

RICHARD HUGH BAKER
5TH DISTRICT, LOUISIANA

COMMITTEE ON
FINANCIAL SERVICES

CHAIRMAN
SUBCOMMITTEE ON
CAPITAL MARKETS, INSURANCE AND
GOVERNMENT SPONSORED ENTERPRISES

SUBCOMMITTEE ON
FINANCIAL INSTITUTIONS
AND CONSUMER CREDIT

SUBCOMMITTEE ON
HOUSING AND
COMMUNITY OPPORTUNITY



Congress of the United States

House of Representatives
Washington, D.C. 20515-1806

December 13, 2005

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON HIGHWAYS
TRANSIT AND PIPELINES

SUBCOMMITTEE ON AVIATION

SUBCOMMITTEE ON
WATER RESOURCES AND ENVIRONMENT

COMMITTEE ON
VETERANS' AFFAIRS
SUBCOMMITTEE ON HEALTH

SUBCOMMITTEE ON
ECONOMIC OPPORTUNITY

The Honorable Christopher Cox
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20002

Re: Release No. 34-52049; File No. SR-NASD-2005-087

Dear Mr. Chairman:

I am writing to express my concerns about a proposed rule change (Release No. 34-52049; File No. SR-NASD-2005-087) that the NASD filed on July 11, 2005 with the Securities and Exchange Commission to create a new NASD subsidiary, the Trade Reporting Facility (the "TRF").

I understand that the creation of the TRF was necessitated because it is illegal for an exchange to take credit for trades that do not occur on that exchange. Thus, in connection with its proposal to become an exchange, the Nasdaq proposed to report off-exchange trades to the TRF. Yet, while the TRF is a subsidiary of NASD, the Nasdaq, through the TRF, is retaining the benefits of the off-exchange trades that the law mandates must be reported elsewhere.

If this approach is approved, other markets may have to follow suit simply in order to compete. The resulting proliferation of print facilities providing revenues and trade information to markets that have no nexus with the actual trades may contravene the public interest.

I reiterate that I am fully supportive of the Nasdaq's exchange application and I do hope that the Commission approves shortly this application consistent with the aforementioned concerns regarding the TRF.

Sincerely,

Richard H. Baker
Chairman
Subcommittee on Capital Markets,
Insurance and Government Sponsored
Enterprises

341 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515-1805
(202) 225-3901
(202) 225-7313 (FAX)

5555 HILTON AVENUE
SUITE 100
BATON ROUGE, LA 70803
(225) 929-7711
(225) 929-7688 (FAX)
1-800-692-1253 (LA ONLY)

RECEIVED
EST/RY/CCO
2005 DEC 15 PM 4:38
OFFICE OF THE CHAIRMAN