Bloomberg

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July 22, 2005

Via e-mail: rule-comments@sec.gov

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Attention: Jonathan G. Katz, Secretary

Re: File Number SR-NYSE-2005-32

Ladies and gentlemen:

Bloomberg Tradebook LLC hereby submits to the Commission its comments on the proposed rule change by the New York Stock Exchange, Inc. (the "NYSE") relating to NYSE OpenBook Exhibit C, which the Commission published for comment in Securities Exchange Act Release No. 51925 (June 24, 2005) (the "Release").

Attached is a copy of the June 2, 2005 letter we submitted to Annette L. Nazareth, Director, Division of Market Regulation, commenting on the NYSE's Rule 19b-4 filing with the Commission (File No. SR-NYSE-2005-32) relating to OpenBook Exhibit C. Please consider that letter as our comment in response to the Release.

We appreciate the opportunity to comment on the NYSE's proposed amendments to OpenBook Exhibit C and we hope our comments are useful to the Division in evaluating the NYSE filing. If you should have any questions, please let me know.

Sincerely yours,

Kim Bang

cc (w/att): The Hon. Cynthia A. Glassman, Acting Chairman
The Hon. Paul S. Atkins, Commissioner
The Hon. Harvey J. Goldschmid, Commissioner
The Hon. Roel C. Campos, Commissioner
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June 2, 2005

Via Federal Express

Annette L. Nazareth, Esq.
Director, Division of Market Regulation
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: SR-NYSE-2005-32
Relating to NYSE OpenBook Exhibit C

Dear Ms. Nazareth:

We are commenting on the above-captioned filing (the "NYSE Filing"), which the New York Stock Exchange, Inc. (the "NYSE") submitted on Form 19b-4 under the Securities Exchange Act of 1934 (the "Exchange Act") on May 13, 2005. We recognize that the Commission has not yet noticed this filing for public comment, but we thought it would be helpful to the Division of Market Regulation if we outlined some concerns we have with the filing as it stands now before publication.

As a vendor, Bloomberg's principal task is to anticipate and serve investors' needs. Investors need to see market data in a way that is easy to comprehend and that shows them the available pricing and liquidity points and highlights choices they can make in seeking best execution. If investors cannot see market data in an organized, easy-to-comprehend way, they are hampered in choosing among market centers and obtaining best execution. The NYSE proposal is seriously flawed in that it allows displays and market monitors to be constructed at the investor's own site without restriction but does not allow the same displays and monitors to be constructed through a centralized computer facility such as Bloomberg's that the investor can access and use. That unfairly penalizes the small and middle-market investor and it does so without any reasonable justification or public purpose. In the balance of this letter, we explain these points in greater detail.

Traders Need Integrated Displays of Market Depth. Bloomberg consolidates and displays depth-of-book market data from various market centers. The Bloomberg display defaults to a market monitor showing multiple price levels with attribution to each market center. Clients can toggle to change the market monitor and view a screen that aggregates volume at each price point but without attribution. There is also a separate Bloomberg market monitor that allows Bloomberg clients to view NYSE OpenBook data on a stand-alone basis.

In a decimalized market in which price points are at a penny and only slivers of liquidity can be viewed at each penny, the aggregate depth-of-book market monitor consolidates and presents volume in a format that helps investors and other market participants locate best prices and liquidity across various market centers. The attached screen shots illustrate the difference between screens that attribute data to a market center and screens that aggregate data from several market centers. Since screen space for an attributed market monitor is limited, as more and more depth becomes available from various market centers, including NYSE OpenBook, it becomes more likely that only a few cents of depth overall will be displayed on the screen.

As you will see, substantially less data can be displayed on the attributed screen than on the aggregated screen. The attributed screen (Exhibit A) shows depth of 7¢ on the bid and 4¢ on the ask, but the aggregated screen (Exhibit B) shows depth of 29¢ on the bid and 15¢ on the ask. Importantly, a readable market monitor of aggregated volume cannot be built if market attribution is required for the data from each individual market center embedded in the aggregated volume at each price point. Traders need a second view of available prices without attribution that allows them to see a greater range of price and liquidity points than can be seen on a market monitor with attribution. If they have the resources to build such screens in house they will do so and the NYSE will not stand in their way. If they lack those resources and need to turn to an outside vendor to construct the screens at a central location, the NYSE proposal would deny them that ability.

