

# United States Senate

WASHINGTON, DC 20510

July 24, 2009

Mary Shapiro  
Chairman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chairman Shapiro:

I write today out of concern that the integrity of our capital markets is being compromised by the ability of some insiders to view order information before it is available to the entire market, and use electronic trading strategies to profit from that information at the expense of other investors.

Specifically, I request that the Securities and Exchange Commission ("SEC") act to prohibit the use of so-called "flash orders" in connection with optional display periods currently permitted by DirectEdge's Expedited Liquidity Program, NASDAQ's Flash order program and BATS's Bolt Optional Liquidity Program. Flash orders allow certain members of these exchanges to obtain access to order flow information before that information is made available to the public, allowing those members to use rapid trading programs to trade ahead of those orders and profit from advanced knowledge of buying and selling activity.

While pre-routing programs can benefit markets by providing additional liquidity, this kind of unfair access seriously compromises the integrity of our markets and creates a two-tiered system where a privileged group of insiders receives preferential treatment, depriving others of a fair price for their transactions. If allowed to continue, these practices will undermine the confidence of ordinary investors, and drive them away from our capital markets.

If the SEC fails to curb this practice, I plan to introduce legislation in the U.S. Senate to prohibit the use of flash orders in connection with optional pre-routing programs in order to ensure that trading in U.S. public capital markets is fair and transparent for all market participants.

I look forward to hearing from you regarding your plans to address the concerns expressed above. If you have any questions regarding this letter, please contact Jonah Crane on my staff at 202-224-8424.

Sincerely,

A handwritten signature in blue ink that reads "Chuck Schumer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles E. Schumer  
United States Senator