

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 June 16, 2004, David Humphreville, president of the Specialist Association of the New York Stock Exchange, Peter J. Murphy, chief executive officer of Bear Wagner Specialists, Thomas F. Troy, senior managing director of Bear Wagner Specialists, and John J. Lauto, chief executive officer of Spear, Leeds & Kellogg Specialists met with Commissioner Harvey J. Goldschmid and myself, counsel to the Commissioner. Messrs. Humphreville, Murphy, Troy, and Lauto offered their observations on certain aspects of proposed Regulation NMS, including how elements of the proposal might affect the automatic execution facility currently under consideration by the New York Stock Exchange. They expressed support for the proposed trade-through rule, but questioned the need for, and noted concern about, the opt-out feature of the proposal. They stated that the Commission should define the characteristics of a fast market. They expressed the view that the current Intermarket Trading System of market linkages was antiquated.