Mary Yeager
Assistant Secretary

NYSE

December 14, 2007

Nancy M. Morris, Esq.
Secretary
Securities and Exchange Commission
Station Place
100 F Street, NE
Washington, D.C. 20549-9303

Re: SR-NYSE-2007-82 – ("Odd-Lot Filing")

Dear Ms. Morris:

The New York Stock Exchange LLC (the "Exchange" or "NYSE") is writing to respond to a letter[1] submitted in response to the Securities and Exchange Commission's (the "Commission" or "SEC") solicitation of comments in connection with SR-NYSE-2007-82 (the "Odd-Lot Filing").[2]

The Wall Letter asserts that the rule change "promotes inequitable trade with an advantage shifted to the specialist at the expense of the public." Contrary to this assertion, the rule change continues the Exchange's endeavor to have customer odd-lot orders more accurately emulate executions in the round-lot market because executions are tied to the price of round-lot transactions and the national best bid and best offer with no guaranteed benefit to the specialist.

Through the Odd-Lot Filing, NYSE Rule 124 (Odd-Lot Orders) was amended to change the way in which Exchange systems price and execute odd-lot orders. The Odd-Lot Filing, among other changes, allows (i) marketable[3] odd-lot buy and sell orders to be netted against one another and executed, in time priority of receipt, at the price of the

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1 See letter from Joseph Wall, Managing Member, Ideas In Motion LLC, dated October 23, 2007 ("Wall Letter").

2 See Securities Exchange Act Release No. 56551 (September 27, 2007), 72 FR 56415 (October 3, 2007) (SR-NYSE-2007-82).

3 Pursuant to section (c) of the rule, buy and sell odd-lot market orders and odd-lot limit orders marketable upon receipt by Exchange systems are collectively referred to as "marketable odd-lot orders".

next round-lot transaction on the Exchange; (ii) any imbalance of marketable odd-lot buy and sell orders incapable of being netted to be executed at the price of the national best bid (in the case of an order to sell) and best offer (in the case of an order to buy)("NBBO"); and (iii) odd-lot limit orders that are not marketable upon receipt are executed, upon becoming marketable, at their limit price subject to certain conditions.

The Wall Letter contains inaccuracies regarding the manner in which odd-lot orders are priced and executed. For example, the commenter contends that, the concept of netting (i.e., pairing-off of odd-lot orders) has been eliminated from the rule. The Wall Letter contends that odd-lot orders receive different prices depending on the order type and direction[4] that are unfavorable. The Wall Letter further contends that specialists profit from these amendments while customer odd-lot orders are disadvantaged. All of these assertions are incorrect.

Pursuant to section (c) of the rule, marketable[5] odd-lot buy and sell orders continue to be paired-off (i.e., netted) against one another and executed, at the price of the next round-lot transaction on the Exchange. Similarly, non-marketable odd-lot limit orders that become eligible to receive an execution, are also netted along with all the other marketable odd-lot orders and executed at the price of the triggering round-lot transaction. Therefore, when a triggering round-lot transaction occurs in a subject security, Exchange systems will initially pair-off as many odd-lot buy and sell orders as possible and execute them at the price of the triggering round-lot transaction with the specialist as the contra side to the executions. An equal amount of shares of odd-lot buy orders and odd-lot sell orders will be executed against the specialist as the contra for each transaction. The imbalance, that is, any odd-lot buy and sell orders that are not able to be paired-off, will receive an execution at the price of the "NBBO" and non-marketable odd-lot limit orders that become eligible to receive an execution but are unable to paired-off will receive an execution at their limit price.

Since the specialist is buying the same amount shares of odd-lots that he/she is selling, there is no economic benefit to the specialist as a result of netting the odd-lot orders. Moreover, because these paired-off odd-lot orders receive the same price as the triggering round-lot transaction, there is no disadvantage to the customer since the odd-lot executions receive the same price they would have obtained in the round-lot market, i.e.,

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[4] The Exchange has assumed for purposes of this response that when the commenter utilized the word "direction" in his comment ("investors will receive several different prices depending on order type and direction") that he was referring to the marketability of an odd-lot order upon receipt by Exchange systems.

[5] Pursuant to section (c) of the rule, buy and sell odd-lot market orders and odd-lot limit orders marketable upon receipt by Exchange systems are collectively referred to as "marketable odd-lot orders".

an execution at the price of the NBBO. The order is therefore receiving the best available price in the subject security available in the market at that time. Similarly, a non-marketable odd-lot limit order that is incapable of being netted and which subsequently receives an execution at its limit price receives an execution at the price where the customer indicated by his/her limit that he/she was willing to trade.

In short, the Wall letter misunderstood the basic concept of netting, and by so doing came to the incorrect conclusion that specialists profited by disadvantaging customer orders. The Exchange submits that the Odd-Lot Filing served to provide odd-lot orders executions that more accurately reflect the round-lot market.

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If you have any questions regarding the foregoing, please feel free to contact Vivian A. Maese, Senior Vice President, Office of the General Counsel, at (212) 656-2475, Deanna Logan, Associate General Counsel, Office of the General Counsel, at (212) 656-2389, and Gillian Rowe, Senior Counsel, Office of the General Counsel at (212) 656-4655.

Sincerely yours,

Mary Yeager