

Congress of the United States  
House of Representatives  
Washington, DC 20515-1314

May 2, 2016

The Honorable Mary Jo White  
Chair  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Dear Chair White:

I write to you today regarding the ongoing equity market structure debate at the U.S. Securities and Exchange Commission ("SEC" or "Commission"), through its Equity Market Structure Advisory Committee and other venues, and recent developments surrounding a significant policy change that is under the Commission's consideration.

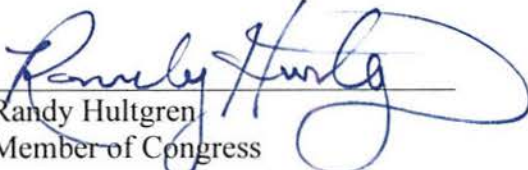
On March 18, 2016, the SEC published a Notice of Proposed Commission Interpretation Regarding Automated Quotations Under Regulation NMS ("Notice") regarding the meaning of the term "immediate" when determining whether a trading center maintains an "automated quotation" for purposes of Rule 611 of Regulation NMS. In doing so, the Commission proposed to interpret the term "immediate" to include response time delays of less than 1 millisecond at trading centers as *de minimis*, whether the delay is intentional or not.

My understanding from reviewing the comments to the Notice, and hearing from market participants, is that the SEC's proposed interpretation of "immediate" in this context could result in a sweeping regulatory change under Regulation NMS and dramatic changes to the manner in which trades are executed for compliance with Rule 611. It seems likely exchanges would institute delays, possibly of varying lengths, which could further complicate the market. Of significant concern is the inability to determine the National Best Bid and Offer ("NBBO") granted the lack of certainty for whether available pricing information actually reflects the current market as a result of such delays.

If the Commission's action will result in a significant policy shift, such a change should be contemplated in the context of a formal notice and comment rulemaking. The Commission's decision should rely on cost-benefit analysis, under the Administrative Procedure Act, as opposed to a simple issuance of interpretative guidance in order to better weigh possible unintended consequences.

In closing, the SEC must ensure we have a market structure that works for all investors. I encourage the Commission to proceed in its review of market structure issues in a balanced manner that takes all views under careful consideration. The SEC has an obligation to update its rules in a manner so no market participants are at an intrinsic disadvantage. I look forward to your response and to working with the Commission regarding the issues of equity market structure.

Sincerely,

  
Randy Hultgren  
Member of Congress