October 24, 2014

By Electronic Mail

Chair Mary Jo White
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Recommendations for Equity Market Structure Reforms

Dear Chair White:

The Securities Industry and Financial Markets Association ("**SIFMA**")[1] commends you and the Securities and Exchange Commission (the "**Commission**") for your ongoing review of market structure issues in the U.S. equity markets. For many years, SIFMA and its members have been vocal advocates on these important issues, and we submit this letter to provide our recommendations for enhancing the fairness, stability and transparency of the U.S. equity markets.

The U.S. equity markets are the deepest, most liquid and most efficient in the world, with investors enjoying extraordinarily low transaction costs, narrow spreads, and fast execution speeds. Nevertheless, SIFMA believes there are aspects of market structure that could be enhanced through steps designed to decrease unnecessary complexity, increase transparency and promote fairness.

To sharpen the focus on these important issues, SIFMA's Board of Directors convened a broad-based task force of members from across the country and across the industry, including retail and institutional dealers and asset managers, to develop a series of tangible and actionable market structure reforms. Through this task force, SIFMA has developed more than a dozen specific recommendations for addressing equity market structure. As discussed in more detail below, the key recommendations include the following:

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[1] SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association. For more information, visit www.sifma.org.

- **Market Complexity.** SIFMA recommends that exchange access fees be significantly reduced, to no more than five cents per 100 shares. In addition, SIFMA recommends that the displayed quotations of a market center should not be protected under Regulation NMS unless the market center provides substantial liquidity to the market over a sustained period of time.
- **Dissemination of Market Data.** As a fundamental principle, market pricing information from all sources should be distributed to users at the same time. SIFMA recommends that the Commission promote the equitable distribution of market data by requiring improvements to the securities information processors, reforming their governance structure, and introducing greater competition.
- **Transparency and Disclosure.** SIFMA recommends regulatory initiatives to increase and standardize order routing and execution disclosure, by both exchanges and broker-dealers. In addition, SIFMA recommends that regulators direct broker-dealers to provide increased standardized disclosures to retail and institutional customers.

SIFMA's recommendations on equity market structure are consistent with the themes you laid out in your speech on June 5, 2014. You will note that we have developed additional recommendations, and we urge the Commission to act promptly on all of our recommendations in its review and action on equity market structure.

I. Market Complexity

A. Access Fees

Registered exchanges currently charge access fees that are extremely high compared to other transaction costs, and that distort price discovery and contribute to market complexity. These access fees are based on a regulatory fee cap under Regulation NMS, and they have not adapted to market developments in the time since Regulation NMS was adopted. SIFMA believes that the Commission can effectively remedy these issues by amending Rule 610 of Regulation NMS to reduce the maximum permissible access fee from $0.003 per share (*i.e.*, 30 cents per hundred shares) to no more than $0.0005 per share (*i.e.*, five cents per hundred shares). Adjusting the existing fee cap would be the most efficient way to address access fees under the existing regulatory structure.

The regulatory cap on access fees was adopted in Regulation NMS in conjunction with Rule 611 of Regulation NMS under the Securities Exchange Act of 1934 ("Exchange Act"), also known as the "Order Protection Rule." By way of background, the Order Protection Rule generally requires that marketable orders be routed to the automated market displaying the best available quotation—*i.e.*, to protected quotations. However, the Order Protection Rule considers only the quotation itself, not fees charged for accessing that quotation. The Commission recognized that as a result of the Order Protection Rule, "market participants will no longer have the option of bypassing the quotations of trading centers with access fees that [market participants] view as too high."[2] Similarly, the Commission was concerned that some markets might take advantage of protected quotation status to charge excessive access fees, making what appeared to be the best quotation available actually inferior to another quotation—after access fees are taken into account.[3] To address these concerns, the Commission adopted Rule 610, capping fees to access protected quotations to 30 cents per 100 shares. The 30 cent number was chosen because it was generally "consistent with current business practices" at the time.[4]

However, business practices change over time. In today's current practice, exchanges rebate most of the access fee revenue they receive (generally between 25 cents and 29 cents of the 30 cents charged) through pricing mechanisms such as "maker-taker." Under the maker-taker pricing model, the exchange charges broker-dealers for "accessing" a displayed quotation, *i.e.*, taking liquidity. Depending on the exchange and eligibility for volume thresholds, access fees generally equal or approach 30 cents per hundred shares—the maximum currently allowed under Regulation NMS Rule 610. As such, the vast majority of the access fee is used to fund a rebate paid to the party that posted the quotation on the exchange, as an incentive for the liquidity "maker" to post liquidity to the market.

