

COMMITTEE ON
APPROPRIATIONS

SUBCOMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION,
AND RELATED AGENCIES

SUBCOMMITTEE ON
VA, HUD, AND
INDEPENDENT AGENCIES
SUBCOMMITTEE ON LEGISLATIVE



CONGRESSMAN RAY LAHOOD

18TH DISTRICT, ILLINOIS

March 23, 2004

PERMANENT SELECT
COMMITTEE ON
INTELLIGENCE

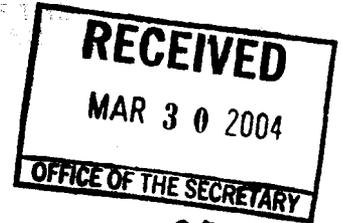
SUBCOMMITTEE ON
TERRORISM AND HOMELAND
SECURITY, CHAIRMAN

SUBCOMMITTEE ON
INTELLIGENCE POLICY
AND NATIONAL SECURITY,
VICE CHAIRMAN

RECEIVED

ES 106340
2004 MAR 29 P 12: 11

OFFICE OF THE
CHAIRMAN



Mr. William H. Donaldson, Chairman
Securities and Exchange Commission
450 5th St, NW
Washington, DC 20549

57-10-04

68

Dear William:

I am writing to express my concerns regarding the proposed changes to the New York Stock Exchange's "trade through rule". As you know, the trade through rule has served the market well for more than two decades. The core principle is simple: the investor is obligated to get the best price. By focusing on that one core value, the U.S. equity markets have been foremost in the world.

It is my understanding that the SEC is considering a proposal that would allow firms trading on electronic markets to "opt out" of the trade through rule. These sophisticated traders would argue that speed is their most important consideration.

I have grave concerns about the impact this policy would have on the small investor whose faith in the markets has already been jeopardized by a wave of scandals in which the insiders prosper and the little guy loses. I fear that such restructuring of the markets is likely to increase volatility and scare away mom and pop investors.

A survey done last month of almost 2,000 AARP members found that nearly two thirds said that price, not speed, is the number one priority when conducting transactions. In fact, brokers' fees were deemed more important than speed. And, as you know, the class of individual investors is dominated by people over the age of 50, the precise membership of AARP.

As Chris Hansen, AARP Advocacy Director, recently commented, "The SEC needs to proceed carefully in proposing changes that could undermine the ability of the individual investors to get the best price at the lowest transaction cost."

Additionally, the same survey found that 62 percent of those surveyed were worried about dishonesty in the investment community, and 57 percent specifically raised concerns about insider trading. I believe tilting the playing field further in the hands of professional traders deepens these fears.

RESPOND TO:

1424 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-6201
FAX (202) 225-9249

100 NE MONROE
PEORIA, IL 61602
(309) 671-7027
FAX (309) 671-7309

3050 MONTVALE DRIVE
SPRINGFIELD, IL 62704
(217) 793-0808
FAX (217) 793-9724

209 WEST STATE
JACKSONVILLE, IL 62650
PHONE/TTY (217) 245-1431
FAX (217) 243-6852

INTERNET: WWW.HOUSE.GOV/LAHOOD/

PRINTED ON RECYCLED PAPER

Mr. William H. Donaldson, Chairman

March 23, 2004

Page # 2

I know that you share the interest in ensuring that every investor has access to the broadest, deepest, and most liquid markets. The "best price standard" embodied in the trade through rule has served investors well, particularly the vast majority of my constituents who are not professional traders or speculators.

I look forward to your response and appreciate your consideration of my concerns.

Sincerely,

Ray LaHood
Member of Congress

RHL/jkj