

Rule 19b-4(f)(6)(iii).⁵ If the Commission grants such waiver, Nasdaq will implement the proposed rule change on January 1, 2004.

The text of the proposed rule change is below. Proposed new language is in

italics; proposed deletions are in brackets.

Rule 7010. System Services

(a)–(h) No change.

(i) Nasdaq National Market Execution System (SuperMontage)

The following charges shall apply to the use of the Nasdaq National Market Execution System (commonly known as SuperMontage) by members:

Order Entry	
Non-Directed Orders (excluding Preferred Orders)	No charge
Preferred Orders:	
Preferred Orders that access a Quote/Order of the member that entered the Preferred Order)	No charge
Other Preferred Orders	\$0.02 per order entry
Directed Orders	\$0.10 per order entry
Order Execution	
Non-Directed or Preferred Order that accesses the Quote/Order of a market participant that does not charge an access fee to market participants accessing its Quotes/Orders through the NNMS	
Charge to member entering order:	[\$0.003 per share executed (but no more than \$120 per trade for trades in securities executed at \$1.00 or less per share)]
<i>Average daily shares of liquidity provided through the NNMS by the member during the month:</i>	
400,000 or less	\$0.003 per share executed (but no more than \$120 per trade for trades in securities executed at \$1.00 or less per share)
400,001 to 5,000,000	\$0.0027 per share executed (but no more than \$108 per trade for trades in securities executed at \$1.00 or less per share)
5,000,001 or more	\$0.0025 per share executed (but no more than \$100 per trade for trades in securities executed at \$1.00 or less per share)
Credit to member providing liquidity	\$0.002 per share executed (but no more than \$80 per trade for trades in securities executed at \$1.00 or less per share)
Non-Directed or Preferred Order that accesses the Quote/Order of a market participant that charges an access fee to market participants accessing its Quotes/Orders through the NNMS	[\$0.001 per share executed (but no more than \$40 per trade for trades in securities executed at \$1.00 or less per share)]
Charge to member entering order:	
<i>Average daily shares of liquidity provided through the NNMS by the member during the month:</i>	
400,000 or less	\$0.001 per share executed (but no more than \$40 per trade for trades in securities executed at \$1.00 or less per share)
400,001 or more	\$0.001 per share executed (but no more than \$40 per trade for trades in securities executed at \$1.00 or less per share, and no more than \$10,000 per month)
Directed Order	\$0.003 per share executed
Non-Directed or Preferred Order entered by a member that accesses its own Quote/Order submitted under the same or a different market participant identifier of the member.	No charge
Order Cancellation	
Non-Directed and Preferred Orders	No charge
Directed Orders	\$0.10 per order cancelled

(j)–(u) 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, Nasdaq 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. Nasdaq 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 proposes to implement reduced pricing for execution of Non-Directed and Preferred Orders in the Nasdaq National Market Execution System ("NNMS" or "SuperMontage"). Nasdaq's current fee schedule for SuperMontage features: (i) A \$0.003 per share charge for the execution (in full or

in part) of a Non-Directed or Preferred Order that accesses the Quote/Order of a market participant that does not charge an access fee to market participants accessing its Quotes/Orders through SuperMontage, (ii) a \$0.001 per share charge for the execution (in full or in part) of a Non-Directed or Preferred Order that accesses the Quote/Order of a market participant that charges an access fee, and (iii) a \$0.002 per share credit to a member that provides the liquidity for an execution and does not charge an access fee.⁶

Nasdaq states that as part of an ongoing effort to reduce the costs

⁵ 17 CFR 240.19b-4(f)(6)(iii). Nasdaq provided written notice of its intent to file the proposed rule

change, along with a brief description and the text of the proposed rule change, on November 26, 2003.

⁶ Transactions in a security priced under \$1.00 ("low-priced trades") are subject to a fee and credit cap applicable to trades in excess of 40,000 shares.