# Regulation NMS

Comments on trade-through rule

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- I thought it might be useful to present in a graphic way what I believe the Commission is proposing on the Trade-through rule:

  This is the way I would understand it would operate:

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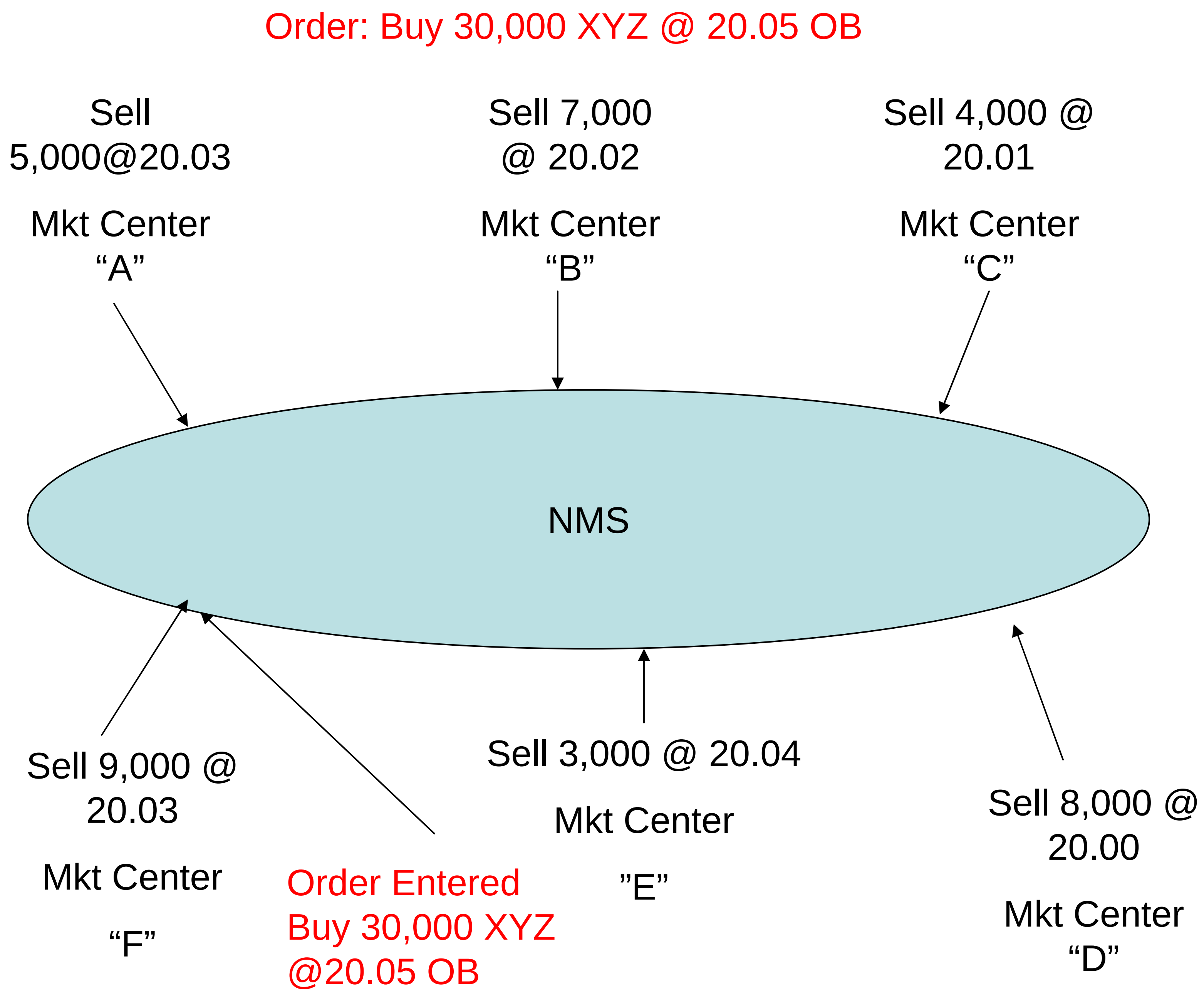
- Following is a hypothetical order to buy 30,000 shares of XYZ at 20.05 or better.
- The order is sent to Market Center “F” for execution.
- However the best offer is at Market Center “D”, where it is partially executed.
- It is then sent on to the other market centers in best price sequence as follows:
- “C”, “B”, “F”, “A”

  Note that there are three executions before the market center to which it was sent executes any part of the order.


Order: Buy 30,000 XYZ @ 20.05 OB
Sell 5,000@20.03
Mkt Center "A"
Sell 7,000 @ 20.02
Mkt Center "B"
Sell 4,000 @ 20.01
Mkt Center "C"
NMS
Sell 9,000 @ 20.03
Mkt Center "F"
Order Entered Buy 30,000 XYZ @20.05 OB
Sell 3,000 @ 20.04
Mkt Center "E"
Sell 8,000 @ 20.00
Mkt Center "D"

# Executions

1. Bought 8,000 @20.00 Mkt Center “D”
2. Bought 4,000 @ Mkt Center “C”
3. Bought 7,000 @ Mkt Center “B”
4. Bought 9,000 @ Mkt Center “F”
5. Bought 2,000 @ Mkt Center “A”

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- I assume it would make no difference into which of the six market centers the order was originally sent. Executions would occur in the same sequence as on the previous slide.

- I am making the assumption that all six market centers are automated. If a seventh market center had a manual quotation, it would be ignored, whatever the price. Am I correct?

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- I will most likely make additional comments, but thought this presentation would provoke discussion.  If I am incorrect in my assumptions, I look forward to any corrections.

- Sincerely,

- Junius W. Peake