

NEWS RELEASE

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ICI Supports SEC Reexamination of "Trade-Through Rule," February 2004

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Proposals to Enhance, Modernize National Market System Welcomed

Washington, February 24, 2004 - The Investment Company Institute today expressed support for the Securities and Exchange Commission as it issued important [new proposals](#) to enhance and modernize the national market system and, most significantly, to reexamine the purpose and workings of the "trade-through rule."

ICI Associate Counsel Ari Burstein said, "The trade-through rule may be precluding mutual funds from executing orders in a manner that is most efficient for their shareholders." The rule, which generally requires participants in the listed market to route orders to the market with the best price, was designed to encourage the display of trading interest and to help achieve best execution for customer orders.

Burstein noted that "the trade-through rule does not currently further either of its two principal goals. We certainly believe that, in the long-term, intermarket price/time priority should remain a key component of an efficient market structure. But stark technological disparities exist among markets, and the trade-through rule should not be allowed to protect less efficient markets at the expense of those that are more efficient." Burstein said the Institute therefore will support modifications to the trade-through rule that can help address the problem of forcing an investor to route its order to a market with the best price but, for example, is slow in executing orders.

Burstein said the Institute looked forward to examining all of the SEC's market structure proposals, and looked forward to providing comments on these important initiatives.

The Institute devotes a section of this site to the market issues that funds face in working on behalf of their shareholders.