

JIM RAMSTAD
THIRD DISTRICT, MINNESOTA

WAYS AND MEANS
COMMITTEE

TRADE SUBCOMMITTEE

HEALTH SUBCOMMITTEE

March 29, 2004

William H. Donaldson
Chairman
Securities and Exchange Commission
450 5th Street NW
Washington, D.C. 20549



Congress of the United States
House of Representatives
Washington, DC 20515-2303

WASHINGTON OFFICE:
103 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2871

DISTRICT OFFICE:
1809 PLYMOUTH ROAD SOUTH, #300
MINNETONKA, MN 55305
(952) 738-8200
jim03@mail.house.gov
www.house.gov/ramstad

RECEIVED
OFFICE OF THE CHAIRMAN
APR 10 11:08 AM '04
57-10-04
101

Dear Chairman Donaldson:

I write about the proposed changes to the New York Stock Exchange's "trade-through rule."

It is my understanding that the SEC is considering a proposal that would allow firms trading on electronic markets to "opt-out" of the trade-through rule. These sophisticated traders would argue that speed is their most important consideration.

Concerns have been raised about the impact of this proposal on small investors. As you know, their faith in the markets has already been shaken by the recent wave of scandals, and many believe that restructuring of the markets is likely to increase volatility and scare away investors.

Take, for example, a survey done last month by AARP of nearly 2,000 of its members. Some two thirds said price, not speed, was the number one priority when conducting transactions. And as you know, the group of individual investors is dominated by people over the age of 50, the precise membership of AARP. As Chris Hansen, an AARP executive, recently commented, "The SEC needs to proceed carefully in proposing changes that could undermine the ability of the individual investors to get the best price at the lowest transaction costs."

The same survey found that 62 percent of those surveyed were worried about dishonesty in the investment community, and 57 percent specifically raised concerns about insider trading. I believe tilting the playing field further in the hands of professional traders would only serve to deepen those fears.

Mr. Chairman, I know you share my interest in seeing that every investor has access to the broadest, deepest and most liquid markets. The "best-priced standard" embodies constituents who are not professional traders or speculators.

I look forward to your response and an active dialogue with you on these proposed changes.

Sincerely,

JIM RAMSTAD
Member of Congress

