

To the Commission:

I would like to add this article from Wall Street Letter to support my earlier comments on the overpricing of NYSE Floor Licenses. I also understand that some number of licenses may well be cancelled at any time, especially after March 5th, when Reg NMS is finally supposed to be live.

"NYSE Sells 1,000+ Floor Licenses

- 12/21/2006

"The **New York Stock Exchange** has received just over 1,000 applications for floor trading licenses. The number of licenses is about a 20% decline from the 1,279 licenses auctioned off for 2006, but it is still a higher than several traders expected just a few months ago. "That is sort of as good a sale as [the NYSE] could have made," said an upstairs trading firm executive. An NYSE spokesman declined to comment but said the NYSE would release the number at a later date. **The application deadline was Dec. 15.**

"Several firms have cut back their floor presence by as much as 20% this year, prompting speculation that very few people would be applying for floor licenses. So far, most trading firms are taking a "wait and see" approach. Larger reductions are more likely next year after firms can measure the value of a floor presence under Reg. NMS, when the market becomes largely electronic. Exchanges must be Reg. NMS compliant by Feb. 5. **"My guess is you will see people dropping their licenses throughout the year," said a bulge bracket trading executive. "Right now there is very little risk to having one because you can cancel it at any time."** Licenses cost \$50,000 for the year with an additional \$5,000 approval fee." *[Emphasis added]*

It is a bit more than curious that the NYSE's response to the two comment letters was sent December 18, 2006, three days after the deadline for applications had expired, especially since the NYSE's letter included the following language:

"The trading license application process for 2007 is currently under way; to date, there has been robust demand for the trading licenses at the proposed fixed price and the Exchange expects to issue only slightly fewer licenses than it issued in 2006."

If a 20% reduction is defined as "slightly fewer," we have a new paradigm for the Commission to set when stock prices decline by the same percentage ("slightly lower").

Any comment from the Commission on this would be appreciated.

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