



January 11, 2006

Nancy Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**Re: Boston Stock Exchange Directed Order Rule Amendment (SR-BSE-2005-52)**

Dear Ms. Morris:

Citadel Investment Group, LLC appreciates the opportunity to comment on Boston Options Exchange (“BOX”) proposal SR-BSE-2005-52.<sup>1</sup> The BOX proposes to eliminate anonymity in the BOX’s directed order process. If approved, this change would quickly lead to the effective end of anonymity across all U.S. listed options exchanges.

Described by BOX as a mere technical amendment, this proposal is a wolf in sheep’s clothing. The BOX fails to address—or even acknowledge—in its perfunctory rule filing that revealing the identity of order senders to market makers would immediately harm most members of the investing public, *including most retail investors*. By facilitating discriminatory market behavior, anti-competitive practices, and abuse of nonpublic information, the proposed amendments would degrade the options markets.

We applaud the Commission’s efforts over the past decade to improve and update our national market system. The capital markets have greatly benefited from the equality, transparency, and efficiency resulting from the Commission’s rule-making. Regretfully, the BOX is now proposing an exchange system to facilitate the back-room dealings and discriminatory practices of a different era. The BOX proposal would roll back the clock to a time when who you were and who you knew was more important in obtaining the best price on an exchange than the merits of your order.

The BOX proposal to operate an exchange system that selectively discloses nonpublic information to market makers does not meet the high standards of Sections 3, 6, and 11A of the Securities Exchange Act of 1934 (“Exchange Act”). As a result, the Commission has a statutory

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<sup>1</sup> Citadel Investment Group, L.L.C. (“Citadel”) and its affiliates operate one of the world’s largest alternative investment firms. On an average day, Citadel accounts for approximately 3% of the daily volume on the New York Stock Exchange (“NYSE”) and Nasdaq, and well over 10% of U.S. listed options market volume. Citadel Derivatives Group LLC is the second most active market maker on the BOX and an equity investor in the BOX.

obligation to institute proceedings to reject this attempt to facilitate discrimination in the options markets.<sup>2</sup>

## I. The Proposed Amendments

The BOX's directed order process permits an order flow provider to direct an order to a particular BOX market maker. A market maker may choose whether it will accept directed orders. If a market maker chooses to accept any directed orders, it must accept all directed orders.<sup>3</sup>

A market maker receiving a directed order must either send the order to the Price Improvement Process ("PIP") (a three-second penny increment auction) or to the BOX's order book.<sup>4</sup> A market maker that decides to "PIP" a directed order agrees to trade with the order at a penny better than the national best bid or offer ("NBBO") absent comparable or better quotes during the PIP auction.<sup>5</sup>

The PIP is a market mechanism structured to facilitate internalization by market makers. Retail investors are not "invited" to participate in the PIP. As a matter of rule, customers without a resting contra-side order priced at the BOX best bid or offer may only "compete" in the auction in nickel increments, effectively foreclosing meaningful participation. Moreover, virtually no retail customer has tools available to him or her to respond to an auction within the required three seconds. As a result, the PIP allows market-makers to pay a penny to break up customer to customer fills.

Current BOX rules require anonymity in the BOX's directed order process. Specifically, BOX rules provide that "[a] Market Maker shall not receive a Directed Order other than through the BOX Trading Host" and "[t]he identity of Options Participants who submit orders to the Trading Host will remain anonymous to market participants at all times, except during error resolution or through the normal clearing process."<sup>6</sup> The BOX has violated these anonymity requirements since the BOX's inception. Specifically, at the time a directed order is received by a market maker, the BOX reveals to that market maker the identity of the BOX member that routed the order.<sup>7</sup> The BOX now proposes to adopt rule amendments that would conform its rules to its current practices rather than conform its practices to its current rules.

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<sup>2</sup> Exchange Act § 19(b)(2).

<sup>3</sup> Chapter VI, Section 5(c)(i) of the BOX Rules.

<sup>4</sup> Chapter VI, Section 5(c)(ii)(1) of the BOX Rules.

<sup>5</sup> *Id.*

<sup>6</sup> Chapter VI, Section 5(c)(i) of the BOX Rules; Chapter V, Section 14(e) of the BOX Rules.

<sup>7</sup> Each BOX market maker has one or more unique participant identification numbers and the BOX discloses the Participant ID used to the receiving market maker.

