

November 2, 2005

Via e-mail: colbyr@sec.gov

Robert L.D. Colby, Esq.
Acting Director
Division of Market Regulation
U.S. Securities and Exchange Commission
Station Place
100 F Street, NE
Washington, DC 20549-9303

Re: The Tradebook System

Dear Mr. Colby:

On behalf of Bloomberg L.P., a Delaware limited partnership ("BLP"), and its affiliate, Bloomberg Tradebook LLC, a Delaware limited liability company ("Tradebook"), we respectfully request that the Division of Market Regulation (the "Division") extend its current no-action position regarding Tradebook activities. Tradebook is registered with the Securities and Exchange Commission (the "Commission") as a broker-dealer and operates a computerized, proprietary trading system (the "Tradebook System"). The Division has already taken a no-action position with respect to Tradebook and the Tradebook System, most recently extended on January 6, 2005. This request supersedes Tradebook's request dated October 13, 2005.

Tradebook respectfully requests that the Division advise Tradebook that:

1. The Tradebook System is an electronic communications network (an "ECN") within the meaning of paragraph (b)(23) of Rule 600 for purposes of Rule 602 (the "Quote Rule") under the Securities Exchange Act of 1934;
2. The Tradebook System's method of operation with respect to Nasdaq and exchange-listed securities for which a linkage between the Tradebook System and an SRO is operational, as disclosed to the Division in our letter of January 12, 2004, is in compliance with paragraph (b)(5)(ii) of the Quote Rule (the "ECN Display Alternative"); and

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3. The Division will not recommend that the Commission take enforcement action under the Quote Rule against any exchange market maker (as that term is defined in paragraph (b)(24) of Rule 600) or OTC market maker (as that term is defined in paragraph (b)(52) of Rule 600) and will not recommend that the Commission take enforcement action under Rule 604 (the "Limit Order Display Rule") against any specialist or member of an exchange authorized by that exchange to perform functions substantially similar to those of a specialist ("Exchange-Authorized Member") or OTC market maker, as those terms are used in paragraph (a) of the Limit Order Display Rule, if such exchange market maker, specialist, Exchange-Authorized Member or OTC market maker transmits orders to the Tradebook System in reliance on the assumption that the Tradebook System is in compliance with the ECN Display Alternative and paragraph (b)(5) of the Limit Order Display Rule with respect to such orders and if such exchange market maker, specialist, Exchange-Authorized Member or OTC market maker omits to take any other action that would otherwise be required if the Tradebook System were not so in compliance with such provisions.

Description of the Tradebook System

The Tradebook System provides broker-dealers and institutional clients with execution, clearance and settlement of trades in certain equity securities via BLP's worldwide, proprietary, electronic network. The broker-dealer participants currently include over-the-counter market makers and other broker-dealers and may in future include exchange specialists and other registered broker-dealers. Orders displayed over the Tradebook System are available for execution in whole or, where permitted under the terms of the order, in part. Participants can access the Tradebook System either through the Bloomberg PROFESSIONAL Service or through a computer-to-computer connection. Within the Tradebook System, orders entered by participants are disseminated to all other participants. There is not any provision for certain specialist or market-maker priced orders to be entered but not included in the quotation furnished by the Tradebook System.

In connection with the Tradebook System, Tradebook has registered as a broker-dealer with the Commission and is a member of the NASD and acts as introducing broker in arranging transactions in over-the-counter and listed U.S. equity securities on the Tradebook System.

Request for No-Action Relief

In connection with its request for no-action relief, Tradebook makes the following representations with respect to any Nasdaq and exchange-listed securities in which it seeks to operate as an ECN and satisfy the requirements of the ECN Display Alternative pursuant to the rules of an SRO:

1. The Tradebook System is an ECN within the meaning of paragraph (b)(23) of Rule 600 for purposes of the Quote Rule;

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2. The Tradebook System's method of operation with respect to Nasdaq and exchange-listed securities for which a linkage between the Tradebook System and an SRO is operational, as disclosed to the Division, is in compliance with the ECN Display Alternative;

3. With respect to Tradebook's current linkage with Nasdaq, Tradebook provides broker-dealers access to certain orders. Specifically, Tradebook (i) transmits to Nasdaq for display in Nasdaq's montage the best-priced orders entered by OTC market makers and exchange market makers for those securities in which they make markets (or act as specialist); and (ii) provides to any registered broker-dealers access to such orders displayed in Nasdaq's montage that is functionally equivalent to the access that would have been available had the market makers or specialists reflected their superior orders in their published quotations;

