

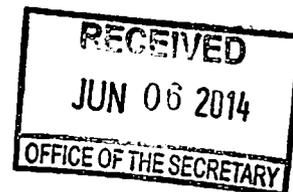
KUTAK ROCK LLP
SUITE 1000
1101 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036-4374
202-828-2400
FACSIMILE 202-828-2488
www.kutakrock.com

ATLANTA
CHICAGO
DENVER
FAYETTEVILLE
IRVINE
KANSAS CITY
LITTLE ROCK
LOS ANGELES
MINNEAPOLIS
OKLAHOMA CITY
OMAHA
PHILADELPHIA
RICHMOND
SCOTTSDALE
WICHITA

JOSEPH A. INGRISANO



June 6, 2014



HAND DELIVERY

Office of the Secretary
U.S. Securities and Exchange Commission
100 F St., N.E.
Washington, D.C. 20549

Re: *In re G-Trade Services LLC, et al.*
SEC Administrative Proceeding File No. 3-15654
Comment on Proposed Fair Fund Plan of Distribution

Dear Securities and Exchange Commission:

We are counsel to the City of Philadelphia. The Philadelphia Board of Pensions and Retirement and possibly other agencies and funds of the City of Philadelphia, such as the Office of the City Treasurer and the Philadelphia Sinking Fund Commission as trustee for the Philadelphia Gas Works Pension Plan, were direct or indirect customers of the Respondents in the referenced matter that were charged excess TP (trading profits, as defined in the Proposed Plan of Distribution) during the relevant period, and, as such, are entitled to distributions from the Fair Fund, and have an interest in the Fair Fund and the Plan of Distribution.

On behalf of the City of Philadelphia and its related agencies and funds (collectively, "City"), we submit the following comments on the Proposed Plan of Distribution in the referenced matter ("Plan"):

1. The Plan calls for "full refunds of TP on U.S. securities and *pro rata* refunds of TP on non-U.S. securities" (Plan, para. 9) and estimates "refunds of TP relating to orders in non-U.S. securities will cover substantially less than half of TP taken on those orders" (Plan, para. 2). The Plan does not provide any explanation or other basis for the disparate treatment of TP on U.S. and non-U.S. securities.

KUTAK ROCK LLP

Securities and Exchange Commission

In re G-Trade Services LLC (File No. 3-15654)

June 6, 2014

Page 2

- a. There is no disclosure of the overall relevant amounts of TP on such U.S. securities and non-U.S. securities. *The City submits that the Plan should be reissued for comment containing the addition of at least the overall relevant or proportional amounts of TP on such U.S. and on non-U.S. securities.* Such additional disclosure is necessary to make the Plan at least minimally transparent and to allow the injured customers to have a meaningful opportunity to comment on the Plan with enough information to reasonably evaluate the fairness of the proposed distribution methodology.
 - b. Although the Plan provides for significantly different treatment for TP on U.S. securities and non-U.S. securities (as defined in the Plan), the Plan provides no justification, or even any discussion of a reason, for this disparate treatment. (Nor does the Commission's December 18th Order in this matter provide any such justification or reason.) Under Respondents' scheme, there is no apparent difference in the harm to Respondents' U.S.-based customers arising from the locus or routing of the trade on which TP was charged. *The City submits that the Plan should be reissued for comment with an explanation or other discussion of the reason or basis, if any, for the disparate treatment of U.S securities and non-U.S. securities.* Such reason or basis, if any, is again necessary to allow the injured customers to have a meaningful opportunity to comment on the Plan with enough information to reasonably evaluate the fairness of the proposed distribution methodology; without such reason or basis, the Plan in this regard appears arbitrary and unfair.
 - c. Alternatively, based on the information currently available, *the City submits that, in the absence of the information identified in Comments 1 a & b, the proposed Plan distribution is arbitrary and on its face unfair, and that, instead, the Fair Fund should be distributed pro rata based on the total TP on all U.S. securities and non-U.S. securities traded by each of the Respondents' customers.*
2. The Plan calls for distribution to direct customers of Respondents (Plan, para. 9.f). As we believe the SEC knows, many of the trades on which TP was charged were made through brokers, dealers or other middlemen. Such brokers, even if nominally the direct customers of Respondents, did not themselves bear any costs resulting from Respondents' scheme, and the improper TP was borne by the ultimate customer (Respondents' indirect customers). It is these indirect customers who should receive the benefit of Fair Fund payments on such indirect trades. Notwithstanding any obligation such brokers (not all of which may still be in business or have a relationship with the ultimate customer) may have to pass TP refunds to the ultimate customers, Respondents' indirect customers should be afforded information and opportunity to protect themselves and obtain the benefit of such indirect TP refunds. The discretionary procedures of paras. 9 f & g

KUTAK ROCK LLP

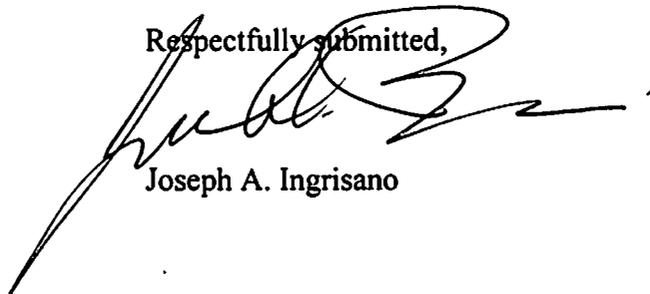
Securities and Exchange Commission
In re G-Trade Services LLC (File No. 3-15654)
June 6, 2014
Page 3

(which do not provide necessary information to such ultimate customers) are insufficient for this purpose. *The City submits that prior to distributing any TP from the Fair Fund to any person, who by virtue of its business activity or licensing may be such broker, dealer or other middleman, the Commission should first publish and give known ultimate customers of the Respondents notice of all such brokers who may be receiving any TP refund, and upon request of such indirect customer and submission of reasonable verification in support thereof, the TP should then be paid to such indirect customer.*

3. The Plan provides that “amounts remaining in the Fair Fund ... includ[ing] distributions from checks that have not been cashed ... or were not delivered or [were] returned ... will be transferred to the U.S. Treasury” (Plan, para. 17; *see also* para. 18). Under either the non-U.S. security *pro rata* distribution as currently proposed in the Plan (Plan, para. 2 (“... will cover substantially less than half of all TP ...”)) or under an overall *pro rata* distribution as the City suggests (Comment 1.c), at least some improper TP will not be refunded to all of Respondents’ customers. Accordingly, any payment from the Fair Fund to anyone other than a non-fully compensated customer would be improper. *The City submits that, in the event there is any Residual (as defined in the Plan), such Residual should be distributed pro-rata to Respondents’ customers in proportion to each such customers’ uncompensated TP.*

If the Commission has any questions concerning any of the City’s comments, we would be pleased to discuss them with you.

Respectfully submitted,



Joseph A. Ingrisano

cc: James P. Leonard, Chief Deputy City Solicitor
Economic Development and Investments Unit, City of Philadelphia Law Department