



Robert C. Sheehan
Chairman

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

January 19, 2005

Subject: File Number SR-NYSE-2002-19
Portfolio Margin and Cross-Margin rule proposals of the CBOE and NYSE

Dear Mr. Katz,

I am the chairman and CEO of Electronic Brokerage Systems. Our SEC-regulated firm is a member of the NYSE, CBOE, OCC, NSCC, and all the other US stock and options exchanges in the US. Our firm conducts business for more than 150 customers. EBS executes 20 million shares and 100 thousand options on average, each day.

Our customers are involved in sophisticated options transactions which usually reduce their exposure to the over all market. These trades frequently consist of buying put options on the SPX and selling call options simultaneously. In the CFTC regulated markets, this type of transaction is welcomed, and recognized in position margin requirements. It is the purpose of this letter to request that clients wishing to use the OCC cleared equity derivative markets be treated equally with clients using futures and options on futures.

Thank you for any consideration given this request.

Sincerely,

Robert C. Sheehan

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