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Opening Remarks, as prepared for delivery
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Good morning. I'm Randy Snook, executive vice president, business policies and practices at SIFMA. Thank you for joining us at the 2017 SIFMA Equity Market Structure Conference. We're pleased to provide this forum for an in-depth look at the state of U.S. equity market structure.

We have said before, and I am pleased that we are still able to say that the U.S. equity markets are the deepest and most liquid in the world. Consider that in the first quarter of 2017, nearly $270 billion dollars in equities were traded on the U.S. stock exchanges every day markets were open. That's an average of over 6.8 billion shares changing hands every trading day. Deep and liquid trading markets are key to the services that all of you provide to your customers. In addition, the strength of the U.S. equity markets spurs investor confidence, opportunity and participation, creating a viable IPO market that provides businesses with capital to grow and invest. This pipeline to capital stimulates innovation and economic growth that creates jobs.

The high quality of the equity markets has always been a key aspect of capital formation for U.S companies. In addition to our focus on equity market structure, SIFMA has been active in developing ideas to promote capital formation in the U.S. To that end, SIFMA has presented suggestions to legislators and regulators to improve the ability for U.S. companies to raise capital and increase their important role in U.S. economic growth.

Sound market structure is fundamental to the continued effectiveness of U.S. equity markets. Technology, regulation and business innovations have made it relatively cheap and easy for investors to access the stock market. Yet these same factors are adding complexity to market structure and introducing new risks that must be considered.

SIFMA and its members have been and continue to be the thought leaders on equity market structure. In 2014, we leveraged the deep expertise of our membership to develop a series of actionable recommendations to enhance equity market structure. We continue to promote these recommendations, and we have seen tangible progress – such as the SEC's proposals for increased operational transparency for Alternative Trading System operations and improved institutional order disclosure.

From SIFMA's standpoint, the most current issue in equity market structure is the future of Regulation NMS. The SEC adopted Regulation NMS in 2005, and it has been full effect for more than a decade now. Over that time, Reg NMS has had a tremendous impact on investors and market structure. Reg NMS, as you all know, is anchored by the order protection rule – also known as the trade-through rule.

The order protection rule requires all trading centers to honor the best displayed price in the market and has effectively achieved its goal of creating a fully-automated equities market that provides intermarket price protection. These factors have greatly helped the trading experience for individual investors, resulting in reduced trading costs and increased quality of execution. At the same time, however, Reg NMS has also contributed to a highly complex stock market with a significant focus on the speed of execution.

SIFMA is encouraged by the request for comment on Reg NMS from Acting SEC Chair Michael Piwowar. Equity markets have evolved considerably since Reg NMS was adopted. Now is a very appropriate time for the SEC to conduct a review.

If you haven't already, I highly recommend reading SIFMA's comment letter, which shares our members' on-the-ground insight regarding potential revisions to modernize Reg NMS and address unintended consequences. Ultimately, SIFMA's goal is to improve market resilience and ensure the equity market continues to benefit investors and play an essential role in capital formation. And certainly, any changes to Reg NMS should maintain the benefits that investors and market participants have received – in particular the automation of markets and the improved trading experience for individual investors.

There are four key areas where SIFMA is recommending further consideration:

- First, have the equity markets sacrificed resiliency by becoming too complex? We think the SEC should evaluate the Order Protection Rule to determine whether it is continuing to provide value or if increased market complexity is creating unnecessary market risk.

- Second, has Reg NMS resulted in rebates that create improper incentives or hidden conflicts of interest? We think the SEC should address the cap on access fees, either through a reduction in the cap or through a pilot to study the impact of varying levels of access fee reductions.

- Third, do speed and quality issues with the public market data feed create an inequitable trading environment for individual and smaller investors? We think the SEC should evaluate the current framework for providing the public market data feed and consider improvements such as adding depth of book information to the public feed and permitting competition among public market data consolidators.

- Fourth, have we struck the right balance between exchanges' profit incentive and their role in setting regulatory policy, particularly through the use of NMS Plans? We think the SEC should address the current lack of balance in NMS plan structure by providing broker-dealers and asset managers with representation in Plan governance.

Over today's program, expert speakers will delve deeper into these and other issues shaping the future of U.S. equity market structure.

Before we get started with the program, I'd like to take this opportunity to thank all of the speakers for sharing their time and insight, and our sponsors for helping to make this program possible.

It is now my pleasure to introduce our first featured speaker, Dan Gallagher. Most of you know Dan already – he is a former SEC commissioner, he recently served as president of Patomak Global Partners, LLC, and just this month Dan joined Mylan as Chief Legal Officer. We are extremely appreciative to have him here while he is in the midst of beginning a new and challenging professional role.

We're pleased to also have veteran CNBC journalist Bob Pisani here with us today to moderate the discussion. A familiar face to us all, Bob is the on-air stocks editor at CNBC. Please join me in welcoming Dan Gallagher and Bob Pisani.