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March 21, 2012

Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090



GETCO

Re: Regulation SBSR – Reporting and Dissemination of Security-Based Swap Information

Dear Ms. Murphy:

GETCO appreciates the opportunity to comment on the Commission’s proposal regarding the reporting and public dissemination of security-based swap information (“Proposed Regulation SBSR”).¹ Our comments are from the perspective of a multi-asset class market maker. As a market maker, GETCO’s ability to provide two-sided quotations in any asset class is dependent upon the quality of publicly available transaction information.

The Commission has received many comments stating that publicly disseminating information about trades in security-based swaps (“SBS”), particularly block trades, will negatively impact liquidity in those instruments. GETCO understands that individual investors with trades that are large relative to the liquidity of a product value the ability to minimize the dissemination of information regarding those trades. This information is valuable and investors believe, in many cases, that they should not be required to share this valuable information with other market participants. However, this informational asymmetry puts market makers and other market participants at a disadvantage and, as a result discourages them from providing liquidity – thus impairing the fairness and efficiency of the market. Accordingly, we believe that the Commission should weigh heavily among the benefits of transparency, the potential to increase liquidity because other

¹ Proposed Regulation SBSR – Reporting and Dissemination of Security-Based Swap Information, Securities Exchange Act Release No. 63346 (Nov 19, 2010), 75 FR 75208 (December 2, 2010)..

market participants will increase their trading as a result of having access to new information.

I. INTRODUCTION

GETCO is a leading electronic trading and technology firm providing liquidity on over 60 markets in North and South America, Europe, and Asia. From offices in Chicago, New York, Palo Alto, London, and Singapore, the firm transacts business in cash and futures products across four asset classes – equities, fixed income, currencies and commodities. GETCO’s primary trading strategy is market making—posting two sided markets—to help investors efficiently transfer the risk commonly associated with assets such as stocks, bonds, commodities and options contracts. We are a registered market maker on various equity and options exchanges and a Designated Market Maker and Supplemental Liquidity Provider on the New York Stock Exchange.²

GETCO also provides investors with access to dedicated liquidity through an alternative trading system, GETMatched. In May 2011, GETCO announced the launch of GETAlpha, an execution algorithm for US equity securities. GETAlpha provides professional investors with a tool to mimic the order execution behaviors of a dedicated market maker, thus minimizing order detection and information leakage and providing superior executions.

II. DISCUSSION

Proposed Regulation SBSR would require all trades in SBSs to be promptly reported to a Security-Based Swap Data Repository (“SBSDR”). An SBSDR would be required to publicly disseminate information about SBSs as follows:

- A SBSDR would publicly disseminate a transaction report of each trade immediately upon receipt of information from a market participant. Each transaction report would include the price of the trade. However, for block trades,³ the notional size would not be published. Instead, only an indicator that the trade was block size would be disseminated with this transaction report.
- A full transaction report of a block trade would be disseminated on a delayed basis – between 8 and 26 hours after the trade, depending on the time of the trade.

² Registered Equity Market Maker: BATS; Direct Liquidity Provider: Nasdaq; Lead Market Maker: NYSE Arca, Designated Market Maker and Supplemental Liquidity Provider: NYSE; and Registered Option Market Maker: BATS Options, C2, Chicago Board Options Exchange, International Securities Exchanges, Nasdaq Options Market, NYSE Amex Options, and NYSE Arca Options.

³ The Commission has not yet proposed a definition of “block trade.” Instead, the Commission indicated that it would seek additional comment on the block trade criteria.



GETCO believes that efficient and fair markets are grounded in transparency. We also understand that the Commission must balance the needs of all market participants. With regard to transparency, the challenge for the Commission is to respect the wishes of individual investors to keep information about their trades private. This information is valuable. And the individual investor, as well as its counterparty – typically a dealer, has an information advantage over other market participants. This information asymmetry means that other liquidity providers, such as GETCO, will be hindered in their ability to provide liquidity.

Transparency rules require the Commission to make trade-offs between the benefits to an individual investor of keeping its trading information private for as long as possible with the benefits to investors collectively in fostering a liquid, fair and efficient market. Transparency is critical to the later.

As a market maker, we believe that transparency is a critical component of expanding the pool of liquidity providers in the SBS market. In the absence of accurate and timely post-trade transparency for most SBS transactions – only major dealers will have pricing information – then new liquidity providers will not participate in the SBS market. The benefit to the markets in terms of additional liquidity and a more diverse group of liquidity providers should be included in the Commission’s cost/benefit analysis in considering Regulation SBSR.

In addition to supporting the ability of liquidity providers to participate in the market, price transparency for financial products – an in particular public reporting of trade prices – helps to inform end-users of those products and enables them to make better execution choices and to demand high quality executions from their brokers. Moreover, public reporting of security-based swap information would reduce systemic risk by providing a reliable source for valuation of these instruments by regulated entities.

III. CONCLUSION

GETCO appreciates the opportunity to submit these comments. Please do not hesitate to contact us at (312) 931-2200 if you have any questions regarding any of the comments provided in this letter.

Sincerely,



Elizabeth K. King

Head of Regulatory Affairs



GETCO