

January 26, 2005

Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609

Re: File No. S7-10-04 – Regulation NMS

Dear Mr. Katz:

At the dawn of the new millennium, the United States National Market System is immersed in an evolving landscape dominated by electronic trading. Global Electronic Trading Company agrees with the goal of the Securities and Exchange Commission to keep the markets competitive and transparent. The advantages of a fully-automated electronic market must be incorporated while still maintaining fair and equitable access, depth and liquidity. Getco supports the Market Best Bids and Offers Alternative of the proposed Trade-Through Rule. It is the view of this commenter that the BBO Alternative offers sufficient protection to limit orders, especially since the current time slice for executing orders is measured in milliseconds. Access to protected quotations needs to be ensured in order to maintain a fair, accurate and non-discriminatory market. This commenter supports the Commission in capping access fees at \$.003 per share in order to achieve the aforementioned objectives. In addition, this commenter also supports the Commission's repropoed Sub-Penny Rule and Market Data Rules and Plans. The market should be allowed at least a quarter to prepare for the initial phase-in period.

The costs of the Voluntary Depth Alternative outweigh the benefits. It will be very difficult to implement in a practical and cost-effective manner. The VDA does not help the SEC achieve its goals for the NMS because protecting the DOB would make trading cumbersome and slow, thereby negating the desired effects of the proposed rule. The VDA would make it very difficult for each market center to reject violations of the BBO, or potential violations of the DOB. Furthermore, computational requirements would be dramatically higher. The technology is already in place to refresh BBOs in less than a second; this effectively protects limit orders because the iterations are almost instantaneous. Thus, trade-through protection for DOB quotations is not necessary and will not significantly enhance either depth or liquidity. Not allowing protection for reserve quotations will, however, encourage participants to display their size, thereby increasing the efficiency of price discovery in the market. The VDA would have a negative impact on competition among markets because it would encourage

fragmentation. The BBO Alternative and electronic efficiencies will have a positive impact on the economy by increasing market efficiency and, thereby, GDP.

The reproposed Regulation NMS will have a lasting impact on improving the efficiencies of the securities markets by recognizing the benefits accrued through fully-automated, fully-electronic and fully-executable markets and quotations. Getco believes the best way to execute these goals is to implement the BBO Trade-Through Alternative.

Sincerely,

D. Keith Ross, Jr.  
CEO

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