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**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515

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SECURITIES & EXCHANGE COMMISSION  
OFFICE OF INVESTOR  
EDUCATION & ASSISTANCE

*103*

Mr. Williams H. Donaldson  
Chairman  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

Dear Chairman Donaldson:

I am writing to express my concern with the proposal to allow certain institutional investors to "opt-out" of the best price obligation of the trade-through rule.

As you know, we have seen dramatic changes take place in our financial markets. Quote spreads have decreased, speed of execution has increased and competition between market places has lowered the overall cost of trading. I recognize that technological advances have occurred, but any changes to this rule need to be principle-based and should focus on ensuring that the investor, whether represented by an institutional trader or a mutual fund or as a retail investor, gets the best price the markets have to offer.

By allowing institutional traders to "opt-out" of the best price for their own convenience of trading, separate markets would be created for institutional traders and retail investors. Such a result could ultimately reduce liquidity in the retail market, to the disadvantage of the small, retail investors.

In addition, there should not be different rules for different participants in the market. Whether you are a large institutional trader or a small retail investor, the same rules should apply. If not, the investor will be disadvantaged.

I believe that the trade-through rule has served investors well for more than 20 years. Any changes should be very carefully considered, especially the effects of any changes on the small investor.

Thank you for your attention to this matter.

Sincerely,

*M. Frost*

MARTIN FROST  
Member of Congress

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