September 9, 2026

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: **File Number 4-913 — Roundtable on Preparations for 24-Hour Trading in the U.S. Equity Markets (September 17, 2026)**

Dear Ms. Countryman:

Our names are Xing Huang and Christopher Schwarz.[1] As background, we run randomized control trial (RCT) trading experiments using our own personal money to perform research on current market structures. For example, our paper "The 'Actual Retail Price' of Equity Trades" is cited in the Disclosure of Order Execution Information (34-99679).[2] Another paper entitled "Some Anonymous Trades Are More Equal than Others" is cited in the Supporting Data Document for April 2026's SEC Options Roundtable.[3]

We authored a paper using a similar experimental design entitled "Trading-Through Extended and Overnight Hours."[4] The original paper and our analysis within this comment are based on approximately 32,000 marketable limit orders placed across three brokers and approximately two dozen symbols from January 2025 to July 2025. These trades were executed every hour of extended and overnight hours, which will largely transition to extended hours on December 6, 2026 when exchanges and the SIP are expected to begin operations.

We make the recommendations below based on our experience as customers in the current overnight and extended markets. In summary, the Commission should consider changes to increase quote consistency across brokers as well as mandate separate Rule 605 and 606(a) disclosures for extended hours. This will help customers and regulators evaluate execution quality as well as better assess adherence to best execution duties.

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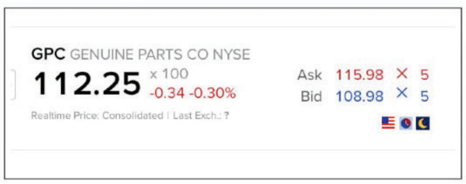
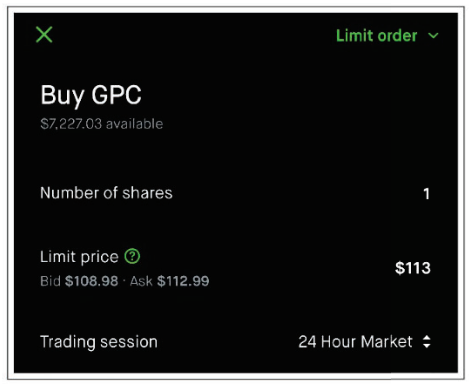
[1] Xing Huang is an Associate Professor of Finance at Washington University in St. Louis. Christopher Schwarz is a Professor of Finance at the University of California, Irvine.
[2] Available at https://www.federalregister.gov/documents/2024/04/15/2024-05556/disclosure-of-order-execution-information. The complete paper is available at https://onlinelibrary.wiley.com/doi/full/10.1111/jofi.13467.
[3] Available at https://www.sec.gov/files/roundtable-options-market-structure.pdf. For the complete paper, see https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4951825.
[4] Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=7301379.

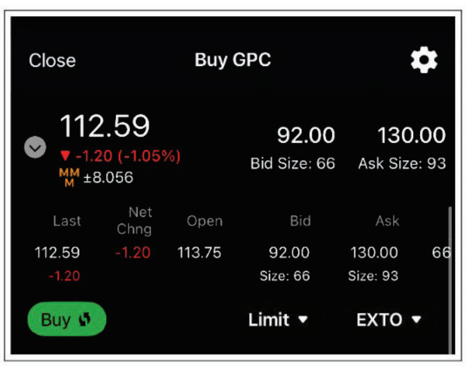
I. <u>Customer Quote Visibility and Consistency</u>

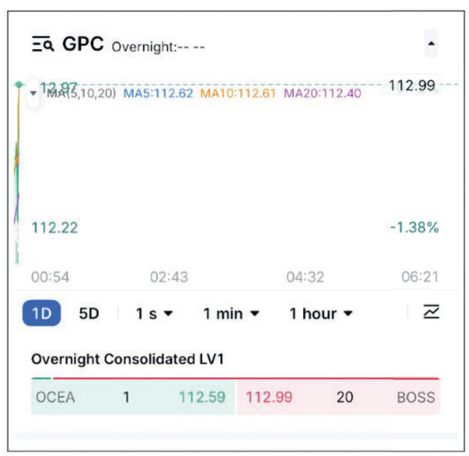
An important component of a customer's ability to both place trades and evaluate execution quality is quotes. This is especially true during extended hours when there are no market orders. All orders will have some limit price attached to them, which is likely at least partially determined by the quotes displayed. Additionally, those same quotes would be used later to evaluate execution quality.

