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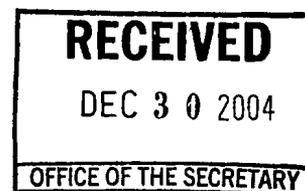
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December 16, 2004

57-10-04

The Honorable William H. Donaldson
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W., Room 6100
Washington, D.C. 20549-0609



Dear Chairman Donaldson:

Thank you for taking time to read this letter. I have been in the investment advisory business for over twenty-three years. My firm specializes in managing stock portfolios only in New York Stock Exchange listed issues. We have done this since inception and have not changed our business from the beginning.

We, unlike many firms, manage individual client portfolios that contain the stocks of our choice. We often buy and sell large blocks of stock that are broken down and placed into client portfolios. Our clients receive communication from companies they own and get to vote on corporate matters. We think that is important and is part of our business model.

There are a number of reasons why we choose early on to invest our clients' monies only in NYSE listed companies. Above all, it is the NYSE's listing standards, regulatory apparatus, liquidity and market making system (the Specialist System) that we have the most confidence in.

For over twenty years I have made it my business to visit stock exchanges throughout the U.S. and many in other countries. I have taken great pride in reading and writing financial history. I have made it a mandatory part of my business to understand the organization, operation and management of exchange systems and in particular the NYSE. I have seen what I call "backroom market making systems" that are all-electronic, and frankly scare the pants off of me. I have had some brokers take my specific instructions to execute a trade on the floor of the NYSE, off the floor and "shop my block." I have been on other trading floors where market makers lay trades off to the NYSE because they are too risky. I have also seen firsthand market makers that simply do not pick the phones up when the risk gets too high and the volume too large. I know of other exchanges in other countries that have struggled to define their models, changing them often trying to get it right. We have had exchanges in this country's past that have gone out of business, leaving investors with no source of liquidity other than the curb itself.

I say this because from my view, the NYSE's competition operates in an environment where the NYSE sets the listing standards, pulls the heavy load of market surveillance, provides the major operation for trading and market making and sets the tone for self-regulation. Within this trading environment many of these competitors pickoff the volume that is profitable and within their means. However, when things go wrong and a stock crashes to the upside or downside, many of these types disappear from the scene as the 100,000+-share blocks stream across the tape by the dozens within a minute.

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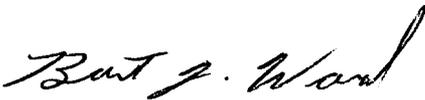
The NYSE, like all institutions, is not perfect and it has faced many challenges in the past and will so in the future. In fact, I argue that there have been other times that have been worse for the NYSE. In the end, what is important is that investors, worldwide, are able to execute a trade that is fair, orderly, has depth of market, anonymity and liquidity.

The overwhelming conclusions that numerous academic and industry studies have shown for years, is that in the case of stocks that have moved to the NYSE, the pricing mechanism, liquidity, market impact of trades and market depth are far superior on the NYSE than on other exchanges. This is also the conclusion when comparing trades in stocks of matched sets on two different markets.

Specifically, I have great concern for the institution of what would amount to a Consolidated Limit Order Book, the lack of human judgment in the trading arena and regulations that would impinge upon making the best price executions secondary to other issues.

I urge you and your fellow colleagues, during this time of change and re-evaluation, to take care not to radically change a model that I know is the envy of many around the world.

Very truly yours,



Bart J. Ward
Chief Executive Officer

Cc. Commissioner Glassman, SEC
Commissioner Goldschmid, SEC
Commissioner Atkins, SEC
Commissioner Campos, SEC
Ms. Annette L. Nazareth, Director, Div. Of Market Reg., SEC
Mr. Robert L.D. Colby, Deputy Dir., Div. Of Market Reg., SEC
Senator Norm Coleman, State of Minnesota
Senator Mark Dayton, State of Minnesota
Congressman Mark Kennedy, 6th District, Minnesota
Mr. John Thain, Chief Executive Officer, NYSE