

Bernard L. Madoff Investment Securities is pleased to participate in the Senate's hearing on Regulation NMS. We applaud the SEC's proposal to address this complex set of issues. One of the great difficulties we face in addressing these issues is that so many of them are inextricably linked. In order to support a trade-through rule that would truly benefit investors, it is critical to implement a system that includes seamless linkages and a fee structure that does not interfere with price discovery.

Madoff Securities has long held the position that the integrity of the quote is instrumental to the efficient functioning of a National Market System ("NMS"). Investors must be assured that regardless of where their orders are routed, they will be in a position to reap the benefits of the NMS. It is our belief that the foundation of this system should be publicly displayed quotes that are firm and accessible.

The best way to insure this result would be to require all "quoting" market centers to employ an automated order execution facility for "inter-market" orders seeking to satisfy those "quotes" deemed to be firm and accessible and, therefore, eligible for intra and intermarket price protection. A quote is deemed to be firm and accessible when it is subject to automatic and immediate execution or cancellation on a computer-to-computer basis with no human intervention for up to its total displayed size.

Accessibility of the quote is a critical component to the integrity of an NMS. The need for efficient linkages to assure accessibility is an absolute imperative in an NMS predicated on investor protection. Effective linkages, both public and private, must be in place and the price displayed must truly reflect the actual cost of trading. Market participants should only be allowed to be part of the National Best Bid or Offer (NBBO) and receive price protection if those quotes are deemed firm and accessible through either a public or private linkage. **The SEC must define the scope and minimum standards for a public intermarket linkage.** Individual markets would also be free to define and enter into private linkages in addition to the public linkage requirement.

In the absence of a mandatory automated order execution facility for all "quoting market centers", it is critical to the success of any "trade-through" proposal that those markets unwilling to implement such a mechanism be subject to an unfettered "opt-out" for those quotes deemed to be non-automated or inaccessible. The proposed requirements for such an "opt-out" of non-automated or inaccessible quotes should only be governed by the fiduciary requirements of "best execution".

Thank you for allowing us the opportunity to contribute to the discussion.