



February 18, 2010

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Regulation of Non-Public Trading Interest Proposal No. 34-60997 File No. S7-27-09

Dear Ms. Murphy:

BIDS Trading, L.P. appreciates the opportunity to comment on the proposed rules concerning the regulation of Non-Public Trading Interest. We share the Commission's concerns about transparency, fragmentation and fair access to the equity market in the United States, and support the Commission's thoughtful and thorough work on the Regulation of Non-Public Trading Interest.

BIDS Trading, L.P. is a registered broker-dealer and owner and operator of the BIDS ATS. The BIDS ATS is an open, flexible utility designed to attract liquidity through an innovative market structure. The BIDS ATS brings buy-side traders, sell-side traders and algorithms together into one single dark pool of liquidity, allowing them to anonymously interact with each other to trade blocks of equity securities. Confidentiality is important to us.

We believe that the equity market in the United States is the most robust, stable and liquid market in the world. For proof of that statement, one need look no further than to the performance of the market through the recent economic crisis. The equity market functioned in an exemplary manner because of steps taken by the Commission decades ago such as the establishment of centralized clearing and the consolidated tape. In addition, the Commission's approval of Regulation NMS caused equity market participants to upgrade their systems providing the necessary technology backbone for stability in the marketplace. These actions were critical building blocks of the transparent markets that we have today. During the economic crisis, there was no uncertainty with respect to the market value of any equity security on a daily basis. Nevertheless, markets are not stagnant and changes to the equity marketplace, such as the proliferation of new participants and their associated liquidity, rightly raises the question, "Can we do better"?

We appreciate the Commission's recognition that large size trades can tip the market and require special handling, and we applaud the Commission for seeking the right balance between the need for pre-trade anonymity and post-trade transparency in the proposed rule. We would respectfully propose some refinements to the Non-Public Trading Interest Proposal for the Commission's consideration.

I. Block Orders

Most of the block trading that occurs in the market reflects the activity of fund managers who represent individual investors. The fund manager's ability to trade blocks without tipping the market is a direct benefit to each individual investor of the fund. BIDS appreciates the Commission's sensitivity to the special needs of these block trades. We agree that the proposal regarding actionable IOIs should exclude block orders, given the difficulty of executing large orders in the current market, and the uncertainty regarding the definition of an "actionable" IOI. We believe, however, that the block IOI exclusion is undermined by the condition that the IOI be communicated only to those who are reasonably believed to represent current contra-side trading interest of at least \$200,000.

The question is how do you define "reasonably believed to represent current contra-side trading interest of at least \$200,000"? Is it venue specific? Is it based on historical actual results? What percentage of block trades would you need in a venue before you could believe that it represents block liquidity? If a client entered a million share IOI that was executed in rapid succession in 200 prints of 5,000 shares, could that client have "reasonably believed" that the venue represents contra-side trading interest of at least \$200,000? Could it send future orders that would be exempt from the quoting requirements? Does each of the prints have to be at least \$200,000? These ambiguities and the potential inconsistencies can be avoided by focusing on the size of the actionable IOI, and not on the contra-side trading interest. We therefore request that Commission drop the condition that the contra-side trading interest be of block size.

We also believe that the definition of block size should be 10,000 shares instead of \$200,000. The customary industry standard for a block definition is 10,000 shares. A dollar amount metric is difficult to code and to enforce. Would, for example, a 10,000 share IOI in an active market that fluctuates between 19.99 and 20.01 be exempt only when the last sale was 20.01, but would have to be part of the quote at 19.99? If the Commission is concerned that a 10,000 share order in a low priced stock is not in fact a substantial order, the Commission could set a larger block threshold for stocks priced below a certain price such as, for example, \$10.00.

II. Post-Trade Transparency

We support making public more consistent information about the trading volume of alternative trading systems ("ATs"), but we believe that there are other, less problematic methods of communicating this information. We believe that the most relevant information about trading in non-public venues is simply how much trading is done and in which venue. As a start, and as an alternative to the Commission's proposal, we would suggest that the Commission require each ATS to make public at the end of the day the total aggregate volume the ATS has traded. Publishing this information in aggregate at the end of the trading day provides a perspective on the true volume of alternative trading system activity in the marketplace while addressing concerns about information leakage. To require firms to report trading by symbol on a real-time basis not only divulges important information about block orders that are in the process of execution, but also, it is not helpful unless the venue trading that symbol is broadly accessible to the marketplace.

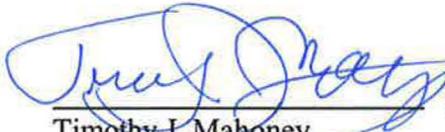
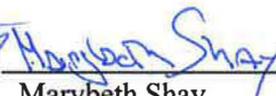
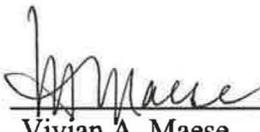
In addition, to require reporting and yet institute a block exemption could create more confusion in that there would be no complete, consistent view on where trades occur. For example, BIDS reports its total aggregate volume at the end of the day on its website and to its clients. If BIDS were to withhold its identity from the block trades it reports publicly, the reported trades would not clearly communicate BIDS' liquidity, and would be inconsistent with BIDS' total volume traded report provided to the public on our website.

We would further suggest that the Commission adopt our suggested approach as a pilot for one year in order to ascertain whether this low cost solution answers for the Commission and for the public the question "How much trading is done in which dark pools?"

We concur with the Commission's objective of a single standard for reporting volume on a venue-by-venue basis. Some ATSS report single-counted volume in their marketing materials, while others report double-counted volume. We are agnostic about which standard prevails, but feel strongly that a single standard should exist.

Thank you for allowing us the opportunity to comment on the proposal, and we look forward to continuing to work with you on these important matters.

Respectfully submitted,

		
Timothy J. Mahoney Chief Executive Officer	Marybeth Shay Senior Managing Director Sales and Marketing	Vivian A. Maese General Counsel and Corporate Secretary

cc: Hon. Mary Schapiro, Chairman
Hon. Luis A. Aguilar, Commissioner
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Hon. Troy A. Paredes, Commissioner
Hon. Elise Walter, Commissioner
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