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Congress of the United States
House of Representatives
Washington, DC 20515-3011
January 25, 2005

COMMITTEE:
COMMITTEE ON APPROPRIATIONS
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DISTRICT OF COLUMBIA, CHAIRMAN
ENERGY AND WATER DEVELOPMENT

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Mr. William Donaldson
Chairman
Securities and Exchange Commission
450 5th Street, NW
Washington, D.C. 20549

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OFFICE OF THE SECRETARY

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

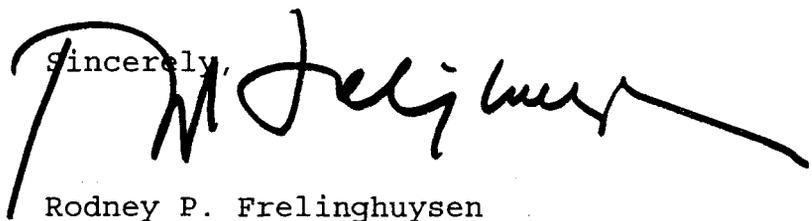
Dear Mr. Donaldson:

I am writing to express my concern about the Commission's proposed Regulation NMS, which is designed to update and strengthen our national securities markets.

I personally favor the Market BBO Alternative, which preserves the inter-market competition that benefits all securities industry participants. I have serious reservations about the Voluntary Depth Alternative, which might radically change the structure of U.S. capital markets and possibly damage our internationally competitive, investor-driven markets.

For the record, I asked my staff to see what we might have received from the SEC on these regulatory proposals. I cannot find any materials, but perhaps that's standard practice.

As a lay person, it appears that we might be fixing something that is not broken and might potentially put the competitiveness of our capital markets at risk.

Sincerely,


Rodney P. Frelinghuysen
Member of Congress

RPF:aj