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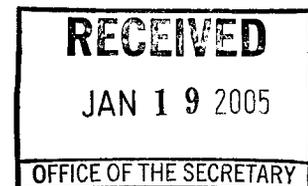
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January 6, 2005

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



RE: File No. S7-10-04 Proposed Rule on Regulation NMS

Dear Bill:

We are writing to express our concerns about the Securities and Exchange Commission's proposed Regulation NMS, which is designed to update and strengthen our national securities markets. A core part of the proposal contains, as one of two options a provision that would radically change the structure of the U.S. capital markets and effectively turn our internationally competitive, investor-driven markets into a government utility.

The provision in question would create the equivalent of a Consolidated Limit Order Book (CLOB), a radical concept first envisioned in the late 1970's, then debated by Congress and by the SEC in 2000. The CLOB has been rejected by Congress and the SEC previously, and should be again, for one overriding reason: it would effectively nationalize the U.S. equity markets, removing incentives for markets to compete with one another.

The U.S. equity markets are the strongest in the world. In a splintered, electronic-only marketplace where exchanges must chase displayed orders from market-to-market, large orders of stock would be difficult to manage. Instead, they could be traded in private markets or overseas. It is unclear why the SEC has decided to fix what is not broken, and put the competitiveness of the U.S. capital markets at risk. Our firm has been operating with efficient markets since our founding in 1893 and strongly opposes the CLOB concept.

NOT A DEPOSIT	NOT INSURED BY ANY FEDERAL
NOT FDIC INSURED	GOVERNMENT AGENCY
MAY LOSE VALUE	NOT BANK GUARANTEED

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The SEC has chosen to follow this path at the precise time that competition is transforming the largest equities market in the world. The NYSE is on the verge of implementing its new Hybrid Market. The NYSE Hybrid Market will offer customers what they have been demanding—the ability to choose to trade electronically or through the auction market. The proposed CLOB would eliminate the opportunity for a negotiated trade within the system, and preclude any possibility that the hybrid market will ever become operational. Thank you for your consideration.

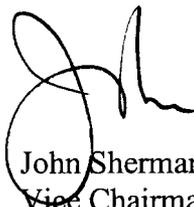
Respectfully,



Walter S. Robertson, III
President & Chief Executive Officer



S. Buford Scott
Chairman of the Board



John Sherman, Jr.
Vice Chairman

Cc: Commissioner Cynthia A. Glassman
Commissioner Harvey J. Goldschmid
Commissioner Paul S. Atkins
Commissioner Roel C. Campos