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CHAIRMAN:
SUBCOMMITTEE ON EDUCATION REFORM
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Congress of the United States
House of Representatives
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July 14, 2004

The Honorable William H. Donaldson
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

S7-10-04

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AUG 3 2004
OFFICE OF THE SECRETARY

Dear Chairman Donaldson:

I am writing to express concern for the current Regulation NMS proposal to allow "informed investors" opt out of trading through with the best price in the national market system. I believe that any decisions reached by the Commission must ensure small and individual investors rights are protected and the transactions undertaken by all in the national market place are transparent.

As you know, I am in favor of updating the rules governing our national market system. I believe very strongly that all facets of government, whether its Congress or the SEC, should continually adjust and update our laws and rules to adapt to an ever-changing world. I believe this is particularly true when it comes to advancements in technology. Too often, our government has stood in the way of innovation and progress with antiquated rules and regulations.

However, we must understand that innovation and change can produce both positive and negative results. Therefore, it is imperative that Congress and the Commission weigh these consequences carefully. In March 2004, a report issued by the AARP found that when presented with the option of best available stock price versus the importance of other issues such as speed of transaction, approximately two-thirds of respondents indicated that they felt that best available price should be the top priority when conducting transactions. I believe these views echo those of many small investors today. As we look to advance our national market place we must not leave any segment behind.

As you move forward in your consideration of Regulation NMS, I ask that you continue to reward technological innovation without sacrificing the fundamental principles that make our markets the best in the world, while protecting investors of all sizes.

Sincerely,

Michael N. Castle
Member of Congress

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