



THE NASDAQ STOCK MARKET
9800 BLACKWELL ROAD, SUITE 300
ROCKVILLE, MD 20850

October 10, 2006

Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-9303

**Re: Amex Proposal for Fast Markets
Release No. 34-54413; File No. SR-AMEX-2006-72**

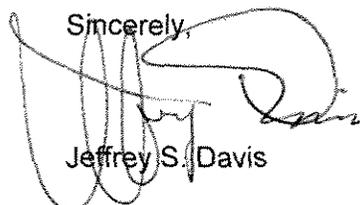
Dear Ms. Morris:

The NASDAQ Stock Market LLC ("Nasdaq") supports the proposal of the American Stock Exchange ("Amex") to honor the national best bid and offer ("NBBO") and quotes of fast markets that are away from the NBBO. The Amex proposal is a sensible transitional approach that will help prepare its market and market participants for the implementation of Regulation NMS in February of 2007 at no cost or inconvenience to other markets in the national market system.

Nasdaq disagrees with the comments of the New York Stock Exchange ("NYSE") in several respects. First, the Amex proposal will result in no technical or programming impact to Nasdaq, and Nasdaq does not understand how the Amex proposal could impact the programming requirements or efforts of other markets. The proposal appears to be self-contained within Amex systems and should not require other Participants to modify their systems to accommodate Amex. The proposal is entirely voluntary and can be implemented by Amex at any time without requiring other markets to implement similar functionality.

Second, Amex presented its proposal to the ITS Operating Committee as a discussion item and while no overwhelming consensus either for or against the AMEX proposal was reached, that is not unusual or unexpected regarding matters brought before the Operating Committee as the participating markets often have conflicting interests. NYSE's objection is understandable since the NYSE is not prepared to operate as a fast market in all stocks. Nasdaq believes that concern expressed regarding programming requirements was based on a lack of familiarity with the actual proposal because, as stated above, the proposal as ultimately drafted does not appear to impact other markets' programming requirements.

We would be happy to discuss the proposal in more detail at your convenience.

Sincerely,

Jeffrey S. Davis