

May 13, 2005

Jonathan G. Katz, Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: File Number SR-NYSE-2005-29
Proposed Amendment – NYSE Rule 637 – Failure to Honor Award

Dear Mr. Katz:

I submit the following comment on the New York Stock Exchange's ("NYSE" or "Exchange") proposed amendment to Rule 637 regarding failure of a member¹ to honor an award.

I commend the NYSE in taking this action, demonstrating its commitment to the arbitration process by recognizing that failure to honor an arbitration award is not a trivial or minor matter subject only to an insignificant penalty. This proposed amendment is also significant in that, despite the very few instances where an NYSE member has failed to honor an arbitration award, the NYSE is committed to and recognizes the importance of the arbitration process.

I would, however, offer a suggestion that would further strengthen and demonstrate the NYSE's commitment and dedication to the arbitration process, and insuring the finality of all disputes submitted to NYSE arbitration. The NASD rules, regarding the penalty for failure to honor awards, extend beyond arbitration awards. The NYSE should consider this

¹ Member includes allied member, registered representative or member organization.

and amend its current proposal accordingly. The NASD's analogous provisions extend beyond arbitration awards and include ... "a settlement agreement related to an arbitration or mediation" ² The NYSE proposal should be amended to include any settlement agreement in any dispute submitted to the NYSE.

In consideration of the fact that the majority of claims submitted to arbitration result in a settlement, through direct negotiation or mediation, the NYSE should amend its current proposal. Parties in NYSE arbitration should have full confidence that by entering into a settlement of a dispute the process ends there and there will be no situation where a Party may be required to re-file an arbitration or initiate a new litigation elsewhere due to breach of a settlement agreement.

If history teaches us anything, and as the cautionary language in most mutual fund ads remind us, "past-performance is not a guarantee of future results." While we may be confident in the integrity NYSE membership bestows upon an individual or a firm currently, we obviously are going through a period of great change. Accordingly, now is the time for the NYSE to prepare for changes the future may bring.

Subject to the additions suggested, I support the Commission's swift approval of the NYSE's proposed amendment.

² NASD Rule 9554.

Thank you for your consideration. If you have any questions or require additional information, please contact me.

Respectfully yours,

Robert S. Clemente