

## INTERACTIVE BROKERS LLC

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August 19, 2005

Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

***Re: Proposed Rule Change and Amendment No. 1 Thereto to Establish Rules for the Trading of Unlisted Debt Securities on the Exchange's Automated Bond System; File No. SR-NYSE-2004-69***

Dear Mr. Katz:

Interactive Brokers LLC<sup>1</sup> respectfully submits these comments on the proposed rules of the New York Stock Exchange ("NYSE" or the "Exchange") to augment its Automated Bond System ("ABS") platform for bond trading. The proposed rules would significantly expand the scope of trading on the ABS platform by allowing the trading of unlisted debt securities.

We support prompt approval of the NYSE proposal. Numerous academic studies, including studies conducted by the Commission's Office of Economic Analysis, have demonstrated that transaction costs are much higher for debt securities than for equities. As it has in the equity and options markets, we believe that increased electronic trading of debt securities, hopefully across multiple, competing markets, will greatly increase efficiency, transparency and liquidity. With the expansion of the NYSE ABS platform, the

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<sup>1</sup> Interactive Brokers is a NYSE member firm that provides direct access online brokerage services to tens of thousands of institutions and sophisticated individual customers, connecting them to virtually every major U.S. market center using smart routing technology.

August 15, 2005

Page 2

corporate bond market would become more transparent and open for brokers and proprietary traders to negotiate. With efficient automated trading of a greater variety of bonds, transaction costs will become lower and customers will get better, more consistent execution of their bond trades at the best prices. In addition, greater automation in bond trading will protect customers by allowing better market surveillance and a more complete audit trail of bond market activity.

The NYSE clearly has the resources to operate and monitor an expanded electronic bond marketplace, and with the elimination of the “nine-bond rule”, the Exchange does not seem to have any unfair, rule-based advantage over competitive marketplaces. We believe that the Commission should encourage the development of the ABS and any other electronic bond marketplaces that may arise.

Respectfully submitted,

/s/ Thomas Peterffy

/s/ David M. Battan