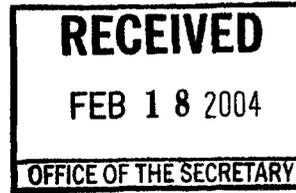


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**BEAR  
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February 17, 2004

Mr. Jonathan G. Katz  
Secretary  
U.S. Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 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:

Bear, Stearns & Co. Inc. supports the positions taken by The Bond Market Association in its letter dated February 17, 2004 in response to the NASD's proposal to impose a trading activity fee applicable to certain debt securities (the "TBMA Letter"). In particular, we agree that the NASD's proposing release does not provide enough information regarding its regulatory costs and overall fees to evaluate the proposal to ensure that it complies with the legal requirements for imposing fees and other charges. We also agree that the NASD proposal does not adequately address existing regulatory fees already applicable to the types of debt securities the NASD proposal includes. Moreover, we agree that the self regulatory organizations need to coordinate fees that overlap their jurisdictions. Fees and charges should reflect the costs of using systems and facilities as well as the costs of regulating the activity. Finally, we believe that the NASD should, at a minimum, include in its proposal the details and answers to practical questions pointed out in Section III of the TBMA Letter.

Very truly yours,

Craig M. Overlander  
Senior Managing Director