Discriminatory Barriers to Integrated Displays. NYSE OpenBook is a compilation of limit order data, including price and aggregate volume. Currently, the NYSE updates OpenBook data every five seconds. Pending before the Commission is a proposed rule change filed by the NYSE for providing OpenBook data in real time.[1] In a decimalized market where mandated price information is confined to the NBBO and last-sale data, depth-of-book data are crucial for investors. Once NYSE's OpenBook data is provided on a real-time basis, we expect that virtually all broker-dealers and all investors who can afford it will have to subscribe to it. The NYSE OpenBook data in real time will be at least as important to investors as the real-time NBBO and last-sale data they currently receive. For that reason, it is particularly important that the Commission review closely the contractual limitations the NYSE proposes to place on the display and commingling of OpenBook data with limit order data from other market centers.

The NYSE Filing purports to conform OpenBook Exhibit C to the Commission's April 2, 2003 order approving Liquidity Quote on condition that the NYSE remove from its contracts the prohibition on the ability of data feed recipients, including vendors, to integrate the data with the display of other markets' data (the "Liquidity Quote Order").[2] In its current form,

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1 *See* File No. SR-NYSE-2004-43 (submitted August 10, 2004).

2 *See* Release No. 34-47614 (April 2, 2003) in text following n. 56.

OpenBook Exhibit C prohibits a recipient of the data from externally distributing the data if the recipient has integrated the data with limit orders or other information from other market centers. The NYSE Filing includes an amended OpenBook Exhibit C that would delete the prohibition on integration, but would replace it with limitations so burdensome they are tantamount to the very prohibition they are meant to replace. The result would be that Bloomberg would be unable to provide traders a view of available prices without attribution that would allow them to see a further range of price points than can be seen on a market monitor with attribution. Under the NYSE proposal, effective integration of OpenBook data with data from other market centers would be prohibited.

The proposed display requirements are inconsistent with the Exchange Act. If approved, the NYSE OpenBook Exhibit C display restrictions and requirements would eventually apply to all market centers. For a data vendor like Bloomberg, it would mean we could not continue to build a market monitor that aggregates data from multiple market centers without attribution to show traders greater liquidity than they would see on an attributed screen. To aggregate data across multiple market centers, investors would need to access multiple stand-alone pricing feeds from individual market centers and then they would need to buy or develop applications permitting them to create their own aggregated market monitors. As noted above, the NYSE proposal allows a customer to aggregate data at the customer's site but does not allow a vendor such as Bloomberg to provide aggregation through access to the vendor's own central processing facility. In this respect, the NYSE OpenBook Exhibit C not only frustrates aggregation of data from multiple market centers, but unfairly discriminates against small and middle-market firms, which generally would not be able to afford to maintain sufficient research or software-development departments to develop their own aggregated market monitors and would be hard pressed to afford to buy the necessary applications. Many of those investors today rely on Bloomberg to provide the central processing the NYSE would now deny them.

These restrictions are inconsistent with the requirement in Exchange Act Section 6(b)(5) that the NYSE's rules be designed to remove impediments to and perfect the mechanism of a free and open market and a national market system and that they not be designed to permit unfair discrimination between customers, issuers, brokers or dealers. They also would impose burdens on competition that are not necessary or appropriate in furtherance of the purposes of the Exchange Act, in violation of Exchange Act Section 6(b)(8).

Improper Aspects of the NYSE Restrictions. We discuss below various ways in which the restrictions in the NYSE filing are burdensome, anticompetitive and unnecessary for the protection of investors:

1. ATTRIBUTION. The revised OpenBook Exhibit C provides that any market monitor that integrates OpenBook data with limit orders or other data from other market centers must associate the identifier "NYSE" with each element or line of NYSE OpenBook data in the integrated market monitor.

Comment. If the Commission approves this requirement for the NYSE, it will soon confront similar attribution requirements proposed by other market centers. We expect the Commission would not be able to deny the same degree of attribution to those other market centers. That would lead to impossibly crowded screens festooned with market identifiers investors neither need nor want — nor are needed to protect whatever "branding" rights the markets may claim.[3]

As noted above and illustrated in the attached screen shots, Bloomberg provides attribution on its screens. We are not opposed to market identifiers, but rather to the consequences of mandated attribution for all data displays. Mandated attribution will convert what should be a tool for investors into an advertising medium for competing market places. Screens displaying data branded for each market center will provide investors with considerably less information making screens that aggregate market depth without attribution even more important to investors. The NYSE Filing does not explain why branding is more important for the protection of investors than allowing investors to choose the display format most useful and informative for their trading purposes.

