

I thank the commission for the opportunity to offer Themis Trading's views on market structure and high frequency trading. We are honored, indeed.

I am Sal Arnuk, cofounder and partner at Themis Trading. Themis is an institutional agency brokerage firm, which is to say we do no trading for our own account; our only business is the best execution of clients' orders flow. We have been avid proponents and consumers of technological innovation during our entire careers, at Themis for the last decade, and at Instinet the decade prior. We strongly believe in leveraging technology in positive ways for best execution and efficiency. Our clients collectively manage in excess of \$200b in assets, and that money represents millions of long term investors. They are the owners of the market, and our voice is their voice in this debate.

Broadly speaking, we feel that high frequency trading is largely not understood by many participants in the market place. While we believe that there may in fact be some beneficial types and attributes of HFT, we also know first hand that there are dark and murkier portions. We have spent the last eighteen months peeling away layers of questionable activities in the market, in an effort to better serve our clients, and every time we find something, we share it with them, and the community, in an effort to raise awareness, and better the quality of trading everywhere. We have written articles, blog postings, and white papers that detail systemic issues and predatory issues, surrounding HFT, although it is the predatory aspects that we focus mostly on. More recently our work has had us dig into flash order types, the practice of co-location, latency arbitrage, and data feeds. We take issues with issues of unfairness in the markets in general.

Finally, we believe that firms that engage in high frequency trading are doing exactly what we as a capitalistic and free society allow them to do. We believe their growth to the extreme levels we see in the United States, as well as the increasing growth we see in other global markets, is a function of our underlying market structure. And it needs fixing. We are not surprised, and don't see why anyone would be, that for-profit exchanges and ATS's, who are frequently owned by brokers and HFT firms, cater to those firms in significant and unfair ways. We feel the regulatory and refereeing roles at these trading destinations take a back seat to profitability, and this is a marked departure from our markets of just a few years ago.

We applaud the SEC and the serious and comprehensive examination it is undertaking of our equity markets. We feel it is the most serious challenge ever faced by the Commission, and we feel they are appropriately reaching out to many differing voices and opinions.

Thanks for inviting me today; I am at your service.