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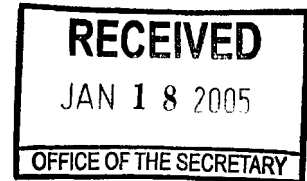
ES 10466

January 16, 2005

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

SM-10-04



Dear Chairman Donaldson,

The New York Stock Exchange is a highly important and valuable national asset whose future is seriously endangered. There should be a concern that the agency/auction market becomes a dealer market.

The Commission is soon to vote on the staff recommendation to change the National Market System that effects the survival of the New York Stock Exchange. It's vital that the Commission and Congress are aware of the possible loss to the small public investor as well as to the financial strength of this country.

Today the NYSE is the largest and most respected equity market in the world. It's different from every other market. The small investor is treated on parity with the largest institution. There is an ability in its agency capability to get better prices and trade with other investors, not just dealers. If the changes proposed by the SEC are adopted (i.e. the trade-through rule, and the so-called CLOB (consolidated limit order book)) we will lose the NYSE and have a dealer market. Dealers will dominate the trading in NYSE stock. Dealers trade for their own account and have no responsibility to the market in times of crisis. The New York Stock Exchange will look like NASDAQ and foreign markets.

There is no question that after fully negotiated rates were adopted and commissions were dramatically cut that Wall Street trading desks realized they made more money trading with customers than acting as an agent. Wall Street trading desks make a lot more money trading unlisted NASDAQ stocks than listed NYSE stocks. Why not trade NYSE stocks over the counter too? That is the realistic outcome if the best price rule is abandoned. If a CLOB is adopted, only small public orders will be shown and the larger institutional orders will not participate in a CLOB. The auction market will disappear. The SEC must protect the public and make sure that the public is fairly treated. The opportunity to trade with another public investor and not a dealer and have the ability to get a better price should always be preserved.

It is the public who should be protected from professional self-interest.

Respectfully,

A handwritten signature in cursive script that reads "Donald Stone".

Donald Stone