The BOX proposal and its current practice of identity disclosure are designed to facilitate market discrimination. The only possible use of an order sender's identity is systematic discrimination by market makers among firms sending directed orders. A market maker receiving directed orders has three seconds to respond to each order.<sup>8</sup> As a result, BOX market makers must automate their algorithms for responding to directed orders.

Market makers already have incorporated into their automated algorithms the use of the sending firm identity to systematically and knowingly engage in discrimination against certain order senders. This systematic and knowing discrimination has already impacted both professional market participants and *retail investors*. The BOX proposal aims to legitimize this practice of creating inequitable trading advantages and facilitating market discrimination in an electronic environment.

## **II. Lack of Anonymity on the BOX Would Spread Throughout the Options Markets**

The BOX rule filing is styled as a minor technical “clarification” to a narrow set of rules. This belies the importance of the issues at stake. What BOX proposes would result in significant changes to the listed options markets in the United States. The impact of identity disclosure on the BOX would quickly infect the entire options market. If the Commission approves the BOX proposal, the other options exchanges would have no choice but to follow suit with similar proposals eliminating anonymity requirements in their penny auctions—and indeed, in many other aspects of their operations.<sup>9</sup> This race to the bottom would extend the same corrosive market behavior from the BOX to the other exchanges. As detailed below, this would devastate the integrity of the options markets and significantly harm all investors.

## **III. The Proposed Elimination of Anonymity Would Facilitate Discrimination and Anti-Competitive Practices in Violation of Sections 3 and 6 of the Exchange Act**

Disclosing the identity of order senders encourages corrosive and discriminatory market practices, including anti-competitive behavior and the abuse of nonpublic information.

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<sup>8</sup> Supplementary Material .01 to Chapter VI, Section 5(c)(ii) of the BOX Rules.

<sup>9</sup> Competitive pressures to attract certain market makers and order flow already have forced the other options exchanges to adopt PIP-like trading mechanisms. *See* Exchange Act Release No. 51835 (June 13, 2005), 70 Fed. Reg. 35479 (June 20, 2005) (“ISE Notice”); Exchange Act Release No. 50819 (Dec. 8, 2004), 69 Fed. Reg. 75093 (Dec. 15, 2004) (approval order of the ISE’s Price Improvement Mechanism (“PIM”)); Exchange Act Release No. 52331 (Aug. 24, 2005), 70 Fed. Reg. 51856 (Aug. 31, 2005); Exchange Act Release No. 51759 (May 27, 2005), 70 Fed. Reg. 32860 (June 6, 2005) (order approving the Philadelphia Stock Exchange’s (“Phlx”) (directed order pilot program); Exchange Act Release No. 52577 (Oct. 7, 2005), 70 Fed. Reg. 60586 (Oct. 18, 2005) (CBOE proposal to create an Automated Improvement Mechanism (“AIM”)); SR-AMEX-2004-107 (Dec. 22, 2004) (AMEX proposal to create a Price Improvement Auction (“PIA”)).

Approving the BOX proposal would legitimize these practices in violation of Sections 3 and 6 of the Exchange Act.

**A. Lack of Anonymity Would Facilitate Discrimination in Favor of a Small Segment of the Market**

The proposal would not, as the BOX would advertise, result in a price improvement windfall for all retail investors. Rather, the proposed identity disclosure would promote price discrimination in favor of a small subset of investors—relatively “uninformed,” self-directed investors placing small orders through broker-dealers catering to such investors. Relatively uninformed investors are those investors not using the higher quality analytics and order execution strategies now available to and increasingly used by retail investors and intermediaries trading on behalf of retail investors. Therefore, the BOX proposal would immediately harm all other market participants, including *most retail investors* and almost all institutional investors. Over time, the BOX proposal would harm even the small subset of uninformed investors who may briefly benefit from discrimination.

Under BOX rules, a market maker can price improve a customer order regardless of whether the market maker is quoting at the NBBO.<sup>10</sup> Options orders placed by uninformed, self-directed investors are attractive to market makers because those orders give the market-maker the greatest opportunity to capture a portion of the bid-ask spread. A trading process that reveals the identity of order originators enables market makers to identify likely sources of uninformed order flow. Market makers can program their trading algorithms to identify uninformed order flow by identifying broker-dealers that focus on retail customers, charge high commissions, and have inefficient trading platforms. By focusing on this limited subset of the market, BOX market makers can selectively provide price improvement to a small subset of all options order flow without having to provide competitive markets to the vast majority of orders in the market.

