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Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
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PROPOSED REGULATION
NMS
RELEASE NO. 34-49325
FILE NO.S7-10-04

Proposed Rule Revisions: NMS (12-16-04)
Amendment (Re-submission)
(James K. Rutledge, 6.29.04, File Name: s7004-347, pdf.)

Dear Mr. Katz:

January 25, 2005

The content of my initial submission of June 29th was a comprehensive review of my positions. Assuming much of the Commissions original proposals remains unchanged and in the interest of brevity, the scope of my comments will be focused on the virtual central limit order book (CLOB) amendment. Please reference my existing file for clarification of previous stated positions.

Participating in a process shaping the future of the United States securities markets, having the opportunity to comment on proposed Regulation NMS and supplemental releases, is a cherished privilege as well as an enormous responsibility. Because I am veteran of mostly traditional markets, no doubt there will be an assumption of bias and one I will not deny. However, I hope you will find my views equally influenced within the context of the immediate and future well-being of Americas capital markets, domestically and with a global perspective.

Competitive implications, potential benefits and risks have been and without question, will continue to be, thoroughly and vigorously debated; by investors (large and small), regulators, legislators, industry professionals, academia, etc., primarily with a national focus. The United States securities markets are a national treasure and must be protected at all cost. The world landscape continues to evolve and due to a number of influences, our global position as the preeminent economic epicenter is under serious and accelerating attack.

Changes that cause uncertainty in our markets framework might add to the growing deterioration of our worldwide position. Introduction of a "CLOB" like market framing suggests a "network" of undistinguished choice and offers further validation to non-domestic companies who have chosen alternative destinations to access investor capital, citing the diminished advantages of US markets.

Existing regulatory and accounting restrictions, anecdotal evidence of changes to market structure, particularly hints of a CLOB, have served to embolden many of our international competitors. Intermarket-competition defines US markets. Capital aggregation, spreads among the tightest in the world, liquidity, unmatched price discovery have historically been our hallmark. A central order book (CLOB) would eradicate most, if not all, domestic market competition and thereby effectively eliminate any incentive for non-domestic issuers and investors. This, just as the European Union is realizing its potential as challenger.

Markets abroad have long used the United States securities markets as the template for redesigning their markets. Would it not be ironic if we were to adopt a CLOB, putting EVERYONE on equal footing and eliminating ALL competition? I offer these
In a desire to assist in determining future market structure while hoping the
"Doctrine of No Surprises" has been evoked.

Respectfully,

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