

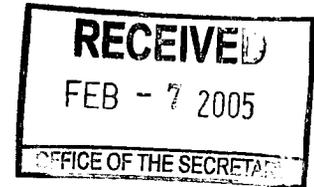
Nick Schultz
4058 Country Club Rd N
Irving, TX 75038-5607

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January 25, 2005

S7-10-04

William H Donaldson
SEC Chair
450 5th St NW
Washington, DC 20549



Re: National Market System Overhaul

Dear Mr. Donaldson:

As a member of the Security Traders Association, I am writing to express my support for, and endorsement of, the STA's position on the most recent re-proposed Reg NMS (Release number 34-50870; File number S7-10-04).

Specifically, and most importantly, the STA has held that a phased-in approach to market structure changes is the most appropriate for achieving the goals of an efficient NMS and is the most consistent with the competition-driven environment envisioned and mandated by Congress.

This approach calls for the following:

· Connectivity and access between market centers and market participants; · Automated execution of orders; · Automated refreshment of orders as they are filled; · The elimination of access fees.

The phased approach, once implemented, would allow for the accumulation of data that would show, from market experience, whether further changes were required. Until that time, there should be no further changes in current regimes such as trade through. Furthermore, should the SEC determine that a cap on access fees is in the best interest of investors, all trades should be capped not just "protected" orders.

This approach will bring about what most investors and market participants desire: efficient and competitive markets, fair and equal access, and greater transparency. Furthermore, it will avoid the twin problems of over regulation and unintended consequences.

An online poll conducted by Traders Magazine shows that 59% of respondents favored such an approach when compared to other alternatives.

Regarding access to quotes, only orders automatically accessible through the facilities of an SRO should be included in the quote. Other mechanisms, such as inclusion of manual quotes in the NBBO, compromise the integrity of the quote (as they cannot be accessed) and therefore will both confuse investors and dilute confidence in the markets.

The Commission has taken a stand on the elimination of locked and crossed markets and the enforcement of such a rule by SROs. This is an important move forward, which will help build the NMS.

The Commission also needs to ban sub-penny quoting, which serves the commercial interests of the few but does not serve the goals of an NMS, the securities industry or the investing public.

The market data regime also needs to be based on quality, tradable quotes rather than number of trades – a practice that invites trade shredding, flickering quotes and rebates.

Finally, the Commission should not regulate based on investor type. Selecting one investment strategy over another is best left to investors – a choice that should not be affected by regulation but by competition.

The Commission has taken the right step in moving towards an NMS. With the approach recommended by the STA, which is based on broad principles, there will be substantial movement toward an NMS that will serve the interests of investors, participants and markets now and in the challenging years ahead.

As your constituent and a member of the securities industry, I support the STA's recommendations for improving the national market system.

Sincerely,

A handwritten signature in black ink that reads "Nick Schultz". The signature is written in a cursive, flowing style.

Nick Schultz
214-334-6936