The “cherry picking” of the least risky and most profitable order flow from the general market will increase the remaining proportion of orders that are more challenging and less profitable (or even unprofitable). This will change the market equilibrium. Market makers seeking to maintain the same risk/reward ratio will need to increase their bid-ask spread and decrease the liquidity they post in the general market. In the long run, this reduction in price competition and liquidity will result in worse executions for *all* market participants. The world’s most vibrant and liquid options market will suffer dearly as a consequence of this rule change.

The harm inflicted by this discrimination would be widespread. The majority of retail investors who trade in the options markets do not trade in the options markets directly. Rather, their accounts are managed by intermediaries. Most retail investors entrust their investments to mutual funds, pension funds, and other investment institutions.<sup>11</sup> These types of intermediaries

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<sup>10</sup> Chapter V, Section 18; Chapter VI, Section 5 of the BOX Rules.

<sup>11</sup> For example, nearly half of U.S. households owned mutual funds in 2004. 2005 Investment Company Fact Book § Four (*available at* <http://www.ici.org/factbook/index.html>).

are considered to be informed market participants. *A directed order process without anonymity facilitates discrimination against informed market participants, and thus indirectly against most of the retail investing public.*

By effectively favoring one segment of market participants over others, the proposed amendments are designed to permit unfair discrimination among customers, brokers and dealers in violation of Section 6(b)(5) of the Exchange Act. Section 6(b)(5) prohibits exchange rules that are “designed to permit unfair discrimination between customers, issuers, brokers, or dealers.” By discouraging aggressive quoting to compete for most orders, the proposed amendments would place an unnecessary burden on competition in violation of Section 6(b)(8) of the Exchange Act. Section 6(b)(8) prohibits exchange rules that impose unnecessary burdens on competition. The Commission may not approve an exchange rule that fails to meet the standards of Sections 6(b)(5) and (8).<sup>12</sup>

### **B. Lack of Anonymity Would Facilitate Anti-Competitive Practices**

The proposed identity disclosure would also fuel even more insidious discriminatory practices. A lack of anonymity would allow market makers to game other broker-dealers by refusing to deal with certain competitors and their customers in favor of filling the orders of affiliates, affiliates’ customers, and favored business partners.

This type of abusive behavior is not theoretical. It already occurs on a daily basis on the BOX. Contrary to the BOX’s current rules, the BOX has never protected the anonymity of directed orders. As an example, the leading market maker on the BOX (and one of the largest equity owners of the BOX) has systematically refused to price improve any of Citadel’s orders.

The implementation of a rule that facilitates such anti-competitive behavior violates Exchange Act Section 3(f). Section 3(f) requires the Commission to ensure that exchange rules promote competition.

In addition, the BOX proposal implicates the anti-fraud provisions of the Exchange Act. Options investors who have not consented to having their identities revealed have a reasonable expectation that exchanges will protect their identity prior to execution. A system that allows market makers to arbitrarily discriminate against certain customers may operate to defraud those customers.

For all of these reasons, the Commission has consistently sought to eliminate similar anti-competitive practices in a variety of other contexts. For example, the Commission’s investigation of Nasdaq in 1996 led the Commission to conclude that a lack of anonymity

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<sup>12</sup> The proposal also fails to meet the congressional goals set forth in Section 11A(a)(1)(C)(ii) of the Exchange Act, which states that it is in the public interest and appropriate for the protection of investors and orderly markets to assure fair competition among brokers and dealers.

significantly hindered price competition and impeded the efficient operation of “free and open” markets, because it allowed market makers to engage in and enforce anticompetitive pricing behavior.<sup>13</sup> Market makers were able to impose a market-wide pricing convention because they could see who quoted certain nonconforming prices and then take or threaten to take retaliatory actions.<sup>14</sup> The Commission concluded that this anti-competitive behavior violated the antifraud provisions of the Exchange Act, among other provisions.

