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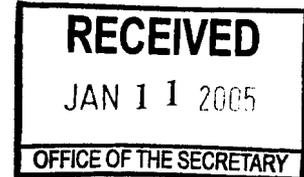
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The Honorable William H. Donaldson
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W., Room 6100
Washington, C.C. 20549-0609

ES 110105
2004 JAN -4 P 11:50

December 28, 2004

Re: File No. S7-10-10 Proposed Rule on Regulation NMS
[REDACTED]



Dear Chairman Donaldson:

I am writing to express my concerns about the Securities and Exchange Commission's proposed Regulation NMS, which is designed to update and strengthen our national securities markets. A core part of the proposal contains, as one of two options, is a provision that would radically change the structure of the U.S. capital markets and turn our internationally competitive, investor-driven markets into a one-size-fits-all monolithic government utility. The provision in question would create the equivalent of a Consolidated Limit Order Book (CLOB), a radical concept first envisioned in the late 1970's, then debated at length by Congress and by the SEC in 2000. The CLOB has been rejected by congress and the SEC previously, and should be again, for one overriding reason: it would nationalize the U.S. equity markets, removing healthy incentives for markets to compete with one another.

The SEC has chosen to follow this path at the precise time that competition is transforming the largest equities market in the world. The NYSE is on the verge of implementing its new Hybrid Market. The NYSE Hybrid Market will offer customers what they have been demanding-- the ability to choose to trade electronically or through the auction market. The proposed CLOB would eliminate the opportunity for a negotiated trade within the system, and preclude any possibility that the hybrid market will ever become operational.

For over two hundred years, The New York Stock Exchange has helped to both fuel the growth of U.S. enterprise and maintain the global pre-eminence of the U.S. capital markets. Our success has been won on the basis of our ability to provide the world's deepest pool of liquidity, the best price discovery, the highest certainty of order execution, the lowest overall cost of trading, and very importantly, the lowest volatility.

The U.S. equity markets are the strongest in the world. In a splintered, electronic-only marketplace where exchanges must chase displayed orders from market-to-market, large orders of stock would be difficult to manage. Instead, they could be traded in private markets or overseas. It is uncertain why the SEC has decided to fix what is not broken. Clearly, the initiation of the CLOB would put the competitiveness of the U.S. capital markets at risk.

Finally, on a personal note, you are doubtless aware that I and the other equity owners of the NYSE have experienced a loss of roughly two thirds of our incomes and equity value since the year 2000. We feel that our interests should represent a significant factor in any future plans regarding the NYSE.

Thank you for your consideration.

Sincerely,


Douglas T. White

Cc:
Commissioner Paul S. Atkins
Commissioner Roel C. Campos
Commissioner Cynthia A. Glassman
Commissioner Harvey J. Goldschmid