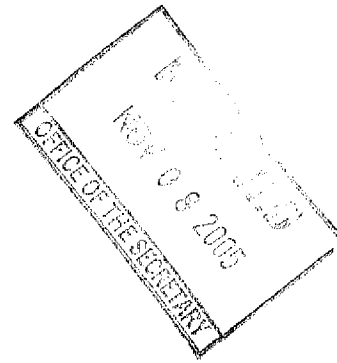


James T. Brett
Managing Director

10-131-87



November 4, 2005

Jonathan G. Katz
Secretary
Securities and Exchange Commission
Station Place
100 F Street, NE
Washington, DC 20549-9303

Re: File No. 10-131 – Nasdaq Exchange Application

Dear Mr. Katz:

J.P. Morgan Securities Inc. (“JPMSI”), welcomes this opportunity to provide the Securities and Exchange Commission (“Commission”) with comments regarding the application of The Nasdaq Stock Market, Inc. (“Nasdaq”) for registration as a national securities exchange. JPMSI is familiar with Nasdaq and this application, having served as an advisor to Nasdaq in various capacities as well as functioning as a leading market maker within the Nasdaq market. We have followed the application process closely and believe that the issues concerning Nasdaq’s request have been sufficiently addressed such that the Commission should formally recognize Nasdaq’s status as a national securities exchange.

Over the past thirty years, Nasdaq has evolved from a nascent quotation system into one of the most active market centers in the world. The companies quoted on Nasdaq have grown with Nasdaq, such that the market now includes many of the world’s most widely-held issuers. This considerable growth led to the Commission’s statement in 1998, “that Nasdaq performs what today is generally understood to be the functions commonly performed by a stock exchange.”¹

- *Regulatory Independence*

Nasdaq has stated that a primary purpose in seeking exchange status was to allow it to completely separate from the NASD to segregate the roles of a regulator and market operator. JPMSI supports the goal of separating regulatory duties from the responsibilities of operating a securities market. We believe that in becoming a national securities exchange and effecting a more complete separation from the NASD, Nasdaq will complete the process initiated nearly ten years ago when the NASD first separated Nasdaq from its regulatory functions through the formation of a separate regulatory subsidiary. Though various models exist to separate the responsibilities of regulation and operating a market, we believe that the structure to be realized upon approval of Nasdaq’s exchange application is beneficial and deserving of our support.

¹ Securities Exchange Act Release No. 40760 (Dec. 8, 1998), 63 FR 70844, at 70852 (Dec. 22, 1998). (“*Regulation of Exchanges and Alternative Trading Systems*”)

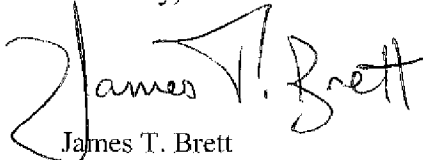
- *Competition*

Among Nasdaq's other stated goals in becoming an exchange was the opportunity to more effectively compete with other securities markets, both domestically and internationally. Section 11A of the Exchange Act sets forth the basic standards for the development of a National Market System, among them being the promotion of fair competition among brokers and dealers and exchange markets. We agree with these fundamental tenets and welcome increased, yet balanced, competition among our markets to foster the continued development of innovation and additional efficiencies.

The approval of Nasdaq's application is, understandably, a highly-complex and time-consuming process that should be afforded all due consideration. However, it would appear that Nasdaq has addressed the principal concerns of the Commission and should now be permitted to register as a national securities exchange.

Once again, we appreciate the opportunity to submit these comments and look forward to the Commission's prompt approval of Nasdaq's application. We would welcome any questions on behalf of the Commissioners or that the Commission staff may have with respect to our comments. Questions may be directed to Scott W. Anderson at 212-622-5711 or to me at 212-622-2778.

Sincerely,



James T. Brett
Managing Director
J.P. Morgan Securities Inc.

cc: Chairman Christopher Cox
Commissioner Paul Atkins
Commissioner Roel Campos
Commissioner Cynthia A. Glassman
Commissioner Annette L. Nazareth
Robert Colby, Division of Market Regulation
Robert Greifeld, The Nasdaq Stock Market, Inc.