

KNIGHT EDWARD S
Form 4
December 15, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KNIGHT EDWARD S

2. Issuer Name and Ticker or Trading Symbol
NASDAQ STOCK MARKET INC
[NDAQ]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
ONE LIBERTY PLAZA
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
12/13/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Executive Vice President

NEW YORK, NY 10006
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
Common Stock, par value \$0.01 per share	12/13/2006		A		9,615 (1)	A	\$ 0 42,120 (2) D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 35.92	12/13/2006		A	28,801	<u>(3)</u>	12/13/2016	Common Stock	28,801
Employee Stock Option (Right to Buy)	\$ 7.35					<u>(4)</u>	11/15/2014	Common Stock	150,000
Employee Stock Option (Right to Buy)	\$ 9.15					<u>(5)</u>	02/18/2014	Common Stock	75,000
Employee Stock Option (Right to Buy)	\$ 13					<u>(6)</u>	02/14/2011	Common Stock	7,200

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KNIGHT EDWARD S ONE LIBERTY PLAZA NEW YORK, NY 10006			Executive Vice President	

Signatures

/s/ Edward S. Knight
12/15/2006

__Signature of Reporting Person
Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Restricted stock vests as to 50% on December 13, 2010, subject to accelerated vesting on December 13, 2009, or extension of vesting until December 13, 2011, depending on the achievement of performance goals to be determined by the Board of Directors. Restricted stock vests as to 50% on December 13, 2011, subject to accelerated vesting on December 13, 2010, or extension of vesting until December 13, 2012, depending on the achievement of performance goals to be determined by the Board of Directors.

(2) Represents (i) 10,555 shares of Common Stock acquired upon exercise of vested stock options, (ii) 19,813 shares of restricted stock granted under The Nasdaq Stock Market, Inc. Equity Incentive Plan, of which 10,198 shares are vested and (iii) an additional 11,752 shares of Common Stock purchased pursuant to The Nasdaq Employee Stock Purchase Plan.

(3) Options exercisable as to 50% on December 13, 2010, subject to accelerated vesting on December 13, 2009, or extension of vesting until December 13, 2011, depending on the achievement of performance goals to be determined by the Board of Directors. Options exercisable as to 50% on December 13, 2011, subject to accelerated vesting on December 13, 2010, or extension of vesting until December 13, 2012, depending on the achievement of performance goals to be determined by the Board of Directors.

(4) Options exercisable as to 50% on January 15, 2008 and as to 50% on January 15, 2009.

(5) Options exercisable as to 100% on February 18, 2007.

(6) Options vested as to 100%.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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