

OPENING STATEMENT
CONGRESSMAN PETER T. KING
before the
HOUSE FINANCIAL SERVICES SUBCOMMITTEE ON
CAPITAL MARKETS

“Regulation NMS: The SEC’s View”

March 15, 2005

Thank you, Chairman Baker. I appreciate the opportunity to comment on the SEC’s market structure proposal and I look forward to Chairman Donaldson’s insight into these reforms.

Very simply, I support the SEC’s proposal to apply the trade-through rule to automated quotes across all markets. Since its inception in 1981, the trade-through rule has ensured that consumers receive the best price available for their trades in the National Market System. The trade-through rule is crucial to investors and I believe that my constituents should receive the same protection regardless of which stock they are trading.

With respect to the two alternatives offered by the proposal, I support the Best Bid and Offer (BBO) alternative, which preserves inter-market competition. I am concerned that the second alternative, the Voluntary Depth Alternative, shares many of the characteristics and problems of a Consolidated Limit Order Book and would turn our market centers into mindless order routers.

Chairman Donaldson, I commend the SEC for its extensive work to craft these proposals. It is my hope that as this process moves forward, the SEC will keep in mind the crucial benefit of the trade-through rule to investors. I look forward to your testimony.

Thank you, Mr. Chairman.