



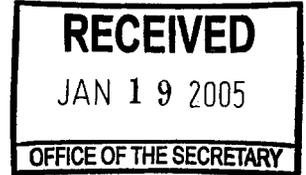
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WILLIAM C. THOMPSON, JR.
COMPTROLLER

57-10-04



October 27, 2004

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

Dear Chairman Donaldson:

As New York City's Chief Fiscal Officer, I write to express my concerns regarding the Commission's proposal to change the National Market System. I am particularly troubled by the proposed changes to the "trade-through" rule--which was designed to ensure that investors receive the best prices for their securities trades.

The strength and success of our capital markets are a direct result of our commitment to transparency and to the notion of a level playing field. These principles help maintain investor confidence and ensure that investor trades are executed efficiently and at the best price. Although I am mindful of the need to adapt to the ongoing and substantial technological changes to the markets' trading environment, I believe that the Commission's current proposal to allow firms to "opt out" of the trade-through rule inadvisably diminishes essential protections to the investing public as a whole.

I strongly question whether granting certain investors a right to opt out of the "best price" system would create a market system superior to one in which all investors have certainty that they are receiving the benefits of the best price in a uniform market structure. Although electronic trading is becoming increasingly efficient, we are ill advised to discard an approach that continues to work. The Commission's proposed loosening of this important regulation may impact the liquidity of the retail securities market and could very well result in the creation of fragmented trading environments. Rather than risk this outcome, the Commission should work toward a uniform market structure that

Chairman Donaldson

October 27, 2004

Page 2

takes advantage of new technologies, without risking bedrock principles that underlie broad public and investor confidence. Particularly because the investing public's confidence has been severely eroded in recent years, it is important not to further weaken these protections.

The stability of our capital markets remains the benchmark for other markets around the globe. It is my hope that the Commission concludes--as I have--that the proposed adoption of an opt out rule is inconsistent with the interests of the investing public.

Very truly yours,

A handwritten signature in black ink, appearing to read "William C. Thompson, Jr.", with a stylized flourish at the end.

William C. Thompson, Jr.