

May 18, 2004

Opening Statement by Congressman Paul E. Gillmor
House Financial Services Committee
Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises
Hearing entitled, "The SEC Proposal on Market Structure: How will Investors Fare?"

I would like to thank you, Mr. Chairman, for calling this important hearing and allowing us the opportunity to discuss the Securities and Exchange Commission's (SEC) Regulation NMS and particularly their proposal regarding the trade-through rule.

As I indicated in a recent letter to SEC Chairman William Donaldson, I support Regulation NMS and feel it is an appropriate first step toward providing greater transparency and investor choice for all Americans. With regard to the trade-through rule, I do not believe it has evolved with the market to address the needs of modern investors.

I believe that both individuals and institutions, including local and state pension funds in Ohio will benefit from greater control over their trades. The proposed opt out provision would allow educated investors to better tailor their execution to meet their own needs. In addition, the greater choice provided by the modified rule will lead to greater competition between markets. Greater competition inevitably leads to greater transparency as it becomes a factor in where investors choose to execute their trades.

The opt out provision would begin the process of lowering the barriers that inhibit competition and prevent investors from choosing the manner in which their orders are executed. A user-friendly opt-out will allow both big and small investors to benefit from the ability to define best execution in a manner that best addresses their priorities.

Thank you again, Mr. Chairman, for calling this important hearing and I look forward to an informative discussion.