

Committee on Financial Services  
Committee on Transportation and  
Infrastructure  
Democratic Steering & Policy  
Committee  
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January 3, 2006

The Honorable Christopher Cox  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

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CHAIRMAN

Dear Mr. Chairman:

I am writing to express my concern about a proposed rule change that raises significant market structure public policy issues. On July 11, 2005, NASD filed with the Commission a proposed rule change that will ostensibly create a new NASD subsidiary, the Trade Reporting Facility ("TRF").

I am not an expert on this particular matter, but I am informed that by creating this facility, NASD members would not be required to offer the best prices in the marketplace to the customers because they are allowed to disregard the open market when executing trades. Over the years, I have consistently advocated for market improvements that ensure customer access to the lowest prices possible. Any governmental action that would prevent such access should be avoided and opposed.

To make matters worse, should the NASD's proposal be approved other markets like the Boston Stock Exchange will likely be forced by competitive pressures to enter into similar arrangements with the NASD to gain revenues for trades that have no connection with those markets. These market forces would only exacerbate the problem.

If my understanding of this matter is correct, I strongly suggest that the SEC pursue an alternative that will ensure customers are of primary concern. They deserve to receive the benefits of a fair and open marketplace and obtain the best prices available.

Sincerely,

Michael E. Capuano  
MEMBER OF CONGRESS