



September 9, 2005

James M. McConnell  
 Executive Director  
 Securities and Exchange Commission  
 450 Fifth Street, NW  
 Mail Stop 0506  
 Washington, DC 20549-1101

Dear Mr. McConnell,

NASD operates the Investment Adviser Registration Depository (IARD) under a contract and Memorandum of Understanding with the U.S. Securities and Exchange Commission (SEC). Under these agreements, NASD charges SEC-registered investment advisers approved filing fees based on a schedule according to the investment adviser's assets under management. These fees, along with other sources of IARD-associated revenues, are used to fund system operations and maintenance, business operations and certain SEC-directed IARD customizations.

The IARD program has been extremely successful and has consistently outperformed volume and financial projections. As a result, SEC Investment Management staff directed NASD to substantially reduce filing fees and to develop possible alternative fee structures to provide these reductions.

In support of the SEC's desire to reduce the overall program revenue, NASD recommends that the annual IARD fee for SEC-registered advisers be waived for a one-year period from November 1, 2005 to October 31, 2006. Further, NASD recommends that annual IARD fees for SEC-registered advisers be reduced 30% beginning November 1, 2006. The table below outlines the recommended fee adjustments:

Assets Under Management	Current Annual Updating Amendment Fee	Proposed Annual Updating Amendment Fee
Under \$25 million	\$100	\$70
\$25 - \$100 million	\$400	\$280
Over \$100 million	\$550	\$385

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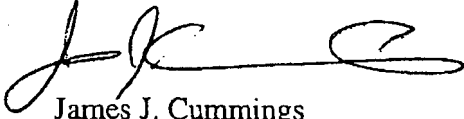
tel 301 590 6500  
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NASD believes that these lower fees will slow the growth of the SEC-associated surplus yet provide the IARD program with sufficient reserves to ensure its continued operation, maintenance and growth, including development of system enhancements, software upgrades and filer support.<sup>1</sup>

We stand ready to implement these fees for a November 1, 2005 effective date. We are also happy to consider another effective date should you deem appropriate. NASD staff is available to answer any questions you may have regarding these fees or the IARD program overall.

Sincerely,



James J. Cummings  
Senior Vice President, Registration and Disclosure

Cc: Meyer Eisenberg, SEC  
Robert Plaze, SEC

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<sup>1</sup> NASD is not proposing any reduction to the initial filing fee, as costs to entitle a new firm have not changed substantially.