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January 14, 2005

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The Honorable William H. Donaldson
Chairman
Securities and Exchange Commission
450 5th St., NW
Washington, DC 20549

S7-10-04

Dear Chairman Donaldson:

This is to respond to the SEC's invitation for public comment on its reproposed Regulation NMS. While I respect and appreciate the SEC's efforts to "enhance and modernize the regulatory structure of U.S. equity markets," I am also concerned about the potential impact of NMS on inter-market competition. My position is one that favors the protection of the best bids and offers in each market, the kind of competition that ultimately benefits investors.

I see the alternative as the equivalent of a Consolidated Limit Order Book (i.e., CLOB). I am against it. I not only fail to see the motivation for it, but I also think it is fundamentally flawed. In my view, if implemented, it will lead to a homogeneous playing field that will stifle the development of innovations that ultimately benefit investors, exactly what the SEC would not want to happen. Moreover, was not the CLOB rejected by both Congress and the SEC as recently as 2000? It was a bad idea then and I believe it is a bad idea now.

Moreover, as an active investor, I fail to see how the (reproposed) CLOB is going to enhance market efficiency. In fact, I think it has the potential to significantly reduce it, harming investors by forcing them to accept a splintered, electronically-driven market that would make orders, particularly large ones, difficult to manage. Why not allow investors to choose between either electronic markets or auction markets – a hybrid market, such as the one that the New York Stock Exchange has been developing – and let the markets respond in the manner they know best, demand and supply? In the end, is there really a better way?

While I applaud the SEC's efforts to serve as a watchdog for investor interests, it is unclear to me why the SEC proposes a remedy where there is no ailment. As a result, and concisely put, I urge the SEC to, once again, reject the CLOB.

Thank you for reading this.

Sincerely,

Anthony L. Loviscek

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