

MEMORANDUM

June 29, 2004

TO: Files

FROM: Luis de la Torre
Counsel to Commissioner Goldschmid

RE: Regulation NMS, Release Nos. 34-49325 (Feb. 26, 2004) and 34-49749
(May 20, 2004), File No. S7-10-04

On April 29, 2004, David A. Herron, Ellen J. Neely, and David C. Whitcomb, Jr., of the Chicago Stock Exchange, Inc., and their counsel, Howard L. Kramer of Schiff Hardin LLP, met with Commissioner Harvey J. Goldschmid and myself, counsel to the Commissioner. Messrs. Herron, Whitcomb, and Kramer and Ms. Neely expressed views that they stated the Exchange intended to include in its comment letter on proposed Regulation NMS. They discussed the subjects of an automated market under the proposal; the proposed trade-through rule, including the opt-out provision; the market data proposal; and the proposed access fee cap. They stressed the need to define and monitor the characteristics of a fast market. They expressed concerns about the opt-out provision and about application of the access fee cap to an exchange. They stated general support for the goals of the market data proposal.