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The Honorable Mary Schapiro, Chairman
U.S. Securities and Exchange Commission
100 F. Street NE
Washington, DC 20549-1090

RE: Release No. 34-61358; File No. S7-02-10
Concept Release on Equity Market Structure

The Alliance of Floor Brokers (AFB) represents the majority of the current New York Stock Exchange floor population including Designated Market-Makers, Independent Floor Brokers, and House Floor Brokers. Recently we submitted a letter of comment on the SEC Concept Release on Equity Market Structure. The events that took place on the afternoon of May 6th have prompted us to respond with this letter as an addendum. Regulation NMS, along with payment for order flow, has created a national market structure that does not respect the issuer's choice of venue to list their company.

In our last comment letter we noted that the AFB respects the choice that investors have today in the venue of execution. Innovation has created many different products across all exchanges and all ATSs to compete for order flow. However, the underlying market structure must be fair to all participants while respecting the issuer's choice of exchange to list their shares. Public companies should have a say in where and how their shares trade. This basic right should be reflected within the rules in fairness to the issuer. The primary exchange for an issuer should be the standard that all other trading venues should follow.

Not one exchange, ATS, or market participant should be happy with the events of last Thursday, May 6th, however, the AFB is proud of the way that the NYSE's model handled the volatility. Our model, during periods of extreme volatility chooses, in order to price stocks correctly, to briefly slow the process. These speed bumps are triggered by Liquidity Replenishment Points (LRPs). LRPs are determined by the current price of the stock. This allows a more orderly approach to the periods of extreme market distress. The NYSE canceled no trades from that day, because we took the time to price merchandise in an orderly fashion.
Comments from the CEO of Nasdaq that claim that we added to the demise of the market are unfounded. Companies choose to list within our exchange to protect their shareholders' interest. The fact that we slow down the market, (we don't stop accepting orders to aid proper price discovery), does not create a vacuum for all of the other "stand alone markets". According to data published by David Kotok one venue, Nasdaq, appears to have canceled trades in 281 securities that were 60% or more outside the norm. Of these, 193 were said to be Exchange Traded Funds (ETFs). That's nearly 70% of the poorly priced trades. In its own testimony the Commission, itself, pointed out that at some point Thursday over one quarter of <u>all</u> ETF were down 50% or more. NYSE "classic" does not list any ETFs. This proves that the Nasdaq had to cancel trades where the NYSE has no book to pause.

The NYSE also has rule 80B in place. These are circuit breakers that halt trading overall. The levels are changed quarterly to properly value points in which trading is to halt temporarily or for the rest of the day. It is important that the Commission evaluates and differentiates the needs for a macro-wide stop and has the rest of the exchanges slow down trading when the primary exchange slows down.

The AFB appreciates the efforts of the SEC and fellow regulators to determine the cause, or causes, of Thursday's extreme volatility. Investors need to know that our markets do not behave randomly.

That the bulk of the most egregious pricing occurred in ETFs demonstrates, however, that speed bumps (LRPs) had nothing to do with the trapdoor selling.

Respectfully,

Co-Presidents

Patrick D. Armstrong

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