



THE NASDAQ STOCK MARKET  
ONE LIBERTY PLAZA, 50TH FLOOR  
NEW YORK, NY 10006



March 31, 2006

Nancy M. Morris  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: Request for Commission Action to Allow Phased Implementation of  
Securities Exchange Act Release No. 53128

Dear Ms. Morris:

On January 13, 2006, the Securities and Exchange Commission (the "Commission") issued an Order<sup>1</sup> to grant the application of The NASDAQ Stock Market LLC (the "Nasdaq Exchange") for registration as a national securities exchange. The operation of the Nasdaq Exchange was conditioned upon the satisfaction of six requirements. The Exchange and its parent corporation, The Nasdaq Stock Market, Inc. ("Nasdaq") have made substantial progress toward completion of these requirements since the date of the Order, and the Nasdaq Exchange expects to be able to satisfy all conditions, with one exception, by approximately May 15, 2006. The second condition in the Order, relating to the retained obligations of National Association of Securities Dealers, Inc. ("NASD"), states:

B. The NASD's Ability to Fulfill its Statutory and Regulatory Obligations. The NASD must represent to the Commission that control of Nasdaq through the Preferred D share is no longer necessary because the NASD can fulfill through other means its obligations with respect to non-Nasdaq exchange listed securities under Section 15A(b)(11) of the Exchange Act, Rules 602 and 603 of Regulation NMS, and the national market system plans in which the NASD participates.

Currently, Nasdaq fulfills these obligations for NASD using its SuperIntermarket ("SiM") trading platform, pursuant to authority delegated under the Plan of Allocation and Delegation of Functions by NASD to Subsidiaries (the "Delegation Plan"). Because Nasdaq exercises regulatory authority under the Delegation Plan, NASD retains control of Nasdaq through a single share of Series D Preferred Stock (the "Series D Preferred") that allows NASD to cast a majority of the votes cast in any matter submitted to Nasdaq's stockholders, including the election of Nasdaq directors.

<sup>1</sup> Securities Exchange Act Release No. 53128 (January 13, 2006) (the "Order").

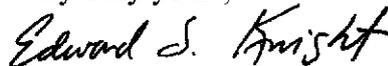
Although NASD and Nasdaq have been working on technology solutions to allow NASD to fulfill the obligations cited in the Order through means that would not involve a delegation of regulatory authority to Nasdaq or any affiliate thereof, these solutions will not be ready to enter production by May 15, 2006. In addition, many of the Nasdaq Exchange's potential members have indicated that a phased approach to the Nasdaq Exchange's operation is preferable to an abrupt transition in which all trading of all stocks through Nasdaq systems moves from its current over-the-counter status to exchange status on a single day. These firms believe that a single-day transition will entail unnecessary costs and administrative burdens and pose transition risks that could be mitigated through a phased approach.

Accordingly, the Nasdaq Exchange respectfully requests that the Commission amend the Order to allow a phased approach. Specifically, we believe that this approach may be achieved by adding the following sentence to the paragraph of the Order cited above:

Notwithstanding the foregoing condition, to facilitate an orderly transition and minimize any potential disruption to the marketplace, for a transitional period not to exceed the greater of 60 days or 10 days following SEC approval of an NASD filing relating to the quoting and trading of non-Nasdaq exchange-listed securities, the Nasdaq Exchange may operate as an exchange with respect to Nasdaq-listed securities only, while Nasdaq continues to perform its current obligations under the NASD's Delegation Plan with respect to non-Nasdaq exchange-listed securities only. During this transitional period, NASD will retain its control of Nasdaq through the Preferred D share.

The Nasdaq Exchange believes that this proposal for a staged implementation of the Order will speed its transition to operative exchange status, minimize the impact of the transition on market participants, and ensure the continued fulfillment of NASD's regulatory obligations. Accordingly, we look forward to working with the Commission and its staff to implement this proposal. If you have any questions, please call me at 301-978-8480, or Chris Concannon, at 212-401-8989.

Very truly yours,



Edward S. Knight  
Executive Vice President and  
General Counsel

cc: Robert L.D. Colby  
Elizabeth King  
Kelly Riley  
Doug Shulman  
Grant Callery