

JOE WILSON  
2ND DISTRICT, SOUTH CAROLINA

ASSISTANT MAJORITY WHIP

COMMITTEES:

ARMED SERVICES

EDUCATION AND THE WORKFORCE

HOUSE POLICY

212 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-4002  
(202) 225-2452

FAX: (202) 225-2455

E-MAIL: joe.wilson@mail.house.gov

WEBSITE: www.house.gov/joewilson

Congress of the United States  
House of Representatives

January 24, 2005

REGISTERED  
ES 110919  
2005 JAN 31 A 12:56

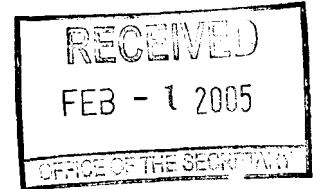
757

COUNTIES:

AIKEN\*  
ALLEDALE  
BARNWELL  
BEAUFORT  
CALHOUN\*  
HAMPTON  
JASPER  
LEXINGTON  
ORANGEBURG\*  
RICHLAND\*  
(\*PARTS OF)

ERIC DELL  
CHIEF OF STAFF

The Honorable William H. Donaldson  
Chairman  
Securities and Exchange Commission  
450 5<sup>th</sup> Street, NW  
Washington, DC 20549



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

Dear Chairman Donaldson:

I am writing to express my concern with the Securities and Exchange Commission's proposed Regulation NMS, which is designed to update and strengthen our national securities markets. I 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.

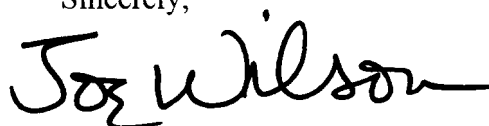
MIDLANDS OFFICE:  
1700 SUNSET BLVD. (US 378), SUITE 1  
WEST COLUMBIA, SC 29169  
MAILING ADDRESS: P.O. Box 7381  
COLUMBIA, SC 29202  
(803) 939-0041  
FAX: (803) 939-0078

LOWCOUNTRY OFFICE:  
903 PORT REPUBLIC STREET  
P.O. Box 1538  
BEAUFORT, SC 29901  
(843) 521-2530  
FAX: (843) 521-2535

The Honorable William H. Donaldson  
January 24, 2005  
Page 2

I urge you to consider carefully the adverse consequences of the Voluntary Depth Alternative for the investing public. I appreciate your attention to this important matter.

Sincerely,

A handwritten signature in black ink that reads "Joe Wilson". The signature is written in a cursive style with a long horizontal stroke at the end.

JOE WILSON  
Member of Congress

JW/lg