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COMMITTEE ON FINANCIAL SERVICES

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

BUILDING A BETTER AMERICA CAUCUS,
CHAIRMAN



UNITED STATES
HOUSE OF REPRESENTATIVES

January 26, 2005

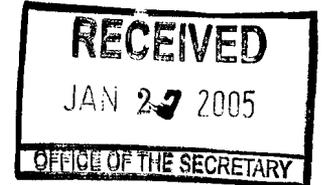
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The Honorable William H. Donaldson
Chairman
Securities and Exchange Commission
450 5th Street Northwest
Washington, D.C. 20001

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

Dear Chairman Donaldson:

I am writing to express my concerns about the Securities and Exchange Commission's proposed Regulation NMS. While I commend you for your efforts to update and strengthen our national securities markets, I am concerned about the potential negative consequences of the Voluntary Depth Alternative proposal. I believe this proposal could radically change the structure of the U.S. capital markets and damage our internationally competitive, investor-driven markets.

As you are well aware, the U.S. equity markets are currently the strongest in the world. Today, we benefit from competition within markets and competition between markets. These competitive forces combine to create low transaction costs, tight spreads, low volatility, innovative price discovery and equal protection and choice for all investors – large and small. Intermarket competition is currently transforming the largest equities market in the world. I am concerned that the proposed Voluntary Depth Alternative would undermine these competitive forces that lead to market innovation.

I urge you to reject proposals that would have the effect of nationalizing the U.S. equity markets and to ensure the system continues to provide incentives for markets to compete with one another. Thank you in advance for your consideration of my concerns. I look forward to working with you in the future to ensure we preserve the competitiveness of our national securities markets.

Sincerely,

GARY G. MILLER
Member of Congress