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November 17, 2005

Mr. Jonathan G. Katz
Secretary
Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

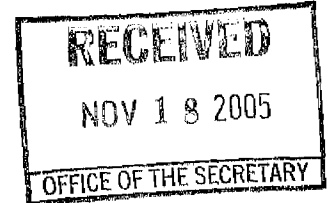
Re: NASDAQ Exchange Application; File No. 10-131

Dear Mr. Katz:

The Security Traders Association ("STA") appreciates the opportunity to comment on the NASDAQ Stock Market Inc. ("NASDAQ"), Notice of Filing of Amendment Nos. 4 and 5 to its Application for Registration as a National Securities Exchange under Section 6 of the Securities Exchange Act of 1934. We commend NASDAQ for its efforts in addressing comments and concerns regarding its previous Form 1 and Amendments and believe that this Form 1 and Amendments are consistent with the Act. STA is pleased to support granting exchange status to NASDAQ.

About The STA

The STA is a worldwide professional trade organization that works to improve the ethics, business standards and working environment for our members. We have approximately 5,500 members, all engaged in the buying, selling and trading of securities. Our members participate in STA through 27 national and international affiliate organizations and represent the interests of the trading community and institutional investors. The STA provides a forum for our traders, representing institutions, broker dealers, ECNs and floor brokers to their share their unique perspectives on issues facing the securities markets as they work together to promote their shared interests in efficient, liquid markets as well as investor protection.



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Security Traders Association of St. Louis
Institutional Equity Traders Association of Toronto
Vancouver Security Traders Association
Security Traders Association of Wisconsin

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Discussion

The Commission has specifically requested comment on the following questions:

1. To what extent should NASDAQ be able to use OATS data for non-regulatory purposes? Further, should NASDAQ have access to OATS data for all orders its members receive including those routed to other market centers for execution and those that are reported to the proposed new NASD trade reporting facility?
2. Is NASDAQ's proposed regulatory structure consistent with Section 6(b)(1) of the Exchange Act and insulate its regulatory function from its market and other commercial operations.
3. Additionally, the Commission alluded to a number of implications regarding NASDAQ becoming an exchange including that NASDAQ would be subject to Sections 10(a) and 11 and 11A of the Exchange Act and that NASD would be responsible for quotes and transaction reports for exchange listed securities (including NASDAQ securities) not executed on an exchange and for non-NASDAQ exchange listed securities.

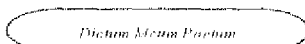
NASDAQ Access to OATS Data

It is our understanding that NASDAQ's sole use of OATS information is for regulatory purposes. If this understanding is incorrect, or if the Commission believes that NASDAQ should have such information for other than regulatory purposes, we respectfully object to such access.

NASDAQ Regulatory Structure

NASDAQ has proposed that it create a Regulatory Oversight Committee ("ROC") that will be comprised of three independent directors and be responsible for monitoring the adequacy and effectiveness of its regulatory program. This ROC will meet with the Chief Regulatory Office ("CRO") in executive session to review regulatory issues including the regulatory budget. The CRO will report to the Chief Executive Officer.

Although the proposed structure is not as the Commission has described in Regulation SRO, we believe that that it strikes an effective compromise between addressing the potential conflicts of interest between regulatory and commercial market interests while at the same time ensuring that its regulatory programs and budget are managed by experienced and knowledgeable regulatory professionals.



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That being said, it is important to the STA that, notwithstanding the regulatory services agreement between NASDAQ and the NASD, NASDAQ continue to be an active and involved regulator. We believe it is critically important that the industry and the public recognize that while NASD may be performing certain regulatory services pursuant to such agreement, it is NASDAQ that is interpreting its own rules and that the NASD is carrying out the regulatory objectives, responsibilities and philosophy of NASDAQ and not the NASD.

Implications of NASDAQ Exchange Status

We are sensitive to the implications of NASDAQ attaining Exchange status. As such, while we support this approval, we urge the Commission to set an operational date sufficient to allow full examination and remedy of those subtle issues that may occur with exchange status.

We are also concerned about enforcement matters that may arise from possible unknown regulatory conflicts or conflicts that have not been addressed.

We thank the Commission for the opportunity to comment this filing. Please do not hesitate to contact us if you have any questions or require further assistance.

Very Truly Yours,



James A. Duncan
Chairman



John C. Giesea
President/CEO

cc; The Honorable Christopher Cox, Chairman
The Honorable Paul S. Atkins
The Honorable Roel C. Campos
The Honorable Cynthia A. Glassman
The Honorable Annette L. Nazareth

Robert L. D. Colby Acting Director, Market Regulation



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