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[REDACTED]

July 27, 2017

Submitted electronically

The Honorable Jay Clayton
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number: 265-29; Equity Market Structure Advisory Committee

Dear Chairman Clayton,

Fidelity Investments (“Fidelity”)¹ submits this letter in support of an extension of the Securities and Exchange Commission’s (the “SEC” or “Commission”) charter of the SEC’s Equity Market Structure Advisory Committee (the “EMSAC” or “Committee”).² Unless renewed, this Charter is currently scheduled to expire on August 9, 2017.³

The SEC established the EMSAC to receive advice and recommendations on equity market structure topics from a range of market experts and the EMSAC has admirably carried out this mission to date. Since its establishment in early 2015, the EMSAC has issued several significant recommendations for the Commission’s consideration including, but not limited to, recommendations for rulemaking on issues of market quality, recommendations regarding modifying Rule 605 and Rule 606 under Regulation NMS, and a recommendation for an access fee pilot.

Moreover, we believe the diverse membership structure of the EMSAC has been useful to overall communications on equity market structure topics. Market participants typically discuss equity market structure issues with similarly situated firms and/or through trade groups that represent a single point of view. In contrast, the EMSAC provides a single forum in which diverse, cross-industry views are exchanged and discussed, allowing the Committee to develop

¹Fidelity and its affiliates are leading providers of mutual fund management and distribution, securities brokerage, and retirement recordkeeping services, among other businesses.

²The Charter is *available at* <https://www.sec.gov/spotlight/emsac/equity-market-structure-advisory-committee-charter.pdf>.

³ The Commission extended the initial Charter of the EMSAC in February, 2017. *See* Securities Exchange Act Release No. 79992 (February 9, 2017), 82 FR 10611 (February 14, 2017). Fidelity’s comments in support of this extension are *available at*: <https://www.sec.gov/comments/265-29/26529-88.pdf>

comprehensive recommendations to the SEC. The momentum of regular meetings and Committee and subcommittee transparency further support EMSAC's work.

While we agree with your recent statement that it is time to shift the focus to action on equity market structure topics⁴, we assert that the EMSAC has unfinished work. For example, we would like to see the EMSAC review, and potentially make a recommendation to the SEC on, additional topics such as the market data that equity market participants must obtain from Security Information Processors ("SIPs") and the operation of the U.S. equity markets with respect to exchange-traded funds. We would also like the EMSAC to further its discussion on NMS Plan governance. To allow the EMSAC to address these important topics, we recommend the SEC extend its Charter by two years.

If its Charter is renewed, we also recommend the SEC re-visit current EMSAC membership. Specifically, we would like to see broader institutional investor membership on the Committee. We would also like to see Committee membership include direct participation from retail brokerage firms.

Institutional investors play an important role in the U.S. equity markets. They manage growing pools of assets and, working on behalf of their shareholders, help provide necessary capital and liquidity to the equity markets. Additional institutional investor expertise on the EMSAC would help promote Commission goals of open, fair and efficient markets by providing a greater voice to this constituency.

We also observe that there is currently no retail brokerage firm participation in the EMSAC. Retail investors comprise a significant amount of daily trading volumes and assets held in retail brokerage accounts continue to grow. We believe that retail brokerage representation on the EMSAC would help ensure that the views of retail investors are directly represented in EMSAC discussions and recommendations.

Equity market structure issues are important to every area of our business. Fidelity has provided testimony to the EMSAC⁵ and has participated in subcommittee discussions and informal industry groups created by EMSAC members designed to acquire a retail brokerage perspective on equity market structure issues. Fidelity is fortunate to have a number of senior executives who are qualified to offer advice to the SEC on equity market structure topics. If its Charter is renewed, we would be honored to serve on the EMSAC in any capacity the SEC believes appropriate.

⁴ Remarks at the Economic Club of New York, SEC Chairman Jay Clayton (July 12, 2017) *available at*: <https://www.sec.gov/news/speech/remarks-economic-club-new-york>

⁵ Testimony of Bill Baxter, Fidelity Investments Head of Global Program Trading and Market Structure, before the SEC Equity Market Structure Advisory Committee (May 13, 2015), *available at*: <https://www.sec.gov/comments/265-29/26529-17.pdf>

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Fidelity would be pleased to provide further information or respond to questions the Commission may have about our comments.

Sincerely,



cc:

The Honorable Kara M. Stein, Commissioner

The Honorable Michael S. Piwowar, Commissioner

Heather Seidel, Acting Director, Division of Trading and Markets

Gary Goldsholle, Deputy Director, Division of Trading and Markets

David Shillman, Associate Director, Division of Trading and Markets