

September 13, 2005

Dear Sir or Madam,

I am writing to alert you of an issue involving the merger between the Archipelago and Pacific Exchanges. Archipelago intends to file for drastic rule changes soon after the merger is approved by your authority. Senior management and board members at both exchanges decided to conceal from the SEC as well as the public this intention of rule changes until the merger is approved. They are concerned that the SEC may decide not to approve the merger once it discovers how different the Pacific Exchange will become. The plan for the rule changes was drafted during or prior to April 2005.

The intended rule changes call for a vast overhaul the current PCX rules, aligning the PCX market with the existing ECN-style market structure of ArcaEx. For example, among the intended rule changes is the possible adoption of price-time, first-in-first-out trade allocation algorithm (the so-called "flat and open market"), as opposed to the current size pro rata allocation. Once the merger is approved, initially Archipelago intends to file for rule changes applicable to options on certain exchange-traded funds, and gradually expand the application to cover all equities options. In other words, the application will initially be the formation of a bifurcated market. Archipelago intends to start running the options exchange this way by the end of the first quarter of 2006, coinciding with their intended commencement of trading single-stock futures under the PCX's SRO license.

I recommend that the SEC put the merger on hold while it investigates whether the intended rule changes benefit the investing public.

Due to my fear of retribution by Archipelago, it is my wish to remain anonymous. This email address will not be accessed again. I wish I could do more to assist the SEC in its investigation, if it takes place.

Yours truly,
A Concerned Stakeholder