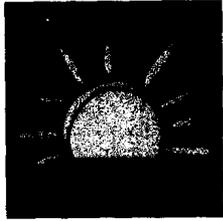


ES107243

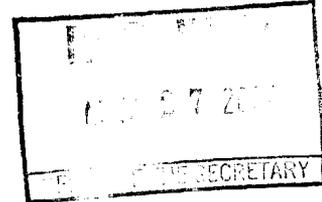


# University Bank

May 21, 2004

194

Chairman William Donaldson  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549



Re: File No. S7-10-04

Chairman Donaldson:

There are few more important public policies facing us than the design and shape of the regulatory regime governing traded securities. For decades, we have operated under a set of rules that was conceived before electronic markets even existed. To its credit, the SEC is now considering a rule change that would help integrate electronic markets into the regulated securities environment in a way that frees market forces and maximizes efficiency while maintaining stability.

I am writing to urge your support of File No. S7-10-04, the "opt-out" of the so-called "trade-through rule."

The biggest winner under the opt-out is the investor. The SEC's own statistics show that the NASDAQ market actually has lower spreads than the NYSE in S&P 500 stocks. That means that investors pay less in transaction costs on the NASDAQ.

The current rule also forces investors to the "best advertised price," not the best guaranteed price. This is analogous to a home seller being forced to accept a contingent offer on his home over a cash offer of slightly less value. Under most circumstances, I believe, investors would take the guaranteed price over one that is *potentially* better.

Most importantly, the current trade-through rule does not let enough sunlight into the trading process, allowing for a situation where an unscrupulous specialist might manipulate the market to his own advantage. Again, the investor loses.

Given the technologies available to us today, it is difficult to understand why the majority of stocks traded in America are manually executed. Now is the time to reform. In doing so, we must embrace technology, discourage timing of trades by specialists, and embrace transparency. Please support reforms to the trade-through rule.

Sincerely,

David Reiling, President.  
University Bank

Cc: Commissioners Glassman, Goldschmid, Atkins, Campos  
Congressman Mark Kennedy