

ETF Trade Credit .....	\$2.00 per trade (maximum annual credit capped at total amount paid in upfront annual registration fees).
Revenue Sharing Program .....	100% (50% after 1st 6 months) non specialist revenue and 50% CTA revenue will be shared on all floor broker generated volume in CTA 501+ issues.
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(4) Other Charges ITS User Fee .....	[\$.003] \$.0018 per share on [net] outbound specialist trades [(charge for outgoing trades offset by cumulative credit for incoming trades)]. No charge for non-specialist firms.
Quotation Services .....	Member assumes 100% of cost.
Specialist Margin Account Financing .....	Charged daily at current broker call rate.
Solely Listed Issue Credit .....	\$50.00 Credit per issue traded.
Miscellaneous Charges .....	At cost for phone, postage, courier service, fax usage, after hours BSE staff assistance and other applicable items.
Late Fees .....	1.5% will be charged on outstanding balances as of the last calendar day of the month.

## TRANSACTION FEES

1. Trade Recording and Comparison Charges	
• All BSE executions up to and including 2,500 shares .....	No Charge.
• All BSE single-sided executions from 2,501–5,000 shares .....	No Charge.
• All other executions (excluding automated non-BSE executions)	
First 2,500 trades per month .....	\$.29 per 100 shares
Next 2,500 trades per month .....	\$.25 per 100 shares
Next 2,500 trades per month .....	\$.15 per 100 shares
Over 7,500 trades per month .....	\$.04 per 100 shares
Floor Brokered non-BSE executions .....	\$.05 per 100 shares
Automated non-BSE executions .....	[\$.05 per 100 net non-BSE automated shares].
	\$.025 per 100 shares for non-BSE automated shares offset by automated incoming volume routed to BSE
	\$.05 per 100 shares for non-BSE automated shares in excess of automated incoming volume routed to BSE.
Maximum charge per side (single-sided) .....	\$50.00
Maximum charge per side (cross) .....	\$25.00
(all trades accumulate for volume discounts)	
2. Value Charges	

\* .....

## REVENUE SHARING:

- TAPE A—Should the Exchange generate its monthly Tape A revenue target, 50% of any amount in excess of this target amount will be shared on a pro-rata basis with those firms that generate a minimum of \$50,000 in overall monthly automated transaction fees.
- TAPE B—50% of NET Tape B revenues will be shared on a per executed trade routed to the BSE.

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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 BSE 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 and is set forth in Sections A, B, and C below.

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

#### 1. Purpose

The purpose of the proposed rule change is to amend the Exchange's Floor Operation Fees schedule with the overall goal of increasing the number of stocks traded on the BSE. The Exchange is proposing to eliminate the credit it offers to specialists for inbound Intermarket Trading System ("ITS") volume and to also reduce the fee that it charges to specialists to execute outbound volume through the same system. The credit was initially implemented to induce specialists to attract volume to the BSE through ITS by openly displaying their limit orders. Since the initial implementation of this

credit, overall market conditions have changed and, more importantly, the Limit Order Display Rule, SEC Rule 11Ac1–4,<sup>4</sup> now requires that specialists display their limit orders. The Exchange realizes that eliminating this credit may increase the overall cost to transact business on the BSE for some specialists and, as a result, further proposes to reduce the cost to transact outbound ITS volume from \$.003/share to \$.0018/share to offset this cost.

The Exchange also proposes to implement a credit program for its specialists by which, for the first six (6) months of the program, the BSE will credit back 100% of the Trade Recording and Value Charge revenue it generates on BSE executed Floor-Brokered trades in the issues ranked 501

<sup>4</sup> 17 CFR 240.11Ac1–4.