

May 13, 2004

Hon. William H. Donaldson
Chairman
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20459

Re: Securities and Exchange Commission Release No. 34-49408; File No. S7-10-04

Dear Chairman Donaldson:

The 350,000-member National Taxpayers Union (NTU) was founded in 1969 to protect every American's most fundamental right – the right to keep what they have earned.

While we usually focus on efforts by the government to take more of the taxpayers' hard-earned dollars in the form of taxes, we also oppose government regulations that limit Americans' ability to invest their money in the manner of their choosing.

The SEC's own Rule 11Ac1-5 statistics show that investors who are forced to trade through the outdated specialist system on the floor of the New York Stock Exchange (NYSE) are equally likely to get a worse price or better price than is posted on the Intermarket Trading System.

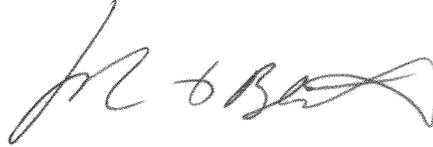
So with no financial advantage to either traditional markets or electronic markets, why do American investors still avoid electronic exchanges? Because the outdated trade-through rule forces them to send their order to the market *posting* the best price – not necessarily the market where it is guaranteed.

NTU is therefore pleased that the SEC has recognized that investors have logical reasons for opposing the old trade-through rule and has proposed an opt-out provision in Regulation NMS. NTU fully supports this proposal, which will return the power to determine how a trade is executed, and what criteria are important when deciding where to execute, to the investor. A real opt-out provision will give them that choice.

Studies show that investors take many factors into account when deciding how and where to execute their trades. Price, speed, certainty and anonymity of execution all play a part in each investor's trading decisions. The government was wrong to allow the outdated trade-through rule to place one of these factors above all others. While we would like to see the rule eliminated entirely, the opt-out proposal is a good first step.

Americans can and do make investing decisions for themselves every day. They do not need a rule to tell them they should try to get the best price. Neither do they need a rule to determine how to define best price. A real, user-friendly opt-out provision would return the power to decide to the investor. The SEC is right to put the power in the hands of the people.

Sincerely,

A handwritten signature in black ink, appearing to read "John Berthoud". The signature is fluid and cursive, with a large, sweeping flourish at the end.

John Berthoud
President