5. With respect to any other linkage Tradebook establishes with an SRO (in addition to its current linkage with Nasdaq), Tradebook will provide broker-dealers access to certain orders. Specifically, Tradebook will (i) transmit to an SRO for display in the SRO's montage the best-priced orders in such securities of all orders entered by OTC market makers and exchange market makers for those securities in which they make markets (or act as specialist); and (ii) provide to any broker-dealer access to such orders displayed in the SRO's montage that is functionally equivalent to the access that would have been available had the market makers or specialists reflected their superior orders in their published quotations;

6. Tradebook responds to orders in securities in which it publishes its best bid and offer and associated sizes in Nasdaq's montage that are entered into the Tradebook System by broker-dealers through access to Nasdaq's montage as promptly as it responds to orders entered directly to the Tradebook System by subscribers and in any event in not more than a few seconds. In addition, Tradebook provides to registered broker-dealers the ability, subject to security procedures to verify the identity and authority of the caller, to execute trades by telephone against Tradebook's quotations displayed in Nasdaq's montage. The telephone desk is staffed by appropriately registered personnel;

7. Tradebook responds to orders in securities in which it publishes its best bid and offer and associated sizes in an SRO to which it has established a linkage (in addition to its current linkage with Nasdaq) that are received from broker-dealers through the Tradebook System as promptly as it responds to orders received from subscribers to execute against orders displayed in the Tradebook System and in any event in not more than a few seconds. In addition, with respect to an SRO to which Tradebook has established a linkage (in addition to its current linkage with Nasdaq), Tradebook will provide to registered broker-dealers the ability, subject to security procedures to verify the identity and authority of the caller, to execute trades by telephone against Tradebook's quotations displayed in the SRO's montage. The telephone desk will be staffed by appropriately registered personnel;

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8. With respect to the ADF, Tradebook allows broker-dealers the ability to effect transactions with orders in the Tradebook System displayed in the ADF in accordance with NASD rules;

9. In connection with its highest priced published buy orders and lowest priced sell orders, Tradebook charges broker-dealers a rate no more than the fee Tradebook charges a substantial proportion of its active broker-dealer subscribers, and in any event, will not charge more than \$0.009 per share, plus any fee charged to Tradebook by an SRO for such trades. In connection with its highest priced published buy orders and lowest priced sell orders, Tradebook will comply in all material respects with those parts of Reg NMS as they become effective that affect the maximum transaction fee Tradebook may charge;

10. The Tradebook System has sufficient capacity to handle the volume of trading reasonably anticipated to be conducted in the Tradebook System. In addition, Tradebook will conduct periodic review and testing to: (i) ensure future capacity; (ii) identify potential weaknesses; and (iii) reduce the risks of system failures and threats to system integrity;

11. Information entered into the system will be kept confidential by employees of Tradebook or B-Trade Services LLC having access to it. Operation of the System will be kept separate from other businesses of BLP; and

12. Tradebook will comply with all rules of each SRO regarding use of the SRO's facilities and obligations imposed by the SRO to provide access to orders entered into the SRO's facilities.

Conclusion

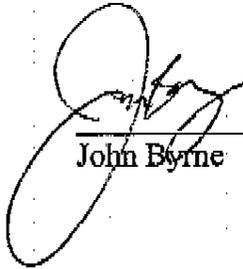
On the basis of the foregoing, we respectfully request that the Division advise Tradebook that the Division will not recommend that the Commission take enforcement action under the Quote Rule against any exchange market maker or OTC market maker and will not recommend that the Commission take enforcement action under the Limit Order Display Rule against any specialist, Exchange-Authorized Member or OTC market maker if such exchange market maker, specialist, Exchange-Authorized Member or OTC market maker transmits orders to the Tradebook System in reliance on the assumption that the Tradebook System is in compliance with the ECN Display Alternative and paragraph (b)(5) of the Limit Order Display Rule with respect to such orders and if such exchange market maker, specialist, Exchange-Authorized Member or OTC market maker omits to take any other action that would otherwise be required if the Tradebook System were not so in compliance with such provisions.

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If you have any questions or seek any additional information regarding this request, please contact either me at (212) 617-3917 or Joseph Zangri at (212) 617-4345.

Very truly yours,



John Byrne

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