



July 3, 2006

Via e-mail: cox@sec.gov

The Honorable Christopher Cox, Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Commission File Nos. SR-NASDAQ-2006-001 and SR-NASD-2006-048

Ladies and Gentlemen:

We appreciate the opportunity to provide further comment, in response to the request by the Securities and Exchange Commission (the "Commission"), on the two proposals, listed above, relating to the elimination of independent ECNs from the Nasdaq Market Center (the "Nasdaq Proposals").

Nasdaq's communications with Commissioners and staff have been inaccurate or misleading on many significant points. We therefore feel the need to advise you of the following: (1) We still are participating in the Nasdaq Market Center as an independent, order-delivery ECN; (2) We reiterate the criticisms we previously made in a joint letter dated March 21, 2006 with Bloomberg Tradebook, Direct Edge LLC, and BATS Trading, Inc. and in our own separate letters dated May 5 and May 31, 2006; (3) We note the further support by Citigroup Global Markets Inc. and its affiliate OnTrade Inc. in their letter of May 17, 2006 and the intervention by the U.S. Chamber of Commerce in its letter dated June 8, 2006; and (4) We fully endorse the points Bloomberg Tradebook has been making in its letters, most recently in its letter of June 23, 2006.

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This is not simply a dispute between Bloomberg Tradebook and Nasdaq. Despite our letters of May 5 and May 31, 2006 expressing our dismay at having these regulations virtually terminate the Track ECN business, as there is no viable alternative at present, we understand that it is deemed by certain people at the Commission and Nasdaq that only Bloomberg is an interested party and that all other ECNs have made arrangements to continue their business elsewhere. While it is true that the other ECNs have made arrangements at other facilities, none of them are satisfied with those arrangements, and along with Bloomberg, Direct Edge and Track ECN continue to execute significant business through the Nasdaq platform.

Track ECN is currently testing with the ADF. We do less than 1% of our volume on the ADF. To date, we strongly feel that the ADF, in its present structure, is not a viable place to conduct our business. The ADF is not an alternative to Nasdaq, i.e., it is not an execution facility, market makers and broker-dealers who access Track ECN liquidity through Nasdaq are not connected to the Track system directly and cannot access Track's quotes on the ADF. In addition, the ADF does not provide protection of quotes and currently charges fees that are too high in a low margin marketplace.

The Commission is well aware of the efforts being made by the National Stock Exchange ("NSX") to accommodate any or all ECNs in a trading platform currently under development. Since NSX is expecting to provide an execution platform with order delivery, Track ECN, and we believe other ECNs would deem the new NSX platform to be a viable alternative. If we are forced to move from the Nasdaq platform, we cannot conduct our business without such a platform available. Since it is anticipated that this platform will be ready by September, and giving a couple of months to allow them to ramp up to the volumes required, we are requesting that we be able to continue to conduct our business on the Nasdaq platform until the NSX platform is operating and capable of handling the volumes of business required by the ECNs. We plan to start testing with the NSX this month.

In conclusion, we are requesting that decisions being made by the Commission that will affect the viability of Track ECN, as well as others, not be made on the basis of totally untrue information and assumptions. We understand that Nasdaq's efforts to use its regulatory power to eliminate competition on its own platform is moving forward. The Commission should not, however, permit it to move forward on a timetable that is faster than the December 2006 deadline that Nasdaq repeatedly committed to in announcing its move to a single book. The period from Nasdaq's April decision to accelerate their timetable to the now proposed August rollout is simply too brief for migration to workable venues. All other matters with regard to Nasdaq's Exchange status are not at issue with Track ECN.

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We hope our letter is helpful to the Commission and the staff in its review of the Nasdaq's proposed rule changes. We look forward to discussing this filing further.

Respectfully submitted,



Martin Kaye
Chief Executive Officer
TRACK ECN

cc: The Hon. Paul S. Atkins, Commissioner
The Hon. Cynthia A. Glassman, Commissioner
The Hon. Roel C. Campos, Commissioner
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