

January 15, 2004

BY FASCIMILE AND HAND DELIVERY

Ms. Katherine A. England
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: **File No. SR-NASD-2003-157** – Permanent Approval of Fees for the Trade
Reporting and Compliance Engine (“TRACE”)

Dear Ms. England:

On December 29, 2003, the National Association of Securities Dealers, Inc. (“NASD”) filed with the Securities and Exchange Commission (“Commission”) Amendment No. 2 and Response to Comments to SR-NASD-2003-157¹ (“Rule Filing”), which seeks permanent approval of the TRACE fee structure prior to the expiration of the pilot program for fees on January 31, 2004.

Following discussions with the Commission staff, NASD consents to the Commission staff making the following clarification to the Rule Filing:

Clarify the Pilot Period for the BTDS Professional Delayed-Time Data Display Fee.

As described in Amendment No. 2 to the Rule Filing, NASD is proposing that the charge of \$15 per month, per user ID, for subscribers to BTDS Professional Delayed-Time Data Display (as such term is defined in the Rule Filing) operate as a nine-month pilot program. NASD consents to clarifying that such nine-month period will begin on February 1, 2004 and end on October 31, 2004. As discussed with Commission staff, NASD issued a notice to vendors, pursuant to NASD’s vendor agreements, on October 2, 2003 that described the proposed fee changes set forth in the Rule Filing, noting that such fees would go into effect on January 1, 2004 or such later date announced by NASD subject to Commission approval of the fees.

¹ Exchange Act Release No 34-48714 (October 29, 2003), 68 FR 62483(November 4, 2003), File No. SR-NASD-2003-157.

Accordingly, NASD consents to clarify the proposed amended language in Amendment No. 2 to specify the exact dates as follows. New text is underlined.

7010(k)(3) Market Data Fees

(A)(ii). For a pilot period commencing February 1, 2004 and lasting until October 31, 2004.

BTDS Professional Delayed-Time Data Display Fee of \$15 per month, per terminal charge for each interrogation or display device receiving Delayed-Time TRACE transaction data; provided, that subscribers to the BTDS Professional Real-Time Data Display Fee described above shall not be charged this additional fee. Subject to the execution of appropriate agreements with NASD, certain summary market information of Delayed-Time TRACE transaction data may be published or distributed by newspapers, press associations, newsletters, or similar media sources without charge.

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If you have any questions, please call Kosha K. Dalal, NASD, Regulatory Policy and Oversight, Office of the General Counsel, at (202) 728-6903; e-mail kosha.dalal@nasd.com. The fax number of the Office of General Counsel is (202) 728-8264.

Very truly yours,

Barbara Z. Sweeney
Senior Vice President and
Corporate Secretary

cc: Stephen L. Williams, Division of Market Regulation
Gordon Fuller, Division of Market Regulation
Mary N. Simpkins, Division of Market Regulation