More recently, the Commission’s Office of Compliance Inspections and Examinations (“OCIE”) Staff found that American Stock Exchange (“AMEX”) specialists engaged in improper discriminatory order handling made possible by a lack of order anonymity:

AMEX floor members are able to identify the firm from which an order is sent by a three or four letter acronym attached to each incoming electronic order. The disparity in the way specialists handled orders indicates that specialists may routinely discriminate against orders from [certain customers.] The ability to identify the order routing firm allows specialists to discriminate against particular customers’ orders. The Staff also found that the AMEX failed to adequately detect, investigate, and discipline this conduct. *The Staff recommends that the Amex immediately remove the firm-identifying information from incoming electronic orders to limit the specialist’s ability to discriminate when handling customer orders. The Staff does not believe this information is necessary for a specialist to fulfill its obligations and its removal should limit the specialist’s ability to discriminate when handling customer orders.*<sup>15</sup>

It would be truly extraordinary for the Commission to approve a BOX proposal to do exactly what OCIE recently found to be improper at AMEX.

#### **IV. The Proposed Lack of Anonymity Would Hinder the Operation of Free and Open Markets in Violation of Sections 6 and 11A of the Exchange Act**

In recent years, technology “has facilitated the market-making function and auto-quoting in derivatives, tightening derivative spreads and shifting price discovery.”<sup>16</sup> One of the primary

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<sup>13</sup> Exchange Act § 6(b)(5).

<sup>14</sup> See Report Pursuant to Section 21(a) of the Securities Exchange Act of 1934 Regarding the NASD and the NASDAQ Stock Market (Aug. 8, 1996), available at <http://www.sec.gov/litigation/investreport/nasdaq21a.htm>.

<sup>15</sup> OCIE Inspection Report of AMEX (June 16, 2003) at 9 (emphasis in original).

<sup>16</sup> The Growth of Derivative Securities, Chester S. Spatt, Chief Economist and Director of the Office of Economic Analysis, Derivatives-Based Investment Conference, (Dec. 8, 2005). See also Competitive Developments in the Options Markets, Exchange Act Release No. 49175 (Feb. 3, 2004), 69 Fed. Reg. 6124 (Feb. 9, 2004) (“Options Concept Release”) at 6126 (noting enhanced efficiency, transparency, and liquidity of the options markets related to technological and other improvements).

reasons that technology has led to these improvements is that electronic platforms allow for complete anonymity. Eliminating anonymity requirements would turn back the clock and only serve to discourage aggressive quoting, impede price discovery and price transparency, and advance market fragmentation. Doing so in an electronic marketplace would facilitate discrimination on a large scale. A free and open market requires that orders receive equal treatment, regardless of their origin. Equal treatment is not possible without anonymity. The proposed rule change would thus violate the requirement of Section 6(b)(5) to remove impediments to a free and open market. The proposal is also contrary to the national market system goals set forth in Exchange Act Section 11A.

#### **A. Lack of Anonymity Would Corrupt the Integrity of the Auction Process**

Lack of anonymity would corrupt the integrity of the auction process. Under the BOX proposal (and the BOX's currently operating directed order system), only the receiving market maker knows the identity of the sender of each directed order. With that critical piece of nonpublic information, which no other market participant has, the receiving market maker has every incentive to pick and choose which orders to price improve, and to manipulate its price improvement quoting based on this information. For example, if a market maker PIPs an attractive order, the market maker, and no one else, will know to quote more aggressively in the PIP auction to maximize the chances of trading with the order. Such behavior is detrimental to the markets because it favors quoting based on nonpublic information rather than rewarding aggressive quoting that would provide the best prices for all investors.

In effect, the market would revert to the tiered pricing that flourished during the days of open outcry options trading, when pricing was based on relationships. Allowing the BOX to operate an exchange system that reveals market participant identities guarantees privileged trading fiefdoms—rife with hierarchies of preferred customers and tiered pricing structures—to the detriment of the market as a whole. This would destroy the market's price discovery function and render worthless the concept of a NBBO. The Commission has assiduously avoided picking and choosing favorites among different segments of the markets.<sup>17</sup> Allowing the BOX to remove anonymity from the directed order process to benefit a small subset of the investing public would be a repudiation of this longstanding goal. All investors would be harmed by the BOX's proposed amendments.

