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October 28, 2005

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

Re: NASD Notice to Members 05-61 on Trading Activity Fee

Dear Ms. Sweeney:

Knight Capital Group, Inc., on behalf of Knight Equity Markets, L.P. and Knight Capital Markets LLC (collectively "Knight"), welcomes this opportunity to submit this comment letter in support of the NASD's proposed changes to the Trading Activity Fee (TAF) discussed in NASD Notice to Members (NTM) 05-61.

As we have previously stated, Knight fully supports the NASD's efforts to garner adequate funding for all regulatory programs.¹ However, the result of the TAF fees has been a disproportionate allocation of trading costs to a small segment of market participants. The NASD's proposal to eliminate this fee from transactions in which a market maker trades as principal with another broker-dealer will insure that the NASD's need to fund its regulatory program is distributed more fairly among the members that drive such costs. It is also Knight's belief that the technology changes necessary to implement this proposal will be relatively minimal.

Knight fully supports the NASD's realignment efforts and contemplated changes to the TAF structure, and commends the NASD for being proactive on this issue. Should you have any questions or wish to discuss this matter further, please feel free to contact the undersigned.

Respectfully submitted,

/s/

Leonard J. Amoruso

¹ Knight Equity Markets, L.P., Schwab Capital Markets, L.P. and GVR Company LLC letter to Robert R. Glauber, NASD Chairman and CEO and Mary L. Schapiro, NASD Vice Chairman and President Regulatory Policy & Oversight (October 6, 2003).