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ES 106779
Glenn W. Reed

Executive Vice President and General Counsel

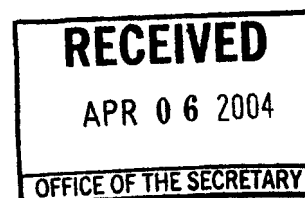
March 22, 2004

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57-10-04

Via Facsimile
Facsimile Number 202-226-9646

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



Re: Proposed Modification to SEC "Trade Through" Rule

Dear Chairman Donaldson:

I serve as Executive Vice President and General Counsel of UICI, a company whose shares are traded (symbol "UCI") on the New York Stock Exchange. I am writing on behalf of UICI to express concern regarding an SEC proposal which could, in my opinion, substantially weaken an important element of investor protection.

The so-called "trade-through" or "best price" rule assures investors that they will receive the best price when buying and selling shares of NYSE-listed companies. This basic principle has served our markets well for several decades, ensuring that orders, whether large or small, compete on the same basis --- price. The vibrancy of our securities markets derives largely from the liquidity that price competition creates. To the degree that investors are willing to offer better prices, we believe that their orders should not be ignored.

The SEC has proposed a rule that would allow institutions to "opt out" of this rule, meaning that those institutions electing to "opt out" would have the right to execute trades at something other than the best price on behalf of their ultimate customers. Professional traders would be encouraged to internalize customer order flow. Taking liquidity out of the market will raise trading costs, widen quoted spreads, and increase volatility. Providing institutions an "opt out" exception creates a regulatory endorsement for the position that price does not matter, even when speed and anonymity are relatively equal between markets. I believe that that is a bad message to send, and the least sophisticated investors, including those investing in mutual funds, are at greatest risk.

In addition, when liquidity is fragmented across multiple trading venues, the cost of raising capital increases, negatively affecting both issuers (such as UICI) and investors. This is a matter of great significance for the American economy broadly, as the cost of capital directly impacts our ability to invest in jobs, research and development and expansion.

I respectfully ask that you work to keep the best price provisions of the "trade-through rule" intact.

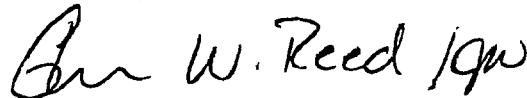
The Honorable William H. Donaldson

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I thank you for your consideration of this matter.

Very truly yours,

A handwritten signature in black ink that reads "Glenn W. Reed" followed by a stylized monogram "GWR".

Glenn W. Reed

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To: Honorable William Donaldson From: Glenn Reed
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● Comments: