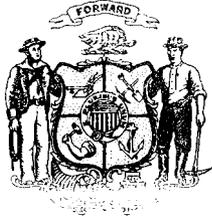


ESI 07403



TED KANAVAS

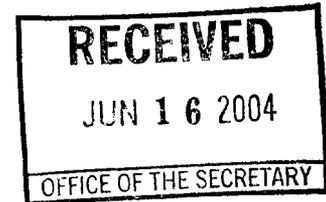
STATE SENATOR

412

May 19, 2004

Hon. William H. Donaldson, Chairman
U.S. Securities and Exchange Commission
450 First Street, NW
Washington, DC 20549

S7-10-04



RE: File #S7-1-04

Dear Chairman Donaldson:

I serve on the Wisconsin Legislature's Joint Committee on Finance, which is essentially our state's budget writing committee. As our public investment and pension programs continue to be a concern, I am relieved to hear that the Commission is addressing some important regulatory reforms that will help modernize our national securities markets. I strongly favor these reforms, especially the proposed "opt-out" provision that would modify the outdated "trade through" rule.

The proposed regulation would allow informed investors to choose to opt out of being forced to have their orders sent to a market that may have the best advertised price when investors believe chasing this price, which may not be available, is not in their best interests. This important regulatory reform will still protect investors by maintaining a best execution standard, but will allow those investors who so choose to opt out and determine their own execution criteria.

I urge the Commission to ensure that there is an investor-friendly method for exercising this choice in the implementation of the final rule. The opt-out provision should be:

- easy to use,
- provide sophisticated investors with the ability to enter into individual agreements with those executing their trades to opt out on a global basis
- and continue to provide protections to investors through best execution standards for those who do not want to opt out of the trade through rule.

As you complete your consideration of Regulation NMS, I encourage you to ensure that investors continue to have a real choice in their investment decisions and to keep the flexibility that the proposed opt-out provision would provide.

I appreciate your time and attention to this request.

Sincerely,


TED KANAVAS
State Senator
33rd Senate District