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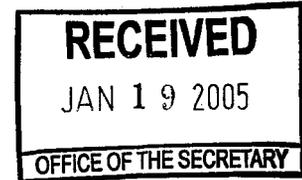


614

STATE OF NEW YORK

57-10-04

GEORGE E. PATAKI
GOVERNOR



December 9, 2004

Dear Chairman Donaldson:

I am writing in regards to a proposal the Securities and Exchange Commission is considering that would alter the long-standing "trade through" rule. I believe that this rule has bolstered individual consumers' confidence in our financial markets; I ask that you keep the best interests of those consumers at the forefront as you move forward on any possible alterations to the trade through rule.

In the two decades since the trade through rule was first enacted, the nations' financial markets have undergone considerable transformation thanks to technological advancements. Now, more than ever, investors can trade financial products in a wide array of markets across the globe in a matter of seconds. This transformation has allowed the financial services market to inject billions of dollars into not only the New York economy, but the nation's economy as well. This revolution is due in no small part to the SEC, which has adapted its regulation to create a marketplace where not only can investors quickly take advantage of new opportunities, but consumers receive necessary protection from "bad actors."

Over the past twenty years, the trade through rule, which obligates that investors receive the best price, has proven to be one of the most effective tools in protecting consumers. By ensuring that investors receive the best price at all times, the SEC has created an environment where individuals can trade with the confidence of knowing that their orders are handled in the most beneficial way possible. The vast majority of these investors are ultimately not interested with the speed or location of their trades: they simply want to receive the best price available. As the Commission considers appropriate changes to this proposal, I strongly urge that the Commission consider the following principles before making changes that have the potential to adversely affect all U.S. consumers and perhaps adversely affect the competitive position the U.S.-based capital markets.

- Fair Prices: Changes to the trade-through rule should continue to protect investors to ensure that they receive the best prices for their trades;
- Liquidity: The trade-through rule should promote liquidity in exchanges, which is necessary for the smooth function of financial markets;



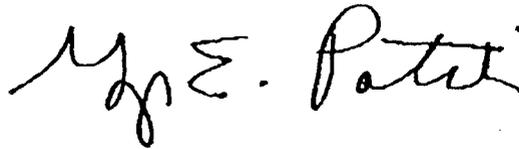
214

Mr. William H. Donaldson
December 9, 2004
Page Two

- **Appropriate Oversight:** The Commission should maintain appropriate oversight to ensure that the provisions of the final requirement are adhered to maintain the integrity of markets.

Thank you for considering my views. If I can be of any assistance, I hope you will not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "M. E. Patten". The signature is written in black ink and is positioned centrally below the closing text.

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