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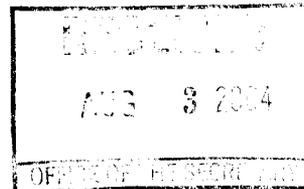
**Executive Staff**  
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S7-10-04

May 25, 2004

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



Dear Chairman Donaldson:

The Sacramento County Employees' Retirement System (SCERS) is a public employees retirement system with membership derived from Sacramento County and 11 special districts. The overall purpose behind SCERS is to provide retirement, disability, and survivors' benefits to participants in the system.

The SCERS Board of Retirement is charged with the plenary authority and fiduciary responsibility for investment of monies and administration of the system.

In order for the Board to maximize investment opportunities for SCERS members, more flexible options for executing trades are needed. I am writing to urge your support of the Securities and Exchange Commission's proposed amendment to the existing Trade-Through Rule (File No. S7-10-04).

The current Trade-Through Rule is unnecessarily restrictive and outdated. It fails to allow for important factors that modern investors or pension fund managers may want to consider when trading, including certainty and speed of execution.

The Commission's proposed rule changes will modernize the national market system while protecting the fundamental principle of price priority. Safeguarding investor freedom and protection in a competitive market environment is critical to retired firefighters and their pension funds. Updating the current obsolete trade-through rule with the Commission's proposed amendments is a commendable step toward accomplishing the preservation and integrity of the capital markets.

I, therefore, respectfully ask that you vote in favor of the Regulation NMS proposal.

Thank you for your time and consideration.

Sincerely,

Handwritten signature of Jeffrey W. States in black ink.

Jeffrey W. States  
Chief Investment Officer  
Sacramento County Employees' Retirement System