



November 12, 2020

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F St., NE
Washington, DC 20549-1090

Re: File No. 4-757; Filing of a National Market System Plan Regarding Consolidated Equity Market Data

Dear Ms. Countryman:

Charles Schwab & Company, Inc. and TD Ameritrade, Inc.¹ (collectively “Schwab”) appreciate this opportunity to comment on the proposal recently filed by the national securities exchanges and FINRA (collectively, the “SROs”) to establish under Section 11A of the Securities Exchange Act of 1934 (“Exchange Act”) a new single national market system (“NMS”) plan governing the public dissemination of real-time consolidated equity market data for NMS stocks (the “CT Plan” or “Plan”).² The CT Plan responds to the Securities and Exchange Commission’s (“Commission” or “SEC”) order³ to consolidate the three existing equity market data plans into one, provide voting rights on the new plan operating committee for

¹ Charles Schwab & Co., Inc., (member SIPC) is the broker-dealer affiliate of The Charles Schwab Corporation (CSC), a leading provider of financial services, with 28 million active brokerage accounts, 2.0 million corporate retirement plan participants, 1.5 million banking accounts, and approximately \$6 trillion in client assets*. Through its operating subsidiaries, CSC provides a full range of wealth management, securities brokerage, banking, asset management, custody, and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiaries, Charles Schwab & Co., Inc., TD Ameritrade, Inc., and TD Ameritrade Clearing, Inc., and their affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent, fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc. are separate but affiliated companies and subsidiaries of TD Ameritrade Holding Corporation. TD Ameritrade Holding Corporation is a wholly owned subsidiary of The Charles Schwab Corporation. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank.

*Total client assets based on combined data for Schwab and TD Ameritrade as of August 31, 2020, using company reports; all other combined data as of June 30, 2020, calculated using Schwab’s methodology.

² Exchange Act Release No. 90096 (Oct. 6, 2020), 85 Fed. Reg. 64565 (Oct. 13, 2020) (“Proposal”).

³ Exchange Act Release No. 88827 (May 6, 2020), 85 Fed. Reg. 28702 (May 13, 2020) (“Governance Order”).

market participants beyond exchanges and mandate the creation of an independent plan administrator. As we wrote in our comment letter on the order,⁴ Schwab has long sought changes to reduce the ability of the conflicted exchanges to advance their commercial interests at the expense of the investing public. Schwab broadly supports the SEC Governance Order and the CT Plan, as they will result in significant improvements over the status quo in the governance of the public dissemination of equity market data.

Improvements Still Needed to Proposed CT Plan

While Schwab is generally supportive of the CT Plan submitted by the SROs, there are several opportunities for improvement that we hope the Commission will strongly consider as it undertakes a review of the Proposal. Our suggestions continue to be based on the principles of eliminating monopolistic behavior, expanding governance participation, increasing transparency of proceedings, and ultimately assuring equal access to market data and reasonable fees for retail investors and those who serve them.

1. Implementation Timeline

Schwab believes there should be stricter guidance for the Plan's implementation timeline. Specifically, the operative date should be set at one year after Plan approval by the Commission. The current proposed Plan does not contain a hard deadline for implementation.

2. Reference to "personnel matters" under Definition of Highly Confidential Information

Including all "personnel matters" under the definition of "Highly Confidential Information" is too broad. Personnel matters to be included should be more narrowly defined to only apply to those matters that affect the employees of the SROs or the proposed CT Plan LLC ("Company").

3. Approval of Non-SRO Observers

Non-SRO voting representatives should be allowed to have observers attend Operating Committee meetings without the approval of the Operating Committee. The Plan currently requires a Non-SRO observer to be deemed appropriate by the Operating Committee.⁵

4. Executive Sessions Need Tighter Controls

The proposed Plan looks to largely maintain current policy as to what can be discussed in executive session. "Highly Confidential Information", along with any other issues which by "their nature require(s) discussion in an executive session" is too broad. The Plan understandably needs to be flexible with the passage of time in that new items may come up that are appropriate for executive session and which are not capable of being foreseen on a list. The language in the proposed Plan, however, is overbroad and should be tightened to ensure executive sessions are not abused as they have been in the past to shut out non-SRO representatives from important decisions and information.

⁴ <https://www.sec.gov/comments/4-757/4757-6891194-210879.pdf>

⁵ Proposal Article IV. Section 4.4(a)

5. Chair and Subcommittee Chair Eligibility

Non-SRO voting members should be eligible to serve as Chair and/or Subcommittee Chair under the terms of the Plan.⁶

Conclusion

Schwab has long supported efforts to improve the governance and transparency of the rules for disseminating equity market data. Our customers – main street investors throughout this country – have suffered for decades under a system that disadvantages them vis-à-vis professional traders. Given our history of advocacy on this subject, Schwab applauds the SEC’s interest in reforming equity market data plans and generally supports the single CT Plan put forward by the SROs. If the Commission and the SROs implement our suggested changes above, we believe greater transparency and awareness about how the Plan operates and performs will be achieved, along with more fair and equitable treatment for all voting members of the Plan’s Operating Committee.

We appreciate the opportunity to comment on the proposal filed by the SROs to create a new equity market data plan and thank the Commission for its consideration of the views we express above. If you have any questions regarding this letter, please contact Jeffrey T. Brown at [REDACTED] or [REDACTED].

Sincerely,



Jeffrey T. Brown
Senior Vice President
Legislative and Regulatory Affairs
Charles Schwab & Co., Inc.

cc: The Honorable Jay Clayton
The Honorable Hester M. Peirce
The Honorable Elad L. Roisman
The Honorable Allison Herren Lee
The Honorable Caroline A. Crenshaw

Brett Redfearn, Director
Division of Trading and Markets

⁶ Several of our recommendations are consistent with those found in the comment letter being submitted by the Securities Industry and Financial Markets Association (“SIFMA”) on this filing.