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February 18, 2004

Mr. Jonathan G. Katz
Secretary
US Securities & Exchange Commission
450 Fifth Avenue
Washington DC 20549



Re: File No. SR-NASD-2003-201; Proposed Expansion of the NASD's Trading Activity Fee to Certain Fixed Income Securities

Dear Mr. Katz:

I am writing to you to express our concern regarding the proposed Trading Activity Fee for Fixed Income securities proposed by the National Association of Securities Dealers, Inc. ("NASD").

The following comments are reflective of the impact that will be felt by TheMuniCenter, an Alternative Trading System "ATS", registered with the NASD as a Broker Dealer and acting as a Riskless Principal for all trades. TheMuniCenter is an electronic trading platform for both corporate and municipal bonds bringing together buyers and sellers while acting as a neutral intermediary. As such, the firm does not take trading positions nor have customer accounts.

As a member of the Bond Market Association, we support the comments that they have submitted and are additionally concerned by the extra burden ATS's will face under the current proposal. As a neutral intermediary, TheMuniCenter buys from one dealer/customer and sells to another dealer/customer. For trades involving dealers and non-dealers, 2 TAF fees will be paid by ATS. Thus, the ATS will endure double transaction costs versus traditional players. While we strive to bring greater efficiency and liquidity to the marketplace, the current proposal will inhibit our ability to pass lower costs to customers.

My limited understanding of the equity markets, is that the equity TAF has been structured such that intermediaries are exempt from the fee. While the current proposal attempts to address the issue by exempting firms acting as Agent on behalf of another NASD firm, most ATS's and broker's brokers are acting as Riskless Principals. Thus, we would look for a more equitable distribution of fees.

Finally, as a relative newcomer to the fixed income community, the number of different fees levied against our business is difficult to tract and monitor. From TRACE, MSRB, GIA, and PAF, one needs to spend a great deal of time insuring proper billing. While we support the efforts of the SEC and NASD for proper levels of regulation, we also support a more simple and equitable fee structure for member firms.

Thank you for your time.

Regards,

A handwritten signature in black ink, appearing to read 'T. Vales', with a large, sweeping flourish above the name.

Thomas S. Vales
Chief Executive Officer