While the fee cap in Rule 610 may have made sense in 2005, it is now "hard coded" into Commission rules, and it therefore has not adjusted with market developments over time. Competitive pressures, increased efficiencies from automation, and electronic trading have each operated to reduce these transactions costs – but not access fees. As a result, access fees, when incurred, have become an outsize element of overall transaction costs.

[2] Regulation NMS, Exchange Act Release No. 51808 (June 9, 2005) at 182.

[3] *Id.* at 182 – 183.

[4] *Id.* at 189.

The high level of access fees relative to overall transaction costs has resulted in market distortions. Consider a broker that receives a customer's market order to buy 100 shares of ABC stock, with the national best bid of $10.00 and national best offer of $10.01, a one cent spread. The broker could route the order to the exchange, costing the customer $1.00 in spread (*i.e.*, the one cent spread multiplied by 100 shares) and the broker 30 cents. Alternatively, the broker could route the trade to an OTC market maker that provides price improvement, executing the order at, for example, $10.009. This would save 10 cents on the execution price (10% of the spread) while saving the 30 cents in execution fees. As a result, ten cents of price improvement actually results in 40 cents of net savings. In fact, assuming a full pass-through of execution fees, an investor would be economically better off receiving an execution at $0.002 *worse than the national best bid or offer* (*e.g.*, buying at $10.0102 in the example above) on a market that did not charge access fees than buying at the national best offer on an exchange that did.

In addition, the desire to avoid access fees has led to unnecessary market complexity. Market participants regularly implement complex order routing strategies, consistent with best execution, that divide, route and re-route orders and parts of orders, when possible, to market centers that enable them to avoid paying excessive access fees. In practice, this often results in orders being executed in alternative trading systems or other off-exchange venues solely to avoid the exchanges' access fees.[5] With spreads and commissions having shrunk to pennies or less, fixed access fees stand out as oversized costs that market participants reasonably seek to avoid.

Efforts to avoid access fees have also greatly increased market complexity *on exchanges*. Avoiding these fees is so important to market participants that exchanges have created order types designed just for the purpose of avoiding access fees. One example is the "post-only" order type, which allows a market participant to specify that its order should execute only if it will not take liquidity and incur an access fee. Post-only features are often added on top of already complex order types, further increasing market complexity.[6] The existence of these order types demonstrates the unnecessary

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[5] Exchanges have certainly noticed more order flow being routed away from exchanges—and have in fact asked the Commission to reverse the trend by forcing more trading on-exchange. *See*, *e.g.*, Meeting with Representatives from NASDAQ OMX Group, NYSE Euronext, and BATS Global Markets, Inc., Memorandum from Cristie L. March, Senior Adviser, Office of the Chairman to File No. S7-02-10 (May 1, 2013), *available at* http://www.sec.gov/comments/s7-02-10/s70210-399.pdf.

[6] *See*, *e.g.*, NASDAQ Stock Market Rule 4751(f)(11) (describing a Midpoint Peg Post-Only Order, a non-displayed order pegged to the midpoint of the NBBO that only executes if it will not take liquidity—unless it can execute with price improvement sufficient to exceed the sum of the access fee and foregone liquidity rebate).

complexity that the current access fees are causing the market. These fees have become so economically significant that market participants may forgo otherwise available executions to avoid them.

Notably, while Rule 610 sets the maximum access fees, it does not set any minimums. If efforts to avoid access fees have led to more off-exchange trading, one would expect competitive pressures to result in exchanges reducing access fees to regain market share. However, this expected dynamic has been stymied by a collective action problem. Because the vast majority of access fees charged to "liquidity takers" are used to fund rebates paid to "liquidity makers," an exchange that reduces access fees must also reduce liquidity rebates. Such an action would result in a first-mover disadvantage. If one exchange were to reduce access fees and liquidity rebates, market participants that would otherwise be liquidity makers, such as market makers or less aggressive traders, would likely immediately shift their order flow away, as they would be economically better off trading on the exchanges that did not yet reduce their access fees. As a result, while it appears that there is support even from some exchanges to reduce access fees,[7] none has taken the step to do so on its own.

