



The Commerce Group, Inc.

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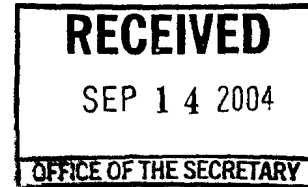
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S7-10-04

August 17, 2004

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



The Honorable William H. Donaldson:

As Chief Investment Officer of a company listed on the New York Stock Exchange, I am writing to express my concern regarding an SEC proposal that could substantially weaken an important element of investor protection.

I wanted to convey to you my strong support for Regulation NMS (file number S7-10-04) as well as other legislation in regards to support for the "trade through legislation." I have come to this conclusion after careful review of the various issues surrounding these matters including recent articles in "The Economist" and the "Financial Analysts Journal."

The SEC has proposed allowing institutions to "opt out" of this rule. This means those institutions would have the right to execute at something other than the best price on behalf of their ultimate investors. This would take liquidity out of the market will raise trading costs, widen quoted spreads, and increase volatility. Providing institutions an "opt out" exception creates a regulatory endorsement for the position that price does not matter even when speed and anonymity are relatively equal between markets.

After spending the past 15 + years in many facets of the investment management business I feel I have a thorough understanding of the pertinent issues. While no rule or system can fully protect individual and institutional investors from those few who wish to operate outside the rules and ethics of my profession, I urge you to support this legislation as a strong step in the right direction towards best execution for both individual and institutional investors.

Thank you for your time and consideration.

Sincerely,

John W. Hawie
Chief Investment Officer

