

October 31, 2005

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

Re: Realignment of Trading Activity Fee
(NASD Notice to Members 05-61)

Dear Ms. Sweeney,

On behalf of Goldman Sachs & Co (the "Firm"), I am writing in response to the solicitation of comments regarding a proposed realignment of the Trading Activity Fee ("TAF") in NASD Notice to Members 05-61.

The Firm generally supports NASD's proposal to restructure the TAF to focus on transactions effected with public customers. However, the Firm also believes that NASD's proposal merits a careful assessment of what to exempt from the TAF so that each transaction is assessed the fee once. The Firm believes that, in issuing its proposal, NASD must remain mindful of the continuing evolution of market structures so as to appropriately take into consideration all methods in which members may facilitate customer trades. In limiting the TAF exemptions to market maker and specialist activity, the Firm believes it important to have a sufficiently broad definition of market maker that will encompass not only the activities of registered market makers, but also the activities of those who facilitate public customer transactions more generally.

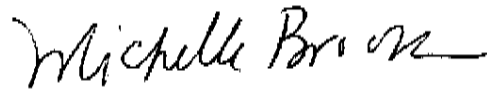
The proposed realignment would require the Firm to undertake substantial programming efforts to implement. Since TAF applies to multiple transactions types, which are effected in numerous Firm systems, the programming and testing needed to properly calculate the proposed revisions would be extensive. As such, the Firm respectfully requests that NASD give consideration to changing its methodology for assessing transaction fees to an invoice-based system (similar to the recent changes implemented for the SEC's Section 31 fees). Industry clearing data, which is available

from NSCC and SIAC, could be used to allocate the fees to the appropriate executing broker.

We respectfully request that the text of the new TAF rules be circulated prior to their adoption so that the industry has an opportunity to comment on the proposed text. With the extensive programming that will be required, it would be beneficial to minimize interpretative issues by permitting members to raise issues so that NASD may then provide comprehensive guidance in advance of implementation.

Thank you for the opportunity to comment on the proposed realignment. Should you wish to discuss your proposal or the Firm's views thereon in more detail, please feel free to contact the undersigned at (212) 357-9898.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michelle Broom". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michelle Broom
Vice President