



June 5, 2006

Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-0609

Re: NSCC Proposed Rule Change Relating to Trade Submission Requirements and Fees and Pre-Netting (File No. SR-NSCC-2006-04)

Dear Ms. Morris:

Tradebot Systems, Inc. ("Tradebot") appreciates the opportunity to comment on the above-referenced filing (the "Filing") submitted by the National Securities Clearing Corporation ("NSCC"). For the reasons cited below, Tradebot has serious concerns about the Filing and urges the SEC to initiate proceedings to disapprove the Filing in its current form.

Tradebot is a registered broker-dealer and ETP Holder at the NYSE Arca Equities Inc. Tradebot engages exclusively in proprietary electronic trading in equity securities and has frequently traded over 100 million shares a day in the past. Tradebot electronically routes orders using proprietary trading algorithms to most U.S. securities markets and electronic communication networks or alternative trading systems. Based on these proprietary trading algorithms, Tradebot provides a tremendous amount of liquidity to the markets on which it trades. Although not a self-clearing firm, Tradebot ultimately bears the clearing costs imposed by NSCC as they are passed through to Tradebot by its clearing firm.

Pursuant to the Filing, NSCC is seeking to require real-time submission of locked-in trade data for trade recording purposes, prohibit "pre-netting" and similar industry practices contrary to real-time submission, and establish a new fee structure applicable to trade recording and clearance through NSCC. Tradebot generally endorses the concerns already raised with the Filing by other commenters, such as NSCC capacity issues and the lack of a compelling case made by NSCC that trade compression and pre-netting of trades, both long standing industry practices, create substantial business continuity risks or substantially hinder intra-day risk monitoring.

In addition, clearing costs will increase substantially if the Filing is approved. The effect of the Filing, whether intended or not, will be to dramatically increase the clearing costs of market participants such as Tradebot that use trading venues where trade compression and pre-netting are common; i.e., alternative market venues competing with the primary markets. Should the Filing be approved, these alternative market venues will be placed at a competitive disadvantage when competing with the primary markets. As a result, the changes proposed by

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this Filing could result in wider market spreads and reduce the amount of liquidity available in the public quote. In our view this effect of the Filing, without a more compelling case being made for its approval, imposes a burden on competition not necessary or appropriate and is inconsistent with Section 17A(b)(3)(I) of the Securities Exchange Act of 1934.

If the SEC, however, determines to approve the Filing, we believe that the implementation timeframe should be modified to implement all aspects of the Filing at the same time. NSCC's stated purpose for prohibiting pre-netting is that it prevents the submission of transactions on a trade by trade basis and causes submitting firms to delay submission of trades, thus creating business continuity risk, and prevents NSCC from monitoring intra-day market risks. These stated goals, however, cannot be accomplished until real time trade submission is required. It makes no logical sense to prohibit pre-netting of trades first when such trades, without being pre-netted, can still be submitted to NSCC in a batch mode or on an end-of-day basis. The phase-in approach of implementing the pre-netting prohibition coupled with the new fee schedule without concurrently requiring real time trade submission has the effect of dramatically increasing clearing costs to firms such as Tradebot without achieving any of the stated goals of the Filing.

For the foregoing reasons, Tradebot urges the Commission to disapprove SR-NSCC-2006-04 in its current form, or, at the very least, require NSCC to implement the effectiveness of all proposed changes concurrently, which, as proposed, would be six months following the approval of the Filing.

Thank you for the opportunity to comment on the Filing. We are happy to discuss any questions or comments the Commission staff may have regarding this matter.

Very truly yours,

/s/ Robert Alumbaugh

Robert Alumbaugh  
Chief Executive Officer