



CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

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July 19, 2010

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Proposed Self-Regulatory Organization Rule Changes to Add Additional Securities to Circuit Breaker Pilot Rules; Releases Nos. 62411 and 62414; File Nos. SR-NYSE-2010-49 and SR-NASDAQ-2010-079

Dear Ms. Murphy:

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions. The Chamber's Center for Capital Markets Competitiveness ("CCMC") works to ensure that our nation's capital markets are the most fair, efficient, and innovative in the world. The CCMC commends the U.S. Securities and Exchange Commission ("SEC") on its coordination with the Commodity Futures Trading Commission ("CFTC") and self-regulatory organizations ("SROs") to quickly respond to the trading event on May 6, 2010 and to facilitate the adoption by the exchanges and the Financial Industry Regulatory Authority ("FINRA") of a circuit breaker pilot.¹

We supported adoption of the pilot program, which has instituted a uniform, market-wide trading pause for individual securities included in the S&P 500 Index when the price of such a security moves 10 percent or more.²

¹ See Order Granting Accelerated Approval to Proposed Rule Changes Relating to Trading Pauses Due to Extraordinary Market Volatility, Exchange Act Release No. 62252 (June 10, 2010), 75 FR 28831 (May 24, 2010).

² See Letter from Tom Quaadman, Executive Director, Financial Reporting and Investor Opportunity, Center for Capital Markets Competitiveness, to Elizabeth Murphy, Secretary, Securities and Exchange Commission, dated June 3, 2010, available at <http://www.sec.gov/comments/sr-nyse-2010-39/nyse201039-14.pdf>.

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The pilot program is a good first step to addressing sharp and sudden price volatility that can have a severe and lasting impact on businesses listed in our markets, but as we noted in our prior letter, the pilot should be expanded to cover a broader range of stocks than the S&P 500 Index.

Investor confidence was rattled when the stock market dropped hundreds of points in just a few minutes on May 6. Investors, and in particular retail investors, may not seek to invest in our capital markets if they continue to lack confidence in the stability of our trading systems. Indeed, only 12 of the 326 securities that experienced canceled trades on May 6 were stocks included in the S&P 500. Investors that are apprehensive to enter the markets after May 6 will find little comfort in knowing hundreds of securities that experienced the most volatile trading are not covered by the current circuit breaker pilot. Thus, the pilot should be expanded to cover the Russell 1000 index component stocks and exchange traded products, as proposed. Additionally, the pilot should involve careful coordination among regulators to ensure appropriate coverage of index products including futures and options products.

Expanding the pilot to include these securities could help address investor confidence immediately. After an expansion, the exchanges and FINRA could take time to consider ways to further refine a circuit breaker and other trading limits in response to May 6. Yet a failure to expand the pilot now could seriously harm the long-term willingness of retail investors to participate in our capital markets, which would adversely impact capital formation by raising the costs of capital.

In addition, a pilot that covers only the S&P 500 Index is not broad enough to provide the SROs and the Commission with the data necessary to determine whether to adopt the pilot on a permanent basis, or whether changes in approach are necessary before permanent rules are adopted. Therefore, including the Russell 1000 Index and the proposed exchange traded products would allow the Commission and SROs to better evaluate the efficacy of the pilot.

We support the continued examination of the causes of the trading events of May 6 and efforts to develop appropriate regulatory responses. We thank you for your consideration and would be happy to discuss these issues further with you or the appropriate SEC staff. Please contact Jonathan Jachym, Legal and Regulatory Counsel, CCMC, at 202-463-3119.

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Sincerely,

A handwritten signature in black ink, appearing to read 'T. Quadman', with a long horizontal flourish extending to the right.

Tom Quadman

cc: The Honorable Mary L. Schapiro, Chairman, U.S. Securities and Exchange
Commission
The Honorable Kathleen L. Casey, Commissioner, U.S. Securities and
Exchange Commission
The Honorable Elisse B. Walter, Commissioner, U.S. Securities and
Exchange Commission
The Honorable Luis A. Aguilar, Commissioner, U.S. Securities and
Exchange Commission
The Honorable Troy A. Paredes, Commissioner, U.S. Securities and
Exchange Commission
Mr. Robert W. Cook, Director, Division of Trading and Markets