

PAUL E. GILLMOR
5th District, Ohio

COUNTIES: ASHLAND (PART), CRAWFORD,
DEFIANCE, FULTON, HENRY, HURON, LUCAS (PART),
MERCER (PART), PAULding, PUTNAM, SANDUSKY, SERRA,
VAN WERT, WILLIAMS, WOOD, WYANDOT (PART)

DEPUTY MAJORITY WHIP



Congress of the United States
House of Representatives
Washington, DC 20515-3505

May 10, 2004

COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEES
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OFFICE OF THE CHAIRMAN
MAY 24 PM 4:22

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RECEIVED

The Honorable William H. Donaldson
Chairman
U.S. Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20459

Re: Securities and Exchange Commission Release No. 34-49408; File No. S7-10-04;

Dear Chairman Donaldson,

As a member of both the House Financial Services Committee and the Energy and Commerce Committee, I have followed the debate on how to modernize our nation's financial markets with great interest. I support Regulation NMS as a first step to providing greater transparency and investor choice for all Americans.

In congressional hearings on the subject of the National Market Structure, we heard from many participants who believe the outdated regulations of the past do not meet the needs of investors in the 21st Century. In particular, we heard how the 1970's era trade through rule has not evolved to address the needs of modern investors.

I believe that both individuals and institutions – including local and state pension funds in Ohio – will benefit from greater control over their trades. The proposed opt out provision would allow educated investors to better tailor their execution to meet their own needs. In addition, the greater choice provided by the modified rule will lead to greater competition between markets. Greater competition inevitably leads to greater transparency as it becomes a factor in where investors choose to execute their trades.

The opt out provision would begin the process of lowering the barriers that inhibit competition and prevent investors from choosing the manner in which their orders are executed. Many market participants spoke at the hearings about how investors take many factors into account when deciding how and where to execute their trades. Price, speed, certainty and anonymity of execution are all part of the equation. A user-friendly opt out – that provides an easy method for investors to execute their choice – will allow both big and small investors to benefit from the

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DEFIANCE

WORBALK

200 N. HIGHWAY 100
WASHINGTON, DC 20540-1000
202-225-4000

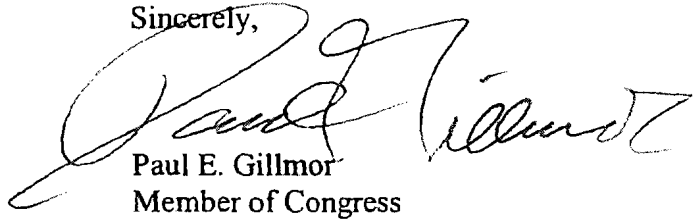
100 N. MAIN ST.
DEFIANCE, OHIO 43506
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ability to define best execution in a manner that best addresses their priorities. I encourage you to make sure the final rule makes opting out an easy choice and not an elusive one.

Again, I support your efforts to provide greater investor choice and transparency in Regulation NMS and hope that the final proposal will continue on this important path.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul E. Gillmor". The signature is fluid and cursive, with a large initial "P" and "G".

Paul E. Gillmor
Member of Congress

PEG:emm