



THE NASDAQ STOCK MARKET
8800 BLACKWELL ROAD
ROCKVILLE, MD 20850

November 6, 2006

Ms. Elizabeth K. King, Esquire
Associate Director, Office of Market Supervision
Division of Market Regulation
U.S. Securities and Exchange Commission
Mailstop 6628
100 F Street, NE
Washington, DC 20549

Re: SR-NASDAQ-2006-032 (Nasdaq Capital Market Listing Requirements)

Dear Ms. King:

This letter responds to your request for information about the impact of proposed changes to the initial and continued listing requirements of the Nasdaq Capital Market.¹ As described below, Nasdaq does not believe that these changes will substantially affect the ability of companies to raise capital on the Capital Market.

Nasdaq reviewed the potential impact of the changes to the continued listing requirements on securities listed on the Nasdaq Capital Market. As of October 11, 2006, all securities listed on the Capital Market would satisfy those proposed continued listing requirements. In addition, Nasdaq reviewed all applications pending for listing on the Capital Market as of October 11, 2006. Of those pending applications, three companies meet the existing initial listing requirements, but currently do not meet the proposed initial listing requirements. As proposed in the rule filing, these companies could be listed within 30 days of approval of the proposed rule change under the existing initial listing requirements, but after that time they could only be approved if they satisfy the new initial listing requirements.

Finally, Nasdaq reviewed securities that listed on the Capital Market from January 1, 2005 until June 30, 2006. While the proposed changes to the initial listing standards would not impact any of these securities because they are already listed and are not subject to the initial listing standards, we believe that this number could give an additional historical perspective as to the potential impact of the change. During this

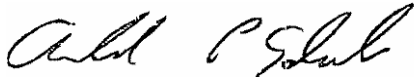
¹ Securities Exchange Act Release No. 54378 (August 28, 2006), 71 FR 52351 (September 5, 2006) (SR-NASDAQ-2006-032).

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period, out of 75 companies that listed securities on the Capital Market, the securities of 13 companies would not have qualified under the new initial listing requirements.

If you have any questions concerning the foregoing please feel free to contact me at (301) 978-8075.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Arnold P. Golub".

Arnold P. Golub
Associate General Counsel