July 8, 2010

Via Electronic Mail (rule-comments@Sec.gov)

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

Re: File Number SR-NYSE-2010-49 – Amending Rule 80C to add additional securities to the pilot rule

Dear Ms. Murphy,

Thank you for the opportunity to comment on the NYSE proposal to amend Rule 80C which would add additional securities to the pilot rule. Rule 80C calls for trading pauses in individual securities due to extraordinary market volatility. Specifically, regarding the trading pause, Rule 80C states:

"Trading Pause: Between 9:45 a.m. and 3:35 p.m., or in the case of an early scheduled close, 25 minutes before the close of trading, if the price of a security listed on the Exchange moves by 10% or more within a five-minute period ("Threshold Move"), as calculated pursuant to paragraph (c) below, trading in that security shall immediately pause on the Exchange for a period of five minutes (a "Trading Pause")."

The calculation of the threshold move is stated as:

"Calculation of Threshold Move: Every second the Exchange shall calculate the Threshold Move by comparing each last consolidated sale price of a security ("Trigger Trade") during the preceding second to a reference price (the "Calculation Time")…. The Exchange **can exclude** a transaction price from use as a reference price or Trigger Trade if it concludes that the transaction price resulted from an erroneous execution."

Two recent trading halts in the past week have caused us to question if Rule 80C needs some refinement. Specifically, on June 29, 2010, one trade of 8,820 shares of Citigroup at $3.3174/share triggered a 5 minute halt. And on July 6, 2010, one trade of 200 shares of Anadarko Petroleum at $100,000/share triggered a 5 minute halt. Our concerns are as follows:

1) Why should one trade in a stock that trades almost 1 billion shares a day (as in the case of Citigroup) be the cause of a trading halt? Rule 80C calls for halts when there is "**extraordinary market volatility**." We hardly think that one errant trade should be classified as "extraordinary market volatility". Also, the definition of the calculation of the threshold move states that the exchange can exclude "erroneous executions" from this definition. Clearly, a $100,000 per share trade in Anadarko should be classified as "erroneous". The exchange should have flagged this transaction as erroneous and should not have issued a trading halt.
2) The two trading halts of the past week were not flagged as "erroneous" by the exchanges and therefore lead us to question if safeguards are currently in place at the exchanges.

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3) Every trader in the world that has the ability to print a trade on a trade reporting facility (TRF) now has the power to halt a stock. If a trader "inadvertently" were to enter a price that was more that 10% away from where a stock was trading in the last 5 minutes, then they could effectively halt a stock. This seems to us be a very powerful tool that could possibly be used for nefarious purposes.

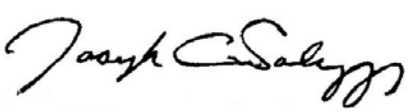
We recommend the Commission consider revising the method that is currently used to activate a trading pause. Two potential solutions to erroneous trade halts are:

1) Before halting a stock, a minimum number of trades at the threshold level must occur.
2) Before halting a stock, the National Best Bid/Offer should be checked to see if the current inside quote is consistent with the trade(s) that caused the trading pause.

We do agree with the Commission that in times of extraordinary market volatility, trading halts can be an effective tool for regulators. However, we believe that halting a stock sends a very powerful message. It tells the investment public that markets can not be trusted and regulators need to step in to calm the situation down. Trading halts should only be used when absolutely necessary.

Sincerely,

Sal L. Arnuk, co-founder, Themis Trading



Joseph Saluzzi, co-founder, Themis Trading

Joseph Saluzzi (jsaluzzi@ThemisTrading.com) and Sal L. Arnuk (sarnuk@ThemisTrading.com) are co-heads of the equity trading desk at Themis Trading LLC (www.themistrading.com), an independent, no conflict agency brokerage firm specializing in trading listed and OTC equities for institutions. Prior to Themis, Mr. Arnuk worked for more than 10 years at Instinet Corporation, where he headed the team responsible for equity sales and trading for major institutional money managers. Mr. Saluzzi worked for more than nine years at Instinet, where he headed the team responsible for equity sales and trading for major hedge fund accounts.

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