To solve for the voluntary first mover disadvantage, the Commission should update Rule 610 of Regulation NMS to reduce the maximum access fee to a level that better reflects today's market. SIFMA believes that reducing access fees to no more than five cents per hundred shares would reflect a level that would both allow room for some level of maker-taker incentives to provide liquidity, while significantly reducing the market distortions and unnecessary complexity that access fees have caused.

B. Reduce Number of Trading Venues with Protected Quotes

Another key issue in market complexity is reducing the number of exchanges to which broker-dealers are mandated by regulation to send orders. Regulation NMS grants "protected quotation" status to a displayed quotation on any automated trading center – in practical terms, protected quotation status attaches to displayed quotations on *any* of the

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[7] *See*, *e.g.*, Jeffrey Sprecher, CEO, Intercontinental Exchange, Testimony before U.S. Senate Banking, Housing & Urban Affairs Committee (July 8, 2014) (calling for ICE-owned NYSE and other exchanges to "lower the statutory maximum cap on exchange fees), *available at* http://www.banking.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=6c9d5694-0891-48ea-8912-b51d8ada615f; Sarah N. Lynch, *Nasdaq CEO Says Maker-Taker Model Has Value, But Fees Too High*, Reuters (July 28, 2014).

dozen or so stock exchanges currently operating.[8] The Order Protection Rule under Regulation NMS effectively requires broker-dealers to execute at the price of a protected quotation when that quotation represents the national best bid or offer ("**NBBO**") in the particular security. The result of the combination of protected quotation status and the Order Protection Rule is that market participants are required to have the ability to route trades to all exchanges displaying protected quotations, regardless of any other considerations, such as whether the exchange provides meaningful liquidity. We recommend that the displayed quotations of a market center should be protected only if the market center displaying the quotation executes a minimum specified aggregate trading volume over a sustained period of time.

By requiring that orders must honor the best displayed exchange price, even if the exchange displaying the price does not provide a substantial amount of overall liquidity, the Order Protection Rule has indirectly resulted in an unnecessarily high number of exchanges that broker-dealers are effectively mandated to connect with. Some of the exchanges currently in operation maintain consistently low levels of liquidity (*i.e.*, less than one percent (1%) market share), an indication that they have not delivered a value proposition sufficient to gain meaningful market share. However, from time to time those exchanges may be displaying the best available quotation. In order to be able to comply with the Order Protection Rule at all times, market participants are therefore forced to maintain connections to these venues.

The regulatory guarantee that market participants will be required to connect to, and trade on, these markets has encouraged their proliferation, thereby unnecessarily increasing market fragmentation and complexity. The resources needed to maintain linkages to and monitor quotations on exchange, no matter how low its trading volume, is not justified by corresponding benefits to the market.

Thus, SIFMA believes the SEC should amend the definition of "protected quotation" under Regulation NMS so that it applies only to the displayed quotations of a market center with one percent (1%) or more of the average daily dollar volume in all NMS stocks over a period of three consecutive calendar quarters. A market center would lose its protected quotation status if its volume fell below 1% for three consecutive calendar quarters. To be clear, SIFMA's recommendations on the definition of "protected quotation" would not affect the status of exchanges operating below those

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[8] The definition of an automated trading center includes ATSs that display quotes through the Financial Industry Regulatory Authority's ("FINRA") Alternative Display Facility ("ADF"). Accordingly, in addition to the national securities exchanges, SIFMA's recommendations with respect to protected quotations would apply to displayed ATSs.

volumes, and they would to continue to operate as exchanges, and enjoy all the attendant benefits.

C. Additional Recommendations

Automated Quotations. The Order Protection Rule standards for identifying "automated quotations" should be updated to reflect the reality of today's markets. Under the Commission's current guidance to the Order Protection Rule, markets are permitted to bypass a trading center that is not responding within *one second* to incoming orders attempting to trade against its protected quotations. However, today's execution systems allow orders to be executed within *one millisecond*, or sooner. This standard could require market participants to wait a full second to honor the execution system of a protected market while missing better prices for their customers at markets operating at current industry standards. In light of technological advances and current industry standards, the Commission should update this guidance or amend the Order Protection Rule to require that a market center's quotations be executable within less than one second in order to be treated as automated quotations. SIFMA would support reconsidering this standard to accommodate innovation by market participants in developing creative market structure solutions.

