

NASDAQ STOCK MARKET INC

Form 4

August 21, 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)

**NEW YORK, NY 10006**

(City) (State) (Zip)

3. Date of Earliest Transaction  
(Month/Day/Year)  
**08/17/2006**

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

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_X\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

Executive Vice President

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_\_X\_\_ 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<br>Security<br>(Instr. 3)             | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3.<br>Transaction<br>Code<br>(Instr. 8) | 4. Securities Acquired<br>(A) or Disposed of<br>(D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or<br>Indirect (I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
| Common<br>Stock, par<br>value \$0.01<br>per share | 08/17/2006                              |                                                             | M                                       | 15,000 A                                                                   | \$ 13 47,505                                                                                                       | D                                                                    |                                                                   |
| Common<br>Stock, par<br>value \$0.01<br>per share | 08/17/2006                              |                                                             | S <sup>(1)</sup>                        | 15,000 D                                                                   | \$ 30 32,505 <sup>(2)</sup>                                                                                        | D                                                                    |                                                                   |

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

**Persons who respond to the collection of  
information contained in this form are not**

SEC 1474  
(9-02)

required to respond unless the form displays a currently valid OMB control number.

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

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2.<br>Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4.<br>Transaction<br>Code<br>(Instr. 8) | 5. Number of<br>Derivative<br>Securities<br>Acquired (A)<br>or Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) |                    | 7. Title and Amount of<br>Underlying Securities<br>(Instr. 3 and 4) |                                  |
|-----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------|---------------------------------------------------------------------|----------------------------------|
|                                                     |                                                                       |                                         |                                                             | Code                                    | V (A) (D)                                                                                                    | Date<br>Exercisable                                            | Expiration<br>Date | Title                                                               | Amount or<br>Number of<br>Shares |
| Employee<br>Stock<br>Option<br>(Right to<br>Buy)    | \$ 13                                                                 | 08/17/2006                              |                                                             | M                                       | 15,000                                                                                                       | <u>(3)</u>                                                     | 02/14/2011         | Common<br>Stock                                                     | 15,000                           |
| Employee<br>Stock<br>Option<br>(Right to<br>Buy)    | \$ 7.35                                                               |                                         |                                                             |                                         |                                                                                                              | <u>(4)</u>                                                     | 11/15/2014         | Common<br>Stock                                                     | 150,000                          |
| Employee<br>Stock<br>Option<br>(Right to<br>Buy)    | \$ 9.15                                                               |                                         |                                                             |                                         |                                                                                                              | <u>(5)</u>                                                     | 02/18/2014         | Common<br>Stock                                                     | 75,000                           |

## Reporting Owners

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

## Signatures

/s/ Edward S.  
Knight 08/21/2006

\*\*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) The sale reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on July 28, 2006.  
Represents (i) 10,555 shares of Common Stock acquired upon exercise of vested stock options (ii) 10,198 shares of vested restricted stock
- (2) granted under The Nasdaq Stock Market, Inc. Equity Incentive Plan, and (iii) an additional 11,752 shares of Common Stock purchased pursuant to The Nasdaq Employee Stock Purchase Plan.
- (3) Options vested as to 100%.
- (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.

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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