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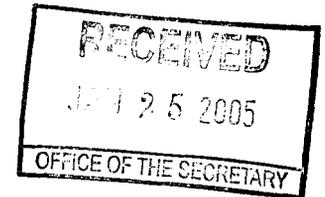
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December 28, 2004

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



Dear Chairman Donaldson,

The Consolidated Limit Order Book or CLOB is an old and still inherently destructive concept that proposes to force the convergence of all markets into one government utility. As you know this proposal was first envisioned in the 1970's, and then debated by Congress and the SEC in 2000. CLOB was and still is a threat to the very foundation and framework of America that has continued to endure and thrive even in a post 9-11 world.

The idea that America with all of its power, support and advance technology cannot find an old man hiding in the mountains of Afghanistan may seem at this moment to be a source of threat and imminent danger to the core of our nation. In fact, CLOB presents a more pervasive and palpable danger because it threatens to bring America down to its knees from within. For America, a country that grew and flourished on the principles of capitalism and free enterprise, CLOB presents more of a danger to every individual than planes flying into buildings, poisoning of water supplies or biological weapons. CLOB is an instrument that would allow the American government to undermine the growth and productivity of its citizens.

CLOB is so dangerous to the financial infrastructure of our country because it mandates all markets to interact in identical fashion, at all price points and converts our free market system into a government controlled utility. The CLOB proposal threatens to "fix" what is not broken. Investors in U.S. listed stocks today benefit from competition between markets and from "best price" protection. As a result, spreads are among the tightest in the world, and transaction costs are among the lowest and have continued to fall steadily over the past several years. Investors can choose which type of execution they prefer based on the particular circumstances and strategy surrounding the stock they are trading.

In addition to jeopardizing a proven and financially secure structure, the CLOB alternative is a radical introduction that will require extensive industry planning in order to address its myriad consequences. For example, there has been no public consideration of the exponential expansion of message traffic and order routing chaos that its proposal would provoke. Further, the SEC has put the CLOB proposal on the table at the precise time that competition is transforming the New York Stock Exchange. The NYSE stands at the dawn of implementing its new Hybrid Market. The Hybrid Market is all about investor choice—offering in one marketplace both the ability for negotiated auction trades and the lightening fast electronic ones. A 100% computer based market system eliminates any potential for human judgment at the point of sale. The human element is important throughout the day, and particularly during times of market duress, earning surprises and corporate takeovers. Specialists and brokers deliver real value to investors and issuers.

To the SEC and to all government watchdogs, I ask you to not be swayed from your role as regulators in order to become architects of a new framework of enterprise. For the welfare of every American, put CLOB back in the closet and shut the door forever. Save the American system of capitalism and free enterprise from socialism and leave the markets to the people who built them—the citizens of the United States of America.

Sincerely yours,



John Junius Grandefeld
Member, New York Stock Exchange

CC: Commissioner Cynthia A. Glassman

Commissioner Harvey J. Goldschmid

Commissioner Paul S. Atkins

Commissioner Roel C. Campos