2. NUMBER OF SHARES. Under the revised OpenBook Exhibit C, whenever a vendor aggregates limit order volume from multiple market centers in an integrated market monitor, it must indicate at each price level the number of shares attributable to OpenBook bids and offers (the "Number-of-Shares Requirement").

Comment. Under the proposed OpenBook Exhibit C, subscribers to NYSE OpenBook data that distribute the data internally will be able to integrate the data with data from multiple markets free of the OpenBook display requirements by using their own applications or by purchasing software.[4] There is no reason why data vendors like Bloomberg should not be able to put small and middle-market firms in an equivalent position.

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3 "Branding" is nowhere mentioned in the Exchange Act as a public policy goal, let alone a goal that should trump transparency and inter-market competition. As the Commission has previously observed, whatever private or state-law-protected values the NYSE seeks to preserve are subject to the overriding federal law embodied in the Exchange Act, as administered by the Commission. *See, SEC Concept Release: Regulation of Market Information Fees and Revenues,* Securities Exchange Act Release No. 42208 (December 9, 1999) in text at nn. 8 & 9.

4 We note the NYSE specifically exempts its members from providing non-complying screen shots to their registered representatives and traders. *See* Exhibit 5 to the NYSE Filing: Exhibit C, Agreement for Receipt and Use of Market Data: Additional Provisions, at paragraph 21(e):

> (e) INTERNAL MARKET MONITORS — The Liquidity Quote market monitor requirements set forth in Paragraph 21(d) shall not apply insofar as Customer provides market monitors to its officers, partners and employees or to those of its Customer Affiliates.

(Footnote continued)

Screens showing aggregated data can be provided in a way that preserves their utility at the same time as they can offer adequate brand recognition to the NYSE and other market centers, without the unfairly discriminatory impact of the NYSE's proposed display and distribution restrictions. That is, the Commission could permit vendors to create aggregated market monitors with toggles that allow users to readily move to another screen that disaggregates volume by market center at each price level. Bloomberg has created such a screen (Exhibit B), but it would be prohibited by the Number-of-Shares Requirement.

For traders dealing in a fast-moving market, we believe the aggregated screen is an indispensable tool for traders executing investment decisions. If a trader would prefer to see line after line of advertisement for the NYSE instead of integrated data from other markets without the advertising, that trader is free to do so as a matter of his or her individual choice, simply by pressing a button or toggling to another screen. Market participants should not be compelled, however, to do so on behalf of a for-profit entity. The proposed NYSE restriction, and the burdens on competition it imposes, are not necessary or appropriate in furtherance of the purposes of the Exchange Act, particularly when the OpenBook display will be the portal to the NYSE's Hybrid Market. The restriction also imposes burdens on investors seeking to execute orders and it gets in the way of best execution obligations.

3. STAND-ALONE NYSE DISPLAY. The revised OpenBook Exhibit C would require each vendor that makes available an integrated market monitor to provide investors with ready access to a screen with stand-alone NYSE OpenBook data and would require the vendor to make subscribers aware of the availability of the stand-alone NYSE OpenBook data in the same manner as the vendor makes its subscribers aware of its integrated market monitor.

Comment. The proposed requirement should be stricken not only because it imposes a burdensome requirement that is not necessary for the protection of investors, but also because of its vagueness. The NYSE Filing provides no explanation of what is meant by "the same manner as the vendor makes its subscribers aware of its integrated display." We would suggest that the NYSE's proposed language be replaced with a provisions that would permit data vendors to meet the stand-alone requirement by means of a multi-choice toggle that would provide data subscribers with a readily available means for accessing a stand-alone display of NYSE data. Eventually, the same toggle could readily be expanded to accommodate the stand-alone displays of other market centers.

(Continued footnote)

If the NYSE's primary concern in proposing the OpenBook market monitor restrictions is avoiding investor confusion, the opportunity for confusion among the NYSE members' sales traders, and derivatively and indirectly, the investors the sales traders solicit, would likely be greater than the opportunity for confusion among skilled professional traders and others who would see and use the screens directly in making trading decision.

