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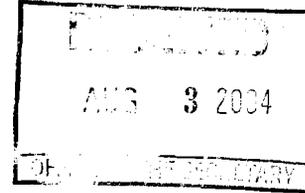
July 1, 2004

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Chairman William Donaldson
US Securities and Exchange Commission
450 Fifth St., N.W.
Washington, DC 20459



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

Dear Chairman Donaldson,

I am pleased to be part of the diverse chorus calling for true reform of our national financial markets. When dozens of elected officials, business groups, labor unions and other organizations across this great nation that are usually opponents join together to call for reform it is clear that there is an opportunity for real change. In New Jersey alone, labor unions, business groups, local and state officials have written to you to express the need to modernize our markets. I urge you to continue down the path to real reform.

I am therefore surprised by recent public statements that indicate that the SEC may not implement the most needed changes proposed in Reg NMS – namely the repeal of the trade-through rule or, at the minimum, a real and workable opt-out provision. With such a widespread call for these reforms, I do not see how the Commission could consider less effective changes to provide the same level of needed reform.

As a member of the House Financial Services Committee who previously served as Chairman of the New Jersey State Assembly Committee on Banking and Insurance, and as a Representative with many constituents who work in the financial services field, I know the importance our national markets play in our economy. So it is altogether fitting that the initial proposal called for the easing of government regulations on those seeking to participate in the system.

The Securities and Exchange Commission got it right when faced with a similar dilemma at the NASDAQ market in the 1990s. Rather than micromanage that market, it opened up the system to competition. Today the NASDAQ is a robust marketplace that has proven its ability to meet the needs of investors. It is also noteworthy that the cost to do business in the NASDAQ marketplace has dropped dramatically in the past decade, while there has been relatively little change on the manual marketplaces. You should continue this tradition of creating regulations that allow the market to determine which marketplace is best suited to an investor's needs, instead of working to preserve a monopolistic system that tries to fit all investors into the same mold.

The strength of the free market system is that investors can choose who they trust to handle their transactions and give as much or as little discretion to their advisors as they wish. Investors who do not like the way their broker handles their orders can “vote with their feet” and move their funds to another provider. But when government rules and regulations limit what the broker may do on behalf of their clients the free market is diminished and these choices make less of a difference. The elimination of the trade through-rule or the provision of a real opt-out alternative will give investors the opportunity to make their own decisions on how their trades are executed, and end the era of one size fits all regulation. Certainty and anonymity of execution as well as price play a part in all trading decisions. The outdated trade-through rule wrongly set one of these factors above all others.

It is my hope that your final rule will make clear that investors will not be burdened by even more regulations should they choose to opt-out. A complicated, costly or burdensome process would negate any advantages such an opt-out may provide. I encourage you to stay the course and truly provide investors with choice in their trading decisions.

Reg NMS has many provisions that will bring positive change to our national markets. Please take into consideration that many of those who represent the individual investors – whether labor union, elected official or public policy organization – understand that the future of the markets is at stake here. And we want real choice and real reform for our constituents, our members and our families.

Sincerely,

A handwritten signature in black ink that reads "Scott Garrett". The signature is written in a cursive, flowing style.

Scott Garrett
Member of Congress