Order Types. SIFMA supports the Commission's review of the use and interaction of complex order types offered by exchanges. These order types have largely been designed to deal with current market structure realities and the Commission's rule against locking quotations, although few market participants fully understand all the complexities of their interactions. SIFMA believes that certain order types create or promote activity that should be discouraged, such as excessive message traffic or complex order routing solely for purposes of capturing maker-taker rebates. The Commission should work with the exchanges to reduce these order types, and should require exchanges to provide greater transparency regarding available order types, including functionality, fill rates and typical usage of each order type offered.

Message Traffic. The Commission should take steps to discourage excessive message traffic (*e.g.*, as measured through order to fill ratios for broker-dealers or through number of quotes created through exchange order types) that is not the result of providing meaningful liquidity to the marketplace. In this regard, mechanisms designed to minimize or prevent excessive message traffic should take into account and recognize that higher volumes of message traffic may be the result of bona fide trading behavior (*e.g.*, market making activities).

Kill Switches. Previous major market incidents point to the need for kill switches at the various exchanges, and those mechanisms should use standardized protocols and methodology. Although the exchanges have developed their own kill switch mechanisms, each of the exchanges has adopted unique protocols and methodology. The lack of standardization has limited the utility of the current kill switches, and we urge the Commission to direct the exchanges to develop standardized kill switch mechanisms. In addition, regulators, exchanges, and industry members should work toward developing a centralized kill switch mechanism.

II. Market Data Dissemination

A. Addressing Speed and Content Differentials

A hallmark of the national market system is the availability of a consolidated, real-time stream of market information. This rich data source is essential to price formation. It serves to link the multiple, competing markets and mitigate market fragmentation. It also facilitates the best execution of orders. It has been said that pricing data is the oxygen on which the markets exist. Thus it is essential that this data be available to all market participants on a fair and equitable basis.

Much has changed since the Securities Act Amendments of 1975, which authorized the Commission to regulate the aggregation and dissemination of market data, yet the national market system plans and the plan processors that were established to facilitate market data aggregation and distribution have remained largely unchanged. The Securities Information Processors ("**SIPs**") operate essentially as utilities, and lack any meaningful competition. Partly in response to these competitive concerns, Regulation NMS freed exchanges to sell their own market data, including depth of book data, independent of the SIPs, so long as the exchanges disseminated their best quote and last sale data to the SIP at the same time they disseminated it to their own subscribers.

This regulatory change provided exchanges with the incentive to upgrade their own technology in order to profit from selling a variety of market data products that provide faster and richer data than the SIPs. While business for proprietary market data innovated, the SIP utilities did not keep pace. Investment in the SIPs lagged, causing material latencies to develop between the top of book and last sale data available from the SIP as compared to the data offered privately by the market centers. These latencies have raised important fairness issues for investors. As a fundamental principle, market pricing information from all sources –including the SIPs, direct feeds provided by the exchanges, and pricing that can be derived from execution data – should be distributed to users at the same time.

In order to register as a SIP, the Commission must find that the SIP "has the capacity to assure the prompt, accurate, and reliable performance of its functions" as a

SIP.[9] SIFMA believes that the Commission must ensure that registered SIPs continue to meet these standards. In the immediate term, SIFMA believes that the Commission should direct the SIP and the SIP plan participants (*i.e.*, the exchanges and FINRA, or the "**SROs**") to make the necessary investments to improve the SIPs' infrastructure, particularly improvements to connectivity and data aggregation, so that the SIPs provide the fastest commercially available services for data aggregation and distribution. We understand that the industry standard for latency in this context is 50 microseconds, and that is the standard the SIPs should be held to.

With respect to establishing and enforcing minimum levels of market data quality, SIFMA believes that each market that reports to the SIPs should be required to enter into a service level agreement ("SLA") with minimum performance criteria that must be maintained in order to remain connected to the SIPs (*e.g.*, millisecond timestamps on all messages and executions, timestamp comparison deltas, out of sequence updates, duplicate messages, latency, outstanding heart beats). If a market center does not satisfy the SLA, then a SIP operator should be permitted to disconnect that market's session and remove the market's quotes from its system. The risk of losing wide distribution of quotes would provide market centers with incentive to assure these minimum performance levels are maintained.