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<sup>17</sup> For example, the Commission historically has sought to avoid the role of ratemaker. *See, e.g.*, Exchange Act Release No. 50700 (Nov. 18, 2004), 69 Fed. Reg. 71256, 71273-74 (Dec. 8, 2004) (opposing a “ratemaking approach” to market data fees); Paul R. Carey, *Market Information: Searching for Consensus*, Twenty-Eighth Annual Securities Regulation Institute (Jan. 25, 2001) (stating that “the Commission must avoid acting as a ratemaking board for market data fees.”); Full Disclosure of Corporate Equity Ownership and in Corporate Takeover Bids: Hearings on S. 510 Before the Subcomm. on Securities of the Senate Comm. on Banking and Currency, 90th Cong., 1st Sess. 182 (1967) (statement of Manuel F. Cohen, Chairman, SEC) (stating that “[t]he Commission does not want to get into the ratemaking business . . .”).

## **B. Lack of Anonymity Would Hinder Market Liquidity, Transparency, and Competition**

In anonymous markets, market makers must quote aggressively and in large size to maximize their chances of interacting with the most desirable order flow. On the BOX, market makers have a strong incentive to quote wider spreads and in smaller size, rather than competing aggressively for every order, because they can participate in the directed order process and price improve desirable orders—essentially having a second bite at the apple—once they know the identity of an order sender.

Before the BOX directed order and PIP processes became operational, market makers had to quote aggressively and in large size to interact with customer orders. Specifically, market makers generally had to be quoting at the NBBO to interact with customer orders at all, and those market makers quoting at the NBBO in greater size were generally entitled to a larger allocation of executions. Market makers were generally not entitled to a second or last look at an incoming customer order. This market structure provided appropriate incentives for market makers to quote aggressively.

In contrast, the BOX market structure does not require a directed order recipient to be quoting at the NBBO to have an opportunity to trade with a directed order. This allows the recipient of a directed order to “cherry pick” the orders it wants to trade with without contributing to the market’s price discovery process or providing liquidity to the market as a whole. This perverse market structure reduces the incentive for all market participants on every exchange to quote aggressively.

As market makers begin quoting in smaller size and at worse prices, liquidity will suffer and the options markets will become more expensive for all investors. As market makers reserve their best quotes for the price improvement auction, transparency also will suffer. Quotes disseminated to the entire market will no longer reflect market makers’ true trading interest, undermining the value of the publicly disseminated NBBO. Moreover, execution prices in the PIP auction will not be representative of the executions achievable by all market participants.

The damage the BOX proposal will inflict on market liquidity is not just theoretical. It has already occurred and will only get worse if the Commission approves the BOX proposal and the inevitable look-alike proposals that would quickly be submitted by other exchanges. As discussed above, contrary to the BOX’s current rules, the BOX has never protected the anonymity of directed orders. In our experience, the BOX’s liquidity (that is, quoted size) at the NBBO, is generally substantially lower than at other exchanges. We urge the Commission to carefully study liquidity across the BOX and other options exchanges when assessing the potential impact of the BOX’s proposal.

When performing this analysis, we suggest that the Commission exercise caution before relying on market statistics published by the BOX. Certain market statistics published by the BOX are not accurate in important respects. At a minimum, the BOX has not reflected in its published statistics tens of thousands of Citadel orders denied price improvement.

If the Commission is interested in resolving options markets pricing inefficiencies resulting from current quoting increments, private penny auctions without anonymity are not the solution. Rather, the Commission should meet these quoting increment issues head on. We urge the Commission to consider a pilot program to reduce the minimum quoting increment to 2½ cents for the most liquid options. For example, the pilot could include the QQQQ for strikes within 5 percent of the underlying price and for all expirations within three months, striking a balance between the additional quotation traffic (bandwidth) and market efficiency. Such a pilot program would generate meaningful information and statistics about the inherent liquidity in the marketplace, allowing for more informed decisions about further changes in quoting increments. In the options series covered by such a pilot program, we believe the incentives for payment for order flow and internalization would diminish without endangering the quoting competition, liquidity, and transparency that are so vital to the options markets.

