

MEMORANDUM

January 11, 2005

TO: Files

FROM: Luis de la Torre
Counsel to Commissioner Goldschmid

RE: Regulation NMS, Release Nos. 34-49325 (Feb. 26, 2004) and 34-49749
(May 20, 2004), File No. S7-10-04

On November 18, 2004, John Thain and Linda Dallas Rich of the New York Stock Exchange, Inc. met with Commissioner Harvey J. Goldschmid and myself, counsel to the Commissioner. Mr. Thain and Ms. Rich expressed concerns about a trade-through rule that would extend protection to depth-of-book quotes. In particular, they expressed concerns about homogenization of the markets, incompatibility with the NYSE's hybrid market proposal, and payment for order flow.