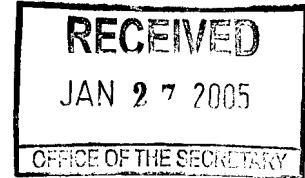


ES110801

Congress of the United States
Washington, DC 20515

727

January 25, 2005



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

Re: File No. S7-10-04 *Proposed Rule on Regulation NMS*

Dear Chairman Donaldson:


We are writing to express our concerns about the Securities and Exchange Commission's proposed Regulation NMS, which is designed to update and strengthen our national securities markets. We support the Market BBO Alternative, which preserves the inter-market competition that benefits all securities industry participants. On the other hand, we have serious reservations about the Voluntary Depth Alternative, which would radically change the structure of the U.S. capital markets and damage our internationally competitive, investor-driven markets.

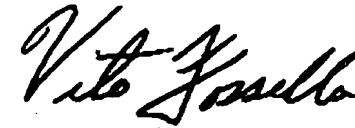
The proposed Voluntary Depth Alternative would create a trading system, which shares many of the problems of a Consolidated Limit Order Book (CLOB), a radical concept first envisioned in the late 1970's, then debated and rejected by Congress and the SEC in 2000. This proposed alternative would require mandatory depth-of-book order routing that would turn market centers into mindless order routers and would increase investors' execution costs. The CLOB was rejected by Congress and the SEC previously, and likewise the Voluntary Depth Alternative should be as well, for one overriding reason: it would effectively nationalize the U.S. equity markets, removing incentives for markets to compete with one another.

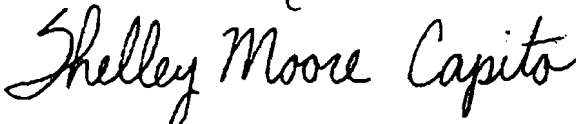
The U.S. equity markets are currently the strongest in the world. Today, we benefit from competition within markets and competition between markets. These competitive forces combine to create low transaction costs, tight spreads, low volatility, innovative price discovery and equal protection and choice for all investors – large and small. Intermarket competition is currently transforming the largest equities market in the world. The Voluntary Depth Alternative would undermine the competitive forces that lead to such market innovation. It is unclear why the SEC has proposed to fix what is not broken, and put the competitiveness of the U.S. capital markets at risk.


We urge you to consider carefully the adverse consequences of the Voluntary Depth Alternative for the investing public.

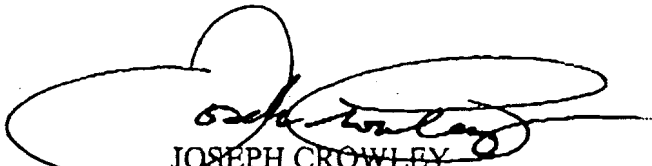
Sincerely,



PETER T. KING
Member of Congress



VITO FOSSELLA
Member of Congress

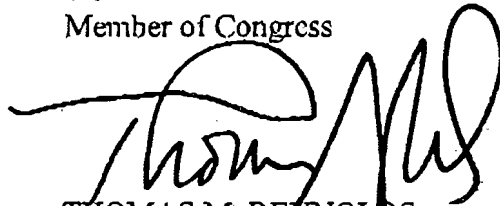

SHELLEY MOORE CAPITO
Member of Congress

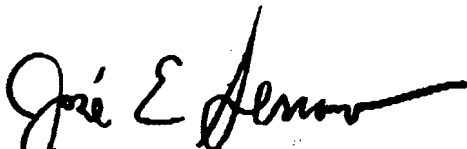

CAROLYN MALONEY
Member of Congress

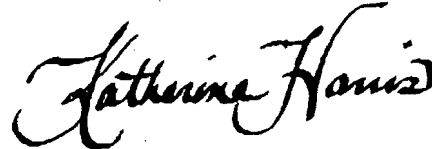

JOSEPH CROWLEY
Member of Congress



RUBÉN HINOJOSA
Member of Congress


MIKE ROSS
Member of Congress


THOMAS M. REYNOLDS
Member of Congress


JOSE SERRANO
Member of Congress


KATHERINE HARRIS
Member of Congress


MARSHA BLACKBURN
Member of Congress


EDOLPHUS TOWNS
Member of Congress

Wm. Lacy Clay

WILLIAM LACY CLAY
Member of Congress

Artur Davis

ARTUR DAVIS
Member of Congress

Steve Israel

STEVE ISRAEL
Member of Congress

John R. Carter

JOHN R. CARTER
Member of Congress

Gregory W. Meeks

GREGORY W. MEEKS
Member of Congress

Gary Ackerman

GARY ACKERMAN
Member of Congress

Mark E. Souder

MARK E. SOUDER
Member of Congress

Dennis Moore

DENNIS MOORE
Member of Congress

Carolyn McCarthy

CAROLYN MCCARTHY
Member of Congress

Shelia Jackson-Lee

SHELIA JACKSON-LEE
Member of Congress

John M. McHugh

JOHN MCHUGH
Member of Congress

G.K. Butterfield

G.K. BUTTERFIELD
Member of Congress

Sherwood Boehlert

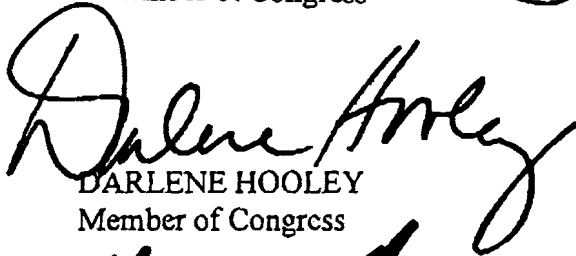
SHERWOOD BOEHLERT
Member of Congress

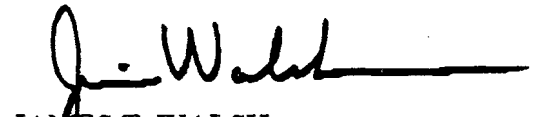
Sue W. Kelly

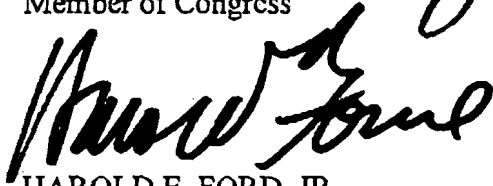
Sue W. Kelly
Member of Congress

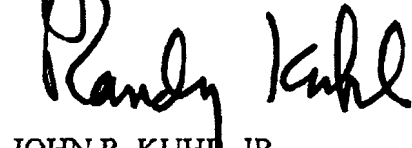

ROBERT MENENDEZ
Member of Congress

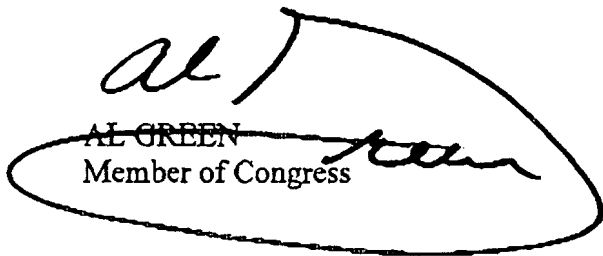

EMANUEL CLEAVER
Member of Congress


DARLENE HOOLEY
Member of Congress


JAMES T. WALSH
Member of Congress


HAROLD E. FORD, JR.
Member of Congress


JOHN R. KUHLE, JR.
Member of Congress


AL GREEN
Member of Congress