In addition, market centers should use consistent sources of data to update their order books to minimize the ability of market users to calculate order book updates faster than the NBBO can be updated in that market center. For example, a market center should use the same data feed – be it the SIP feed or one of the direct market data feeds – for execution and order routing that they use to comply with regulatory requirements, such as trade-through rules.

Over time, SIFMA believes the Commission should replace the central SIP structure with commercially competitive Market Data Aggregators ("**MDAs**"). A MDA could be any commercial entity that meets established standards for operation, including an exchange (or groups of exchanges) as well as a traditional financial technology vendor. Each MDA would distribute the NBBO and the other informational data currently distributed exclusively by the SIPs.[10] In addition, each MDA would be subject to the same standards described above for the SIPs.

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[9] Exchange Act § 11A(b)(3).

[10] Creating MDAs to replace the SIPs would not require Congressional action and would, in fact, further Congress's goals in establishing a national market system. Section 11A(a)(1)(C)(iii) of the Exchange Act codifies the Congressional finding that it is in the public interest and appropriate for the (…continued)

B. Governance and Transparency of Market Data Operations

The existing NMS Plan structure for the SIPs is ineffective and should be reformed, particularly with respect to the governance of the SIPs and the transparency of their operations. In the first instance, the SIPs (and ultimately the MDAs) should operate with substantially greater transparency than the SIPs do today. SIFMA urges the Commission to direct the SROs to amend the NMS Plans governing market data to provide public disclosure commensurate with their roles as utilities critical to the integrity of market infrastructure. At a minimum, this increased transparency should include public disclosures of operations, accounting, statistics and performance metrics, and technology audits.

In addition, the corporate governance of the SIPs must include industry and public representation. As far back as the Commission's Concept Release on Market Information in 2000, the Commission noted its concerns with the SIPs' NMS Plans:

> None of the Plans provides for broader securities industry or public participation in the governance of its operations. The Commission is concerned that the Plans should be responsive (in a timely manner) to the concerns of vendors, broker-dealers, and investors in disseminating consolidated market information to the public. It also recognizes that the Plans operate substantial enterprises and must have governance structures that permit them to operate these enterprises effectively.[11]

Since that time we have seen the governance structure of SROs themselves dramatically reformed, with all of the SROs now represented by a majority of independent directors. The SIPs, on the other hand, continue to be governed solely by representatives of each

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protection of investors and the maintenance of fair and orderly markets to assure the availability of market data regarding quotations for, and transactions in, securities. Competitive MDAs would further this goal by ensuring continued investment in and development of competitive market data providers. In addition, while the current SIPs act as "exclusive processors" (*i.e.*, a SIP engaged on an exclusive basis by an SRO to distribute data regarding the SRO's market), the Exchange Act does not require that SIPs be exclusive providers or that they be affiliated with an SRO. In fact, pursuant to Section 11A(a)(3)(B), the Commission may require that the SROs act jointly to cooperate with the MDAs, and pursuant to Section 11A(c)(1)(C), may require any SRO's exclusive processor to provide market data information to the MDAs on fair and reasonable terms.

[11] *See* Exchange Act Rel. No. 42208 (File No. S7–28–99) (Dec. 9, 1999), 64 FR 70613, 70634 (Dec. 17, 1999) ("Market Information Concept Release").

SRO.[12] This legacy governance structure has contributed to the ineffective and utility functionality of the SIPs and it must be changed. There is nothing in the Exchange Act or the applicable rules thereunder that would prohibit industry members from fully participating in the governance of the SIPs, or of any other NMS Plan with rights equivalent to the SROs.

SIFMA believes that the SIPs (and ultimately the MDAs) should be governed by a single NMS Plan with a central Market Data Plan Operating Committee ("MDP Committee"). The MDP Operating Committee should include direct industry participation and public representation, with full voting rights, replacing the current SIP Operating and Advisory Committees structure. To be most effective, the industry members of the MDP Committee should include at least one representative from each of the following constituencies: (i) a broker-dealer with a substantial retail base, (ii) a broker-dealer with a substantial institutional base, (iii) an ATS, (iv) a retail investor, (v) an institutional investor, and (vi) a data vendor.

