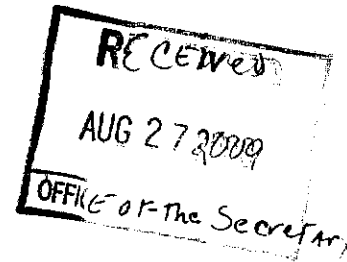


Ms. Elizabeth M. Murphy
Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549



Re: Flash Orders and Trades and Server Co-Location

4-589

To the Commission:

Atherton Lane Advisers, LLC ("Atherton Lane") is an SEC registered investment adviser that offers comprehensive wealth management and investment counseling services to private clients. We are writing to urge the Commission to promptly create rules which regulate or ban the trading practice known as flash orders and the practice of server co-location.

We are concerned that flash orders and trades offer trading advantages to some market participants. As stated by Senator Schumer in a letter dated July 24, it appears that the practice of flash trading allows certain traders to obtain order flow information for computer-based trading before the information is routed to the broader public market and creates a "two-tiered system where a privileged group of insiders receives preferential treatment, depriving others of a fair price for their transactions." While proponents of such trading practices may argue that the practice provides liquidity, increases the speed of execution and helps traders get better prices, we believe that the real and perceived unfairness of the practice described above far outweighs its purported benefits.

As with flash orders and trades, it appears that the establishment of a trader's computer servers on or near the floors of market centers, or even within the firewalls of market centers (server co-location), offers an advantage to traders (e.g., hedge funds) who use it relative to those who do not. Some have argued that through server co-location, high frequency traders may get ahead of orders by institutional and retail traders.

Finally, these practices may impact our best execution obligations to our clients. We typically send trades to broker-dealers who in turn send trades to market centers. If some, but not all, market centers offer flash orders and/or server co-location, our decisions regarding best execution might be affected.

We respectfully request that the Commission promptly create rules addressing flash orders and server co-location. At that time, we will take the opportunity to comment on the proposed regulations.

Sincerely,

A handwritten signature in cursive script that reads "William E. McDonnell, Jr.".

William E. McDonnell, Jr.
Chief Compliance Officer