

Congress of the United States

Washington, DC 20515

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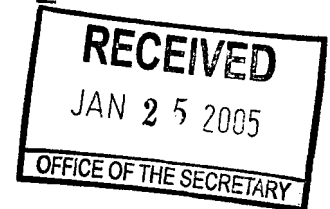
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January 25, 2005

The Honorable William H. Donaldson
Chairman
Securities and Exchange Commission
450 5th Street, N.W.
Washington, DC 20549

57-10-04



Dear Chairman Donaldson:

We are writing to express our concerns about the Securities and Exchange Commission's latest re-proposal of rules under Regulation NMS. We have serious reservations about the proposed rule's Voluntary Depth Alternative, which would dramatically alter the structure of the U.S. equity markets.

It is our understanding that the Voluntary Depth Alternative would create a trading system with many of the same characteristics and problems of a Consolidated Limit Order Book ("CLOB"). As we are sure you are aware, in the recent past Congress and the SEC have repeatedly rejected creation of a CLOB because it would limit competition in U.S. equity markets.

The U.S. equity markets are the envy of the world, and have been a driver of U.S. and global economic growth. The U.S. markets have led through innovation and competition, and a CLOB-based approach would seriously undermine incentives for U.S. exchanges and other participants to continually create a better trading platform for investors.

We respectfully request that you carefully consider the adverse consequences of the Voluntary Depth Alternative on the U.S. equity markets and its participants.

Sincerely,

A handwritten signature in cursive script, appearing to read "E. Royce".

Edward R. Royce

A handwritten signature in cursive script, appearing to read "George Radanovich".

George Radanovich