

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

6

DAVID CHAVERN
VICE PRESIDENT AND
CHIEF OF STAFF

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202-463-3101 • 202-463-5327 FAX
dchavern@uschamber.com

January 25, 2006

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

RECEIVED
FEB 06 2006
OFFICE OF THE SECRETARY

Dear Ms. Morris:

The U.S. Chamber of Commerce is the world's largest business federation representing more than three million businesses and organizations of every size, sector and region. We are writing to comment on the recent Boston Options Exchange ("BOX") proposal (SR-BSE-2005-52) relating to the directed order process on that exchange. This proposal would eliminate anonymity in the BOX directed order process. If approved, the proposal would establish a poor precedent and harm the options markets and their users in a number of ways. We strongly urge the Commission to disapprove the BOX's rule filing.

Fundamentally, eliminating anonymity would facilitate discriminatory pricing and market behavior - favoring certain participants over others and allowing for clear discrimination against competitors and their customers. This would make the affected markets less efficient and have a long-term negative impact on their competitiveness and attractiveness.

The proposed lack of anonymity would also discourage aggressive quoting by market makers. In an anonymous market, market makers must quote aggressively and in large sizes to maximize their chances of interacting with the most desirable order flow. In contrast, the BOX proposal would allow market makers to quote passively in the general market and wait for directed orders so that the market makers could identify and interact only with the most desirable orders. Market makers would thus be encouraged to quote wider spreads in smaller sizes.

Ms. Nancy Morris
January 25, 2006
Page Two

If the BOX proposal is adopted, other exchanges will be incentivized to follow suit. This would result in significant long-term damage to a large number of markets and market participants. The SEC has a clear obligation to guard the health and competitiveness of the U.S. capital markets and, for that reason, we strongly urge the Commission to reject the BOX's rule filing.

If we can be of further assistance on this matter, please feel free to contact me at (202) 463-3101.

Sincerely,

A handwritten signature in black ink, appearing to be "David Chavern". The signature is written in a cursive style with a large, looping initial "D" and a horizontal flourish at the end.

David Chavern

cc: Chairman Christopher Cox
Commissioner Paul S. Atkins
Commissioner Annette L. Nazareth
Commissioner Roel C. Campos
Commissioner Cynthia A. Glassman