



July 12, 2005

Mr. Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

Re: Proposed Amendments to NASD Rule 7090 (File No. SR-NASD-2005-059)

Dear Mr. Katz:

The Investment Company Institute¹ appreciates the opportunity to express its views on the proposed changes to NASD Rule 7090 regarding the Mutual Fund Quotation Service ("MFQS").² In particular, The Nasdaq Stock Market, Inc. ("Nasdaq") proposes to increase the annual fees paid by mutual funds, money market funds, and unit investment trusts for inclusion in the MFQS's News Media List and Supplemental List. Under the proposal, the fee increases for new fund listings would be implemented as soon as practicable following their approval by the Securities and Exchange Commission and in January 2006 for existing fund listings.

The Release states that the fee increases are intended to "reflect the costs associated with the development, implementation, and testing" of two enhancements to the MFQS. The Institute supports the planned enhancements to the MFQS. We believe that, once implemented, the planned download functionality³ will provide greater flexibility for users of fund and trust pricing information and the planned validation functionality⁴ will enhance the efficiency of the

¹The Investment Company Institute is the national association of the American investment company industry. Institute members include 8,521 open-end investment companies (mutual funds), 651 closed-end investment companies, 144 exchange-traded funds, and 5 sponsors of unit investment trusts. Mutual fund members of the ICI have total assets of approximately \$8.036 trillion (representing more than 95 percent of all assets of US mutual funds); these funds serve approximately 87.7 million shareholders in more than 51.2 million households.

² See SEC Release No. 34-51836 (June 13, 2005) (the "Release") 70 FR 35753 (June 21, 2005).

³ The planned new download functionality would permit subscribers to download, rather than merely view, mutual fund and unit investment trust pricing information.

⁴ The planned new validation functionality would permit Nasdaq to independently collect information regarding the level of assets and number of shareholder accounts for particular mutual funds and unit investment trusts to assure that they are of a sufficient size to remain on the MFQS. It would replace the current manual validation process

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annual process engaged in by funds to remain listed on MFQS. According to the Release, the planned download functionality will be implemented in August 2005 and the planned validation functionality will be implemented in January 2006.

The Institute does not object to the proposed fee increases provided Nasdaq implements the planned enhancements on the schedule outlined in the Release. The Institute believes that the proposed fee increases are a fair means of recovering the costs associated with the planned enhancements to the MFQS. We are concerned, however, that changes in priorities or other factors or events could delay the implementation of the planned enhancements to the MFQS.⁵ Accordingly, the Institute urges that the proposed fee increases only be assessed once the planned enhancements are implemented. Given that the planned enhancements are scheduled to be completed in the near term (January 2006) and the proposed increased fees will be charged annually going forward, we do not believe that our recommended approach should impede the completion of the planned enhancements.

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The Institute appreciates the opportunity to express its views on the proposal. If you require any additional information or have any questions, please contact the undersigned at (202) 326-5869.

Sincerely,

Peter G. Salmon
Director - Operations & Technology

whereby each mutual fund and unit investment trust listed on the MFQS's News Media List must submit this information to Nasdaq.

⁵ The Institute wants to avoid a situation where fees are increased and MFQS enhancements decrease in importance relative to Nasdaq's other business priorities thereby delaying the planned implementation schedule.