

Memorandum

To: Members and Member Organizations

From: William N. Briggs, Executive Vice President
Strategic Financial Management and Administration

Date: May 7, 2007

Re: Fee Rate Advisory Issued by the Securities and Exchange Commission
Relating to Section 31 Fees

The Securities and Exchange Commission (“Commission”) issued a fee rate advisory on May 7, 2007, which included a reference to the Section 31 fee rate. The portion of the fee rate advisory that refers to Section 31 fees is set forth below:

Effective Oct. 1, 2007, or 30 days after the date on which the Commission receives its fiscal year 2008 regular appropriation, whichever date 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.

Pursuant to their rules, self-regulatory organizations collect from their members funds to offset the self-regulatory organizations' Section 31 obligations. Additional information on the transition to the new Section 31 fee rate will be available shortly on the Internet Web sites of the New York Stock Exchange and NASD at <http://www.nyse.com> and <http://www.nasd.com>, respectively. The Office of Interpretation and Guidance in the Commission's Division of Market Regulation is also available for questions on Section 31 fees at (202) 551-5777, or by e-mail at marketreg@sec.gov.

The Commission will issue further notices as appropriate to keep the public informed of developments relating to the effective dates of the fee rates under Section 31. These notices will be posted at the Commission's Internet Web site at <http://www.sec.gov>.