Inconsistency with Commission Policy. Placing restrictions on the effective integration of the limit order books of other market centers with NYSE OpenBook data raises substantial concerns about burdens on competition and the development of a national market system. The Commission voiced these very concerns in the Liquidity Quote Order. At the time, NYSE OpenBook data was not offered in real time, but Liquidity Quote data was. Noting that Liquidity Quote data was displayed in real time and immediately might be executed against, the Commission stated:

> preventing vendors from integrating quotations of this type with quotations from other markets is a more substantial restriction on the ability of vendors to provide useful market data than posed by OpenBook and would, unlike OpenBook, impose on users integration costs with respect to immediately executable, market-wide quotations in a manner that would: (1) be inconsistent with fostering 'cooperation and coordination with persons engaged in processing information with respect to . . . securities'; (2) 'be designed to permit unfair discrimination between customers;' and (3) impede, rather than remove impediments to, a 'free and open market and a national market system' [citation omitted].[5]

We respectfully suggest the NYSE Filing should be evaluated in connection with two pending and significant changes in the proposed service: (1) the NYSE proposes to provide OpenBook data in real time; and (2) OpenBook will be the portal for Direct+, the central display and execution facility of the NYSE's proposed Hybrid Market. With these changes in mind, the distinctions between OpenBook and Liquidity Quote in the Liquidity Quote order are now reversed; it is OpenBook that will provide the more vital data to investors. It is no less urgent and essential that barriers to the integration of OpenBook data be removed as it was in the case of Liquidity Quote data. The analysis and policy considerations that guided the Commission in the Liquidity Quote Order are more urgently applicable to OpenBook.[6]

Conclusion. The requirements contained in the NYSE's revised OpenBook Exhibit C serve the advertising interests of one soon-to-be for-profit company — the NYSE — not the interests of investors or of the national market system. They would hog the real estate of integrated market monitors and crowd out from computer screens information other competing market centers might wish to have displayed. These requirements are unduly burdensome and anticompetitive. Requiring branding, attribution of number of shares and a separate stand-alone display advertised on any integrated display makes clear that the NYSE's objective is to so burden integrated market monitors that they are at best difficult to design or to use. We are

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5 *Id.*, in text after n. 51.

6 The Commission considered in connection with Liquidity Quote some of the points we are raising today with respect to Open Book (*see* Exchange Act Release 51438 (March 28, 2005), in text after n. 40.) In view of the importance of OpenBook data to investors, we respectfully request that the Commission reexamine these points *de novo*.

concerned that these effects will result if the NYSE Filing is approved. We respectfully suggest the Commission, consistent with the Liquidity Quote Order, should require the NYSE to delete these requirements from its filing.

We appreciate the opportunity to bring these matters to your attention and we hope our comments are useful to the Division in evaluating the NYSE Filing. If you should have any questions, please let me know.

Sincerely yours,

Kim Bang by R.D.B.

cc (w/att.): Robert L. D. Colby, Esq., Deputy Director
Division of Market Regulation
David S. Shillman, Esq., Associate Director
Division of Market Regulation
Nancy J. Sanow, Esq., Assistant Director
Division of Market Regulation
Kelly M. Riley, Esq., Senior Special Counsel
Division of Market Regulation

2938626.2

EXHIBIT A

PLEASE NOTE: The data in the attached Exhibit A does not reproduce in full in black and white. The missing data for the BID side is as follows:

Cumulative	Mmkr	Size	BID
10	TDCM	10	2.50

The missing data for the ASK side is as follows:

ASK	Size	Mmkr	Cumulative
2.45	1389	NYSE	1389
2.45	263	PSEX	1652
2.45	241	BRUT	1893
2.45	190	BTRD	2083
2.45	15	CHGO	2098
2.45	10	PERT	2108