Consistent with SRO governance today, the MDP Committee should have a majority of non-SRO members. The members of the MDP Committee should have equal representation from SRO members and industry members. In addition, the MDP Committee should include "public" members who are not associated with any SRO or industry participant. The industry and public members of the MDP Committee would be required, as a condition to MDP Committee membership, to consent to the Commission's jurisdiction in the same way that officers and directors of non-SRO affiliate companies of exchanges do now.

III. Transparency & Disclosure

In carrying out its review of market structure issues, SIFMA found that a great deal of disclosure about market practice is currently provided by broker-dealers, to the public and to both retail and institutional customers. With that being said, we believe increased, uniform transparency will increase investor confidence, which is essential to a robust equity market system that can stimulate economic growth in the U.S.

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[12] While the SIP Plans provide for an "Advisory Committee" with outside representation, members of these committees have no voting rights and are routinely excluded from meaningful participation through the SRO representatives' use of executive session.

A. Market Center Disclosure

There are two key areas of disclosure that regulators should address. First the Commission should direct the exchanges to provide standardized public disclosure of their trading volumes through displayed orders, undisplayed and partially undisplayed orders. Second, we support FINRA's plans to expand its ATS disclosure and reporting requirements to apply to all off-exchange broker venues, such as market makers and internalizers, and we urge FINRA to provide the public with open access to *all* of the volume data it collects under these regulatory initiatives, and to make that data available in a fully downloadable format.[13]

In addition, we offer some more specific recommendations for disclosure to retail and institutional customers.

B. Retail Transparency and Disclosure

Regulators should direct broker-dealers to provide public reports of order routing and execution quality metrics that are geared toward retail investors. The reports should include relevant information in a uniform format that is easy to understand, and they should be updated and published on a regularly occurring schedule.

The information to be included in the reports should be leveraged from metrics currently reported pursuant to Rule 605, and examples would include: (i) Percent of Shares Improved, (ii) Average Price Improvement, (iii) Net Price Improvement Per Share, and (iv) Effective/Quoted Spread Ratio.

Broker-dealers should consider the utility of reporting additional detail about payment for order flow arrangements, while taking into account that payment for order flow disclosures are already provided in four instances: at account opening, on an annual basis, on customer confirms, and on Rule 606 reports.

C. Institutional Transparency and Disclosure

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[13] SIFMA has previously objected to the fact that FINRA charges a substantial subscription fee to any user that wants to receive ATS volume information in a downloadable format that facilitates analysis. *See* Letter from Theodore R. Lazo, Managing Director and Associate General Counsel, SIFMA to Secretary, Commission dated May 29, 2014. In addition, we note that FINRA prohibits any "professional" user from viewing basic, non-downloadable ATS volume information on its website without a subscription. *See* https://ats.finra.org/Agreement.

In a marketplace composed of multiple, competing market centers, it is essential that market participants have access to information concerning the operation of such market centers whether they be registered exchanges, ATSs, or other off-exchange venues, such as market makers or internalizers. To enhance transparency and confidence, all ATSs should publish the Form ATS and make their forms available on their websites.

As Chair White has suggested, the Commission should direct broker-dealers to provide institutional clients with standardized execution venue statistical analysis reports. SIFMA is committed to working with other industry groups to develop consistent industry templates, which it believes will greatly enhance institutional investors' ability to evaluate their brokers' routing practices and the quality of execution provided by different venues. Examples of the types of information (per venue) that should be incorporated into these reports are: (i) percentage of orders executed, (ii) average number of shares ordered and executed, (iii) fill rates–overall, taken, added, and routed, and (iv) percentage executed displayed and undisplayed.

Lastly, the Commission should require broker-dealers to publish on their websites, on a monthly basis, a standardized disclosure report that provides an overview of key macro issues that are of interest to clients. Examples of the types of information to be included in that report are: (i) venues accessed, (ii) order types used on exchanges, (iii) order types supported on the broker-dealer's ATS (if applicable), (iv) fill rates (including internalization numbers, if applicable), (v) location of ATS/co-location footprint, and (vi) market data structure (*e.g.*, direct feed subscriptions).

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We appreciate the Commission's consideration of these recommendations. If you have any questions, please contact me at 202-962-7383 or tlazo@sifma.org.

Sincerely,

Theodore R. Lazo
Managing Director and
Associate General Counsel

cc: Luis A. Aguilar, Commissioner
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