

MEMORANDUM

To: Public File

From: Sapna C. Patel

Re: Meeting with the New York Stock Exchange, Inc. (NYSE) Regarding the Proposed Net Income Allocation Formula in the Market Data Proposal of the Regulation NMS Release

File No.: S7-10-04

RIN: 3235-AJ18

Date: April 27, 2004

Meeting Date and Time: March 17, 2004; 10:00 a.m.

NYSE Attendees: Tom Haley, Peter Bennett, Ron Jordan, Katharine Ross, Harry Day, and Andy Blocker

SEC Attendees: Larry Harris, David Shillman, Steve Williams, Dan Gray, and Sapna Patel

The NYSE met with Commission staff to discuss the proposed new formula for allocating market data net income to the self-regulatory organizations that participate in the joint industry plans. The NYSE asked several questions in order to better understand the proposed allocation formula. Some of the NYSE's questions regarding the proposed allocation formula reflected their need to ensure they were doing the calculations correctly based on how the Commission intended the proposed formula to work. The NYSE also discussed potential alternatives to the proposed allocation formula. The NYSE stated that it would set forth its comments and concerns in the form a comment letter on proposed Regulation NMS.