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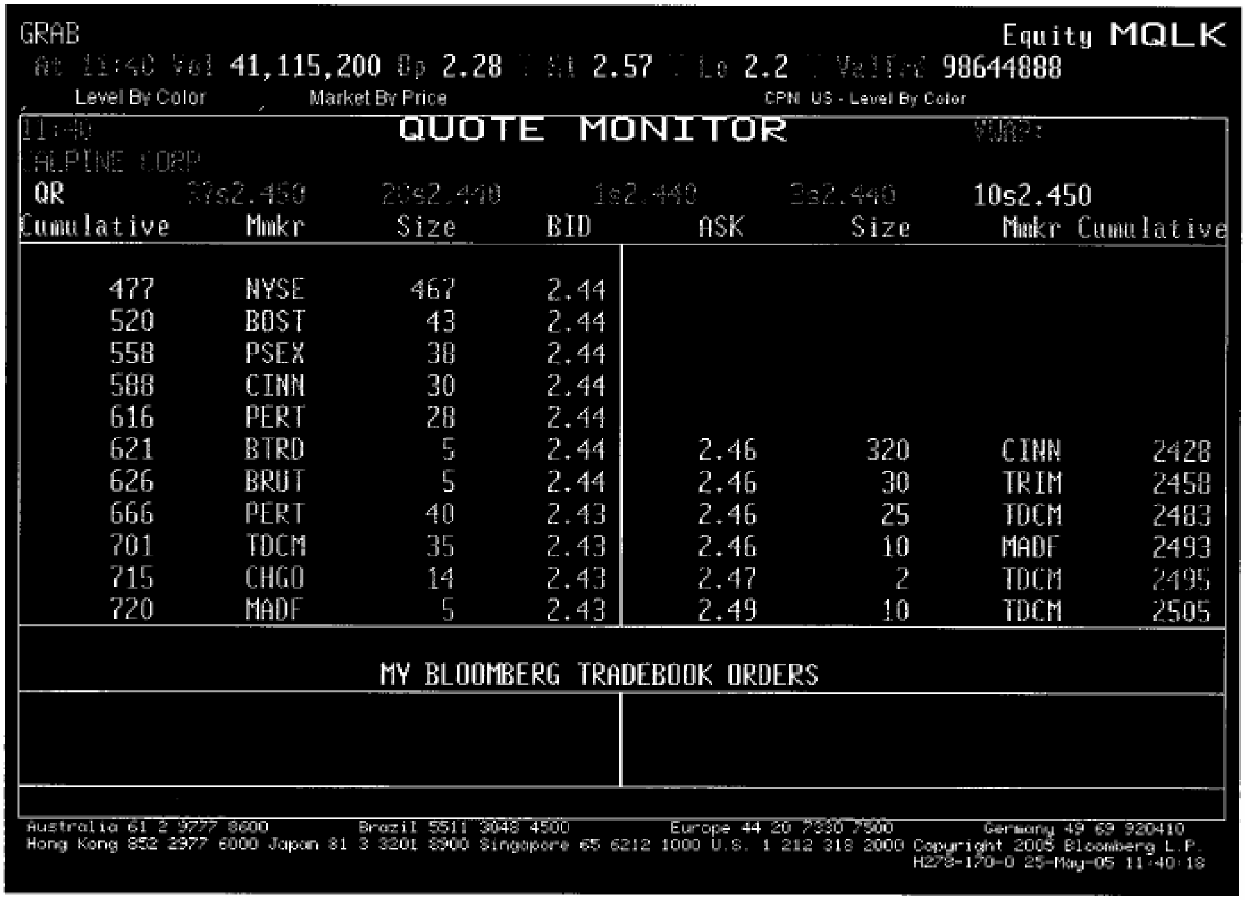

GRAB Equity MQLK

At 11:40 Vol 41,115,200 Op 2.28 Hi 2.57 Lo 2.2 ValTrd 98644888

Level By Color Market By Price CPN US - Level By Color

QUOTE MONITOR

11:40 VWAP:

CALPINE CORP

QR 37s2.450 20s2.440 1s2.440 3s2.440 10s2.450

Cumulative	Mmkr	Size	BID	ASK	Size	Mmkr	Cumulative
477	NYSE	467	2.44				
520	BOST	43	2.44				
558	PSEX	38	2.44				
588	CINN	30	2.44				
616	PERT	28	2.44				
621	BTRD	5	2.44	2.46	320	CINN	2428
626	BRUT	5	2.44	2.46	30	TRIM	2458
666	PERT	40	2.43	2.46	25	TDCM	2483
701	TDCM	35	2.43	2.46	10	MADF	2493
715	CHGO	14	2.43	2.47	2	TDCM	2495
720	MADF	5	2.43	2.49	10	TDCM	2505