### **C. Lack of Anonymity Would Hinder Best Execution**

Without anonymity, a broker-dealer holding a customer order cannot reliably predict whether price improvement opportunities on an exchange are achievable because the receiving broker-dealer has unfettered discretion to discriminate against any order sender at any time. Past price improvement experience may not be a reliable indicator because the receiving broker-dealer can arbitrarily and capriciously stop providing price improvement to any order sender at any time. Moreover, a broker-dealer analyzing price improvement data for an exchange without anonymity cannot determine the extent to which price improvement that has occurred on that exchange resulted from side deals and other reciprocal practices. As a result, the BOX proposal is not consistent with the national market system goal under Section 11A of “assur[ing] the practicability of brokers executing investors’ orders in the best market.”<sup>18</sup>

### **V. The BOX Justification for Its Proposal Does Not Meet the High Standards of Sections 3, 6(b), 11A, and 19(b)**

The BOX dedicated *a single sentence* in its rule filing to justify its proposal to make fundamental changes to the structure of the options markets in the United States. Specifically, the BOX claims that its proposal “will allow Options Participants to make better informed decisions in determining when and how to use the Directed Order process.”<sup>19</sup> We are not sure what the BOX meant by this cryptic sentence, but presume that the BOX must have been referring to the systematic discrimination that its proposed rule changes would facilitate. As discussed above, we cannot envision any possible use for this information proposed to be

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<sup>18</sup> Exchange Act § 11A(a)(1)(C)(iv). We assume that if the Commission were to approve the BOX proposal, it would be appropriate for a broker-dealer performing a best execution analysis to consider all of these concerns in deciding whether to route customer orders away from the BOX.

<sup>19</sup> Exchange Act Release No. 53015 (Dec. 22, 2005), 70 Fed. Reg. 77207-01, 77208 (Dec. 29, 2005).

disclosed other than systematic discrimination and such discrimination is inconsistent with the requirements of the Exchange Act.

After this one sentence justification, the BOX cut-and-pasted the boilerplate that the BOX includes in many of its rule filings:

Accordingly, the Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, in general, and Section 6(b)(5) of the Act, in particular, in that it is designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transaction [sic] in securities, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.<sup>20</sup>

Most of this boilerplate is irrelevant. The BOX proposal has nothing to do with “cooperation and coordination with persons engaged in regulating, clearing, settling, [and] processing information with respect to . . . transaction[s] in securities.” The rest of this boilerplate is conclusory, unsupported, and insufficient. The BOX has not attempted to address the many important issues raised in this comment letter, let alone succeeded in doing so.

Exchange Act Sections 3, 6(b), 11A, and 19(b) require much more than a one sentence justification followed by a regurgitation of some language from the statute. Section 19(b) requires an exchange to explain the basis and purpose of a proposed rule change in sufficient detail to enable the Commission to conclude that a proposed rule change is consistent with the requirements of the Exchange Act. Most importantly in this case, exchange rules may not impose unnecessary burdens on competition and may not be “*designed to permit unfair discrimination between customers, issuers, brokers, or dealers.*”<sup>21</sup> The BOX has not (and indeed cannot) explain how its proposed rule changes meet these standards.

## VI. Conclusion

It is well recognized that the Commission is held to a high standard when reviewing proposed rule changes, particularly those with significant discriminatory or competitive impacts, as is the case with the BOX proposal. It is also well established that the Commission must carefully analyze the basis for and potential effects of a proposed rule to satisfy the Commission’s statutory obligations. A careful analysis of the BOX’s proposal will reveal its many deficiencies under the statutory requirements set forth in Sections 3, 6, and 11A of the Exchange Act. As a result, under Section 19 of the Exchange Act, the Commission must institute proceedings to reject the BOX’s proposal.

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<sup>20</sup> *Id.*

<sup>21</sup> Exchange Act § 6(b) (emphasis added).

As a final matter, we note that the comment period for the BOX proposal coincides with the December holidays. As a result, we ask the Commission to extend the comment period in order to give the public adequate opportunity to consider fully the many fundamental options market structure issues raised by this proposal.

Citadel appreciates the opportunity to express its grave concerns about the BOX's proposal. If you have any questions about these comments or would like to discuss them further, please do not hesitate to contact me.

Sincerely,

Adam C. Cooper  
Senior Managing Director &  
General Counsel

cc: Chairman Christopher Cox  
Commissioner Paul S. Atkins  
Commissioner Roel C. Campos  
Commissioner Cynthia A. Glassman  
Commissioner Annette L. Nazareth  
Brian Cartwright, General Counsel Designee, Office of the General Counsel  
Chester S. Spatt, Chief Economist and Director of the Office of Economic Analysis  
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