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October 16, 2003

Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street NW  
Washington, D.C. 20549-0609

**Re: File No. SR-NASD-2003-128**

Dear Mr. Katz:

UBS Securities LLC ("UBS") respectfully submits this comment letter regarding SR-NASD-2003-128, in which the Nasdaq Stock Market seeks approval from the Securities and Exchange Commission ("Commission") to establish a maximum ECN access fee within its SuperMontage facility. First and foremost, UBS wishes to reiterate its strong and long-standing belief that hidden access fees in all markets should be entirely eliminated. The Commission should mandate that quotations displayed by any participant comprising the National Bid and Offer should reflect the total price of the security and should not allow the quotations of a subset of market participants to contain un-displayed fees, other than the known execution fee of the selected market center.

The result of this unequal system is that non-ECN market participants are forced to incur additional, unnecessary, and often unknown execution costs assessed by ECNs when those ECNs are accessed through other market centers. These unnecessary access fees, when added to the market center's execution fee, have a significant impact upon the profitability of all market participants and are ultimately passed along to customers through higher-cost services. These fees are not immaterial and should be eliminated by the Commission.

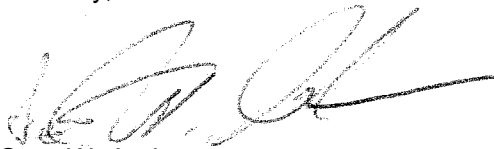
With respect to the current proposal, Nasdaq's attempt to impose a "cap" on ECN fees of \$0.003/share, we believe that this is a positive development and that Nasdaq should be commended for this action. Access fees charged as a result of executions within SuperMontage are especially troubling in that SuperMontage participants have very little ability to determine the ECNs with which they will interact. A market participant currently attempting to trade within SuperMontage may receive an execution report from Nasdaq indicating that it has traded with a market maker, and thus will pay only the price posted by the market maker within SuperMontage and the Nasdaq execution fee. Alternatively, the market

participant may instead receive an execution report from Nasdaq representing a trade with an ECN, with the result that the market participant must now pay, not only the posted price of the security and the Nasdaq execution fee, but an additional exorbitant fee to the ECN of as much as \$0.009/share. This indiscriminate fee has been assessed against the market participant without any meaningful opportunity to object to the fee, reject it outright, *or*, at a minimum, to negotiate a lower rate. The seemingly random manner of this assessment and the current wide disparity among the fees themselves, deprives non-ECN market participants of the ability to effectively forecast execution fees.

While UBS supports Nasdaq's efforts to establish a maximum access fee and thus lower the excessive burdens that are involuntarily imposed upon SuperMontage participants, we believe that it is now incumbent upon the Commission to take decisive action and eliminate hidden ECN access fees altogether.

We appreciate the opportunity to address the Commission concerning this matter. If you have any questions concerning this letter, please contact me at (203) 719-6974.

Sincerely,



Scott W. Anderson  
Director and Counsel  
Region Americas Legal  
UBS Securities LLC

cc: Annette L. Nazareth, Director, Division of Market Regulation  
Robert L. D. Colby, Deputy Director, Division of Market Regulation  
Robert Greifeld, President and Chief Executive Officer, The Nasdaq Stock Market, Inc.