MY BLOOMBERG TRADEBOOK ORDERS

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2005 Bloomberg L.P.
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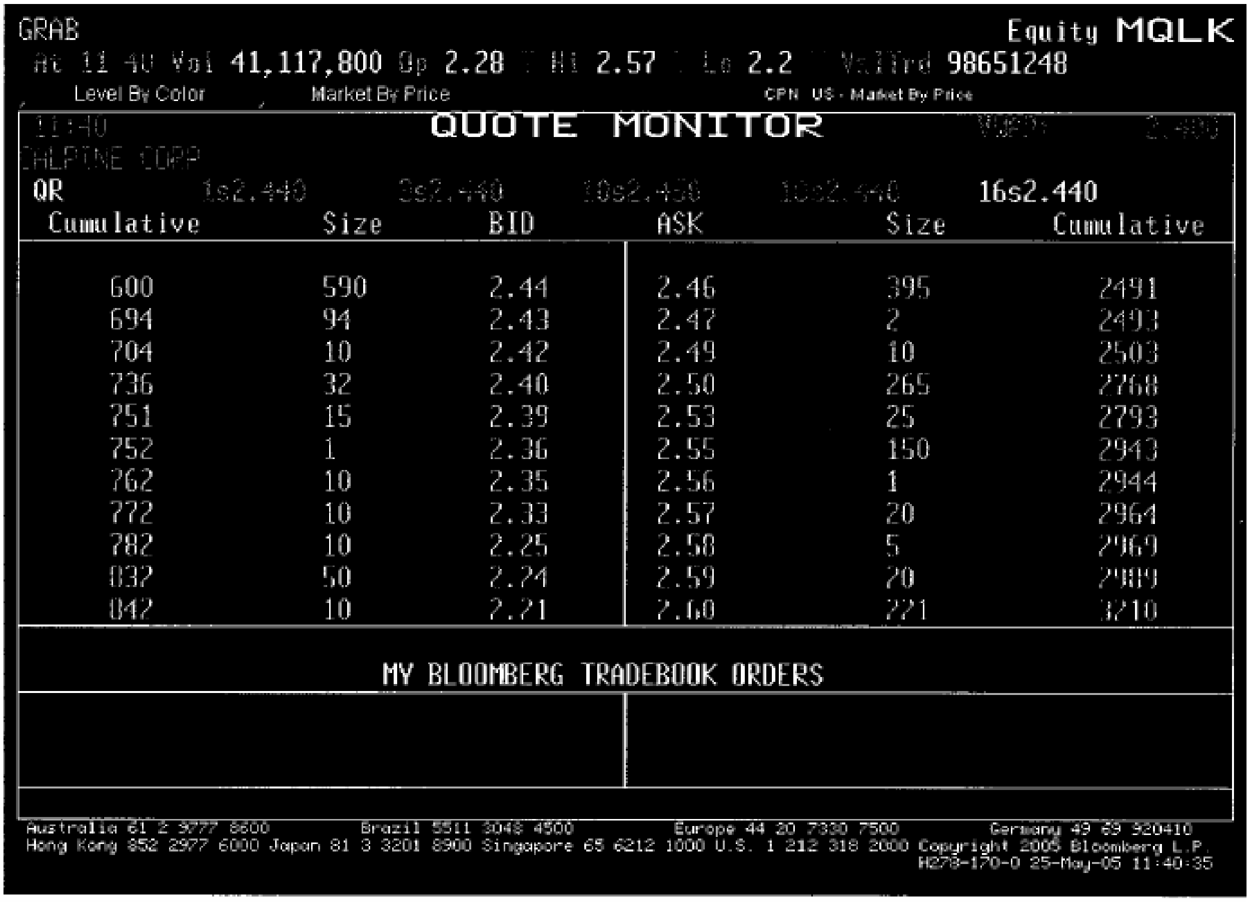
EXHIBIT B

PLEASE NOTE: The data in the attached Exhibit B does not reproduce in full in black and white. The missing data for the BID side is as follows:

Cumulative	Size	BID
10	10	2.50

The missing data for the ASK side is as follows:

ASK	Size	Cumulative
2.45	2096	2096



GRAB Equity MQLK
At 11 40 Vol 41,117,800 Op 2.28 Hi 2.57 Lo 2.2 ValTrd 98651248
Level By Color Market By Price CPN US - Market By Price

11:40 QUOTE MONITOR
CALPINE CORP
QR 1s2.440 3s2.440 10s2.450 10s2.440 16s2.440

Cumulative	Size	BID	ASK	Size	Cumulative
600	590	2.44	2.46	395	2491
694	94	2.43	2.47	2	2493
704	10	2.42	2.49	10	2503
736	32	2.40	2.50	265	2768
751	15	2.39	2.53	25	2793
752	1	2.36	2.55	150	2943
762	10	2.35	2.56	1	2944
772	10	2.33	2.57	20	2964
782	10	2.25	2.58	5	2969
832	50	2.24	2.59	20	2989
842	10	2.21	2.60	221	3210

MY BLOOMBERG TRADEBOOK ORDERS

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