



August 27, 2010

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: File No. SR-NYSEArca-2010-69

Dear Ms. Murphy:

CTC, L.L.C. ("CTC" or the "Firm") is submitting this comment letter in response to a rule change submission by NYSE Arca, Inc. ("Arca") pertaining to procedures for the execution of non-facilitation cross transactions. CTC respectfully submits that this rule proposal, as presently drafted, should not be approved.

Specifically, Arca is proposing to modify rule 6.47(a) allowing floor brokers to request a "final quote" for cross transactions from the physical trading crowd (without revealing any of the terms of the order; i.e. size or side of the market) and then to execute the cross in its entirety at a price between the crowd's quoted market. Arca argues that "Market Makers, after being informed of a potential cross, should provide their best bid and best offer, but not be allowed to step ahead of subsequently disclosed trading interest." Therefore, as proposed, this rule not only eliminates any meaningful floor-based crowd participation and opportunity for customer price improvement but also unfairly advantages solicited parties to leverage full knowledge of the terms of a transaction and the market makers' final quote (based on partial knowledge of the transaction) prior to entry and execution. Essentially, the solicited party, or counterparty to the customer order and cross transaction, no longer has to compete with the floor-based trading crowd and is guaranteed the last look at the final quote with greater information as to the scope of the trade than the floor-based trading crowd. (In most cases, solicited parties include parties that are direct competitors to registered exchange member market makers.)

The requirement of receiving a final quote from market makers reduces competition. By denying any opportunity for further price improvement, the request for a "final quote" has been presented as improving competition causing market makers to show their most competitive pricing. In reality the "final quote" concept, as proposed, has precisely the opposite effect, eliminating the need to compete on the part of the solicited party. The market makers on the floor are prohibited from competing further while the solicited party can continue to modify their final terms. Therefore, the "final quote" is not a final quote at all. The final quote ultimately comes from the counterparty to the executed transaction which, as proposed, is likely to be timed following the "final quote" from the market maker. This cannot be in the best interest of the customer.

A "final quote" requirement limits a market maker's ability to improve upon a quote. The rule proposal requires the floor based market makers to submit a "final quote" without knowledge of pertinent trade information (most notably the size of the order). As a result, their market will necessarily be less competitive than that which could otherwise be provided. The best market price to execute 50 contracts will very likely be different than the best price to execute 5000 contracts. In fact, the price and depth of a market are two inextricably linked factors of liquidity provision. The width of a market is dependent on the depth of the market, just as the depth of a given market is dependent on the width of that market. Once the terms (including size) are disclosed, market makers may be able to offer better prices. In the proposed rule, however, they are prohibited from doing so.

Rule 6.47(a) as presently written supports long standing requirements regarding order interaction and provides a means for a broker to seek price transparency while meeting best execution obligations. There exists a potential conflict of interest in every broker-customer relationship between the broker's fiduciary obligation to seek best price and the fees charged for brokerage services. Often, the execution of a cross transaction allows a floor broker to charge a commission on both sides of the trade. A significant conflict exists in that to the extent that the crowd participates, the broker will not receive a commission on that quantity of the transaction. The existing rules address the concerns associated with this conflict and customer best execution obligations. Approval of the proposed rule would be in contravention of these long standing marketplace rules and principals established to support price discovery and transparency through competitive quoting. The proposal also appears inconsistent with recent Commission discussions involving concerns over lack of transparency (dark pools) and other similar forms of "off floor" activity.

CTC respectfully requests that the Commission deny approval of this rule filing. The Firm appreciates the opportunity to comment and would welcome the chance to discuss any issues raised in this letter. Should you have any questions regarding this letter, please contact me at (312) 863-8018.

Sincerely,

A handwritten signature in cursive script that reads "Matthew Abraham".

Matthew Abraham
Executive Director
Chief Compliance Officer