

October 31, 2005

VIA ELECTRONIC MAIL

Barbara Z. Sweeney
Office of the Corporate Secretary
NASD
1735 K Street, NW
Washington, DC 20006-1506

Dear Ms. Sweeney:

Ameritrade, Inc. (“Ameritrade” or “the Firm”)¹ appreciates the opportunity to comment on the National Association of Securities Dealers (“NASD”) possible changes to the Trading Activity Fee (TAF). Ameritrade commends the NASD for taking this important step of rebalancing the TAF. Ameritrade believes NASD has the unique opportunity to apply the TAF equally among the NASD members.

Ameritrade supports the assessment of TAF on all buy and sell transactions effected with a public customer, as principal, riskless principal or agent; and on all proprietary transactions not effected in a member’s capacity as a market maker. In addition, Ameritrade supports the TAF as a method of funding NASD member regulatory activities, however Ameritrade believes as proposed, the TAF would place an unfair burden on the Firm given that TAF is a self-reporting fee.

Ameritrade believes a self-reporting fee is unsuccessful in accomplishing its goal of being fair and equitable to all members if the nature of self-reporting becomes reliant on others to complete the self-reporting process. As proposed, the reliance on member firms for the information necessary to determine the correct TAF amounts places an unfair burden on brokers that must rely on third parties in order to “self report.” . The problems caused by relying on member firms are two-fold. First, order routing firms do not have the ability to verify other firms’ methods of calculating the information necessary to complete the “Trading Activity Fee Self-Reporting Form,” thus such firms cannot be assured that the information provided by member firms is accurate thereby causing the possibility of inaccurate reporting to the NASD. Second, order routing firms do not have the ability to determine if a transaction was carried out on an agency or

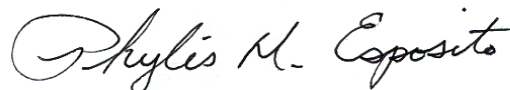
¹ Ameritrade Holding Corporation (“Ameritrade Holding”) has a 30-year history of providing financial services to self-directed investors. Ameritrade Holding’s wholly owned subsidiary, Ameritrade, acts as a self-directed broker serving an investor base comprised of approximately 3.7 million client accounts. Ameritrade does not solicit orders, make discretionary investments on behalf of our clients, or provide proprietary research or advice regarding securities. Rather, Ameritrade empowers individual investors by providing them with tools they need to make their own investment decisions. In exchange for a low commission, we accept and deliver the order to buy or sell securities to the appropriate exchange, market maker, electronic communications network (“ECN”) or other alternative market for execution. In addition, we provide our clients with the ability to route their orders to certain market destinations that they can choose. Ameritrade does not trade for its own account or make a market in any security.

principal basis as particular information on a trade done as principal or as agent is not typically available at the time of execution either from the market center or through NASD systems such as ACT. The uncertainty regarding trade capacity will no doubt cause order routing firms like Ameritrade and the market center to each pay the TAF fee; in effect, the TAF will be paid twice for a single transaction, which would seem to defeat the stated purpose of enacting a fee which is revenue neutral.

Finally, Ameritrade believes the TAF overestimates the cost of NASD regulatory activities. Ameritrade supports a TAF which will fairly allocate the cost of NASD regulatory activities. Ameritrade believes assessment of actual costs allocable to regulatory activities would better be accomplished by creating a TAF which varies depending on the transaction method utilized rather than the ticket created. Ameritrade notes that our client accounts are mostly web based. Account holders at Ameritrade are self-directed. Ameritrade does not offer investment advice to clients. Therefore, the vast majority of transactions processed by Ameritrade are electronic client driven orders which, greatly reduces the regulatory supervision that would be necessary for oversight of manual trading. Electronic order systems by their nature require less regulatory oversight. Ameritrade believes that transactions processed electronically should be assessed a lower TAF rate compared to manually processed or solicited trades, such as municipal/fixed income transactions. Ameritrade notes that electronic transactions and municipal/fixed income transactions are assessed a TAF at identical rates.

In conclusion, Ameritrade believes introduction of multiple layers of reporting the self-reporting fee destroys the integrity of the TAF. Ameritrade supports a billing system instituted by the NASD based on sell-side transactions in lieu of the current self-reporting system which will eliminate relying on member firms for information. A billing system, operated and overseen by NASD would eliminate the possibility of a clearing firm and market center paying two fees on a single transaction. A NASD system based on sell-side transactions will ensure a more efficient and equitable method to assess TAF. Ameritrade also supports a TAF which accounts for the transaction method and supports a TAF which varies depending on the amount of regulatory controls needed to properly supervise a transaction.

Sincerely,

A handwritten signature in cursive script that reads "Phylis M. Esposito".

Phylis M. Esposito
Executive Vice President, Chief Strategy Officer
Ameritrade, Inc.