inet Order Execution and Routing

(1) – [(4)](5) No change.

[(5)](6) Except as provided in paragraph [(6)](7), the following charges shall apply to the use of the order execution and routing services of the Nasdaq Facilities by members for securities subject to the Consolidated Quotations Service and Consolidated Tape Association plans other than Exchange-Traded Funds ("Covered Securities"):

**Order Execution**

Order that accesses the Quote/Order of a Nasdaq Facility market participant:	
Charge to member entering order	\$0.0007 per share executed
Credit to member providing liquidity:	
Members with an average daily volume through the Nasdaq Facilities in Covered Securities during the month of more than 5 million shares of liquidity accessed, provided, or routed but less than 10 million shares of liquidity provided	\$0.0005 per share executed
Members with an average daily volume through the Nasdaq Facilities in Covered Securities during the month of 10 million or more shares of liquidity provided	\$0.0006 per share executed
Other members	No credit

**Order Routing**

Order routed to Amex	\$0.003 per share executed (plus, in the case of orders charged a fee by the Amex specialist, \$0.01 per share executed)
Order routed through the ITS	\$0.0007 per share executed
Order routed to NYSE	See DOT fee schedule in Rule 7010(i)[(6)](7)
Order for NYSE-listed Covered Security routed to venue other than the NYSE	\$0.001 per share executed
Order for Covered Security listed on venue other than the NYSE and routed to venue other than Amex	\$0.003 per share executed

[(6)](7) – (8) No change.

(j) - (y) No change.

July xx, 2006

To: All NASDAQ Associates

### NASDAQ Contract Review Policy

The Office of General Counsel (OGC) has revised the guidelines and procedures for contract review and execution. The following contracts policies, which will apply to NASDAQ and its subsidiaries, are designed to minimize legal risk to NASDAQ by allocating legal resources efficiently to the projects and contracts where those resources are most critical to NASDAQ's success.

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#### Contracts Policy

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- If either (i) the NASDAQ approved standard form agreements are used; or (ii) a third-party agreement has a dollar value of less than \$100,000, then OGC will not review the agreement absent significant legal risk posed.

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- OGC will review and approve agreements with payment commitments in excess of \$100,000, or confidentiality agreements, and all agreements to the extent they raise the following issues:

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- Licensing of any corporate name and marks
- Non-solicitation and no-hire clauses
- Non-compete clauses

- Due to NASDAQ's regulatory obligation to avoid discrimination among users and purchasers of NASDAQ's regulated services, the terms and conditions of the following agreements are not negotiable:

- Nasdaq Listing Agreement
- Nasdaq Services Agreement
- Nasdaq Distributor Agreement
- Subscriber Agreements and amendments listed on NasdaqTrader.com

- Please remember that agreements that involve the acquisition or disposition of significant assets or that might otherwise be deemed to be material to NASDAQ, its

subsidiaries, or its shareholders may be subject to public disclosure or may need to be disclosed to the SEC. Contact Alex Kogan in the OGC if you have any questions on NASDAQ's disclosure obligations.

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- Continue to submit any contract requests to the Nasdaq-Contracts mailbox and send fully executed agreements to Kiviette Carter in Corporate Services located in Rockville.

Any exception to this policy requires my approval. Please feel free to contact me directly if you have any questions or concerns.

Thank you in advance for your continued cooperation and support.

Edward S. Knight  
Executive Vice President and General Counsel