



December 19, 2014

Via Electronic Mail (rule-comments@sec.gov)

Kevin M. O'Neill, Deputy Secretary  
Securities and Exchange Commission 100 F Street, NE  
Washington, DC 20549

*Re: Plan to Implement a Tick Size Pilot Program: Securities and Exchange Commission Release Nos. 34-72460; 73511; File No. 4-657*

Dear Mr. O'Neill:

JonesTrading Institutional Services LLC ("JonesTrading") appreciates the opportunity to provide our thoughts and comments to the Securities and the Exchange Commission (the "Commission") regarding the Tick Size Pilot Program (the "Pilot").

Since 1975 JonesTrading has been trading globally for the leading institutional money managers. We owe our longevity to adhering to the simple principle of protecting our customers' interests. Over the last 40 years we have seen the market structure in the United States change dramatically - sometimes for the better and sometimes for the worse. The changes for the better have come about when the Commission implements regulations that adhere to its principles which are set forth in its mission: to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

The Commission now seeks to solve a problem: How to increase the liquidity of small capitalization companies? Thus, the Pilot is being launched to study and assess the impact of increment conventions on the liquidity and trading of these small capitalization companies, which is a noble goal.

Unfortunately, the rule making process in the Pilot appears to contain elements – specifically the trade-at rule - that have nothing to do with the problem at hand.

Rather than dissecting the entire Pilot, we would rather focus on a recommendation that can be easily implemented and move the Pilot toward a better course and closer to Commission's mission.

Liquidity and anonymity are two fundamental concerns for the institutional client base we serve. Liquidity for institutions has an entirely different meaning than liquidity for retail investors. Institutions cannot find liquidity without anonymity and liquidity for institutions requires being able to transact with market participants of comparable size as opposed to retail sized orders.

While price is always an important consideration, with institutional orders price is often subordinate to liquidity since liquidity is a factor in determining price. Anonymity is required to protect the institutional orders from front-running and is often achieved by the use of intermediaries or anonymous electronic interfaces. Forcing institutions to expose their interests on exchanges for insignificant liquidity has the deleterious effect of removing their anonymity, exposing their trading intentions, and eliminating their prospects for achieving best execution.

Throughout the Pilot, the Commission was careful to protect the interests of the Retail Investor Order but missed the importance of protecting the institutional order at all times. It is well documented that the interests of the public at large are much more widely represented through the institutions that manage their money than they are through individual retail trading. As noted on your own website, institutional investors own 67% of all equities.<sup>(1)</sup>

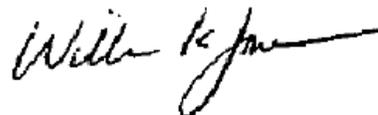
In order to protect the institutional order, and ultimately the millions of beneficiaries thereof, **JonesTrading strongly recommends that all Pilot Test Groups contain exceptions for Block Size orders and Negotiated Trades, especially with regard to the trade-at rule if that continues to be included in the final Pilot.**

Protecting the institutional order is a simple yet core principle that the Commission should always honor. When institutions are comfortable knowing they can maintain their anonymity and access liquidity, particularly in small capitalization companies, then capital formation will thrive and the Commission will have achieved its mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

Respectfully submitted,



Alan F. Hill  
CEO



William K. Jones  
Executive Chairman

(1) <http://www.sec.gov/News/Speech/Detail/Speech/1365171515808>