Currently, quotes during overnight hours are inconsistent across major retail brokers. Here are quotes captured at the same time for four brokers that currently allow for overnight trading for Genuine Parts Company (GPC).



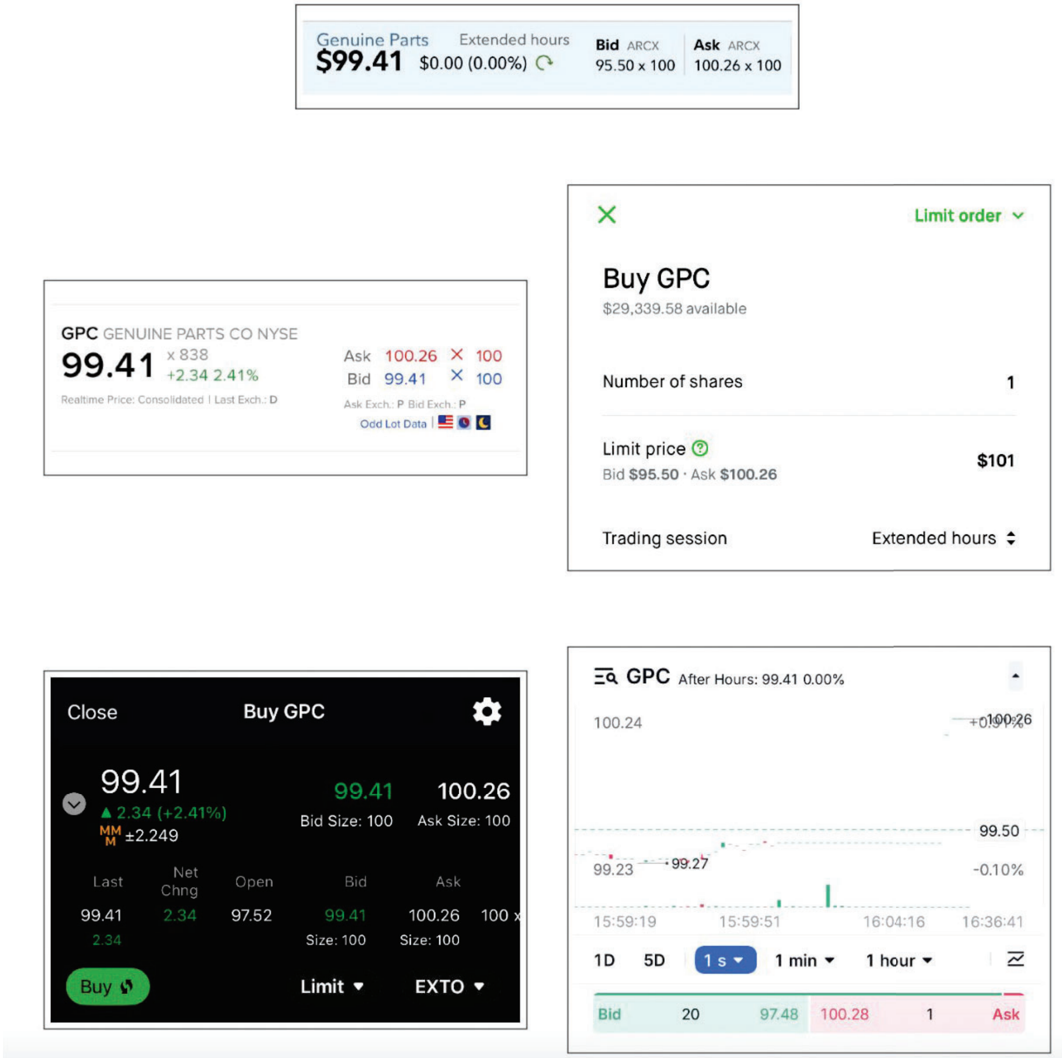






All four brokers have unique quotes. Quoted spreads range from $0.40 to $38.00 while midpoints range from $110.99 to $112.79, a difference of approximately 160 basis points.

While one may assume expanding extended hours and turning on the SIP overnight will lead to consistent quotes across brokers, there are two problems with this assumption. First, the SIP already operates during current extended hours, yet brokers' quotes are ***not*** consistent. Here are quotes from five major brokers during extended hours for the same symbol.



Across these five brokers, three different unique quotes are displayed. The difference in quoted spreads is now "only" $3.91 – ranging from $0.85 to $4.76. However, the difference in midpoints is even larger than during overnight, varying from $97.88 to $99.835 or approximately 200 bps.

The second issue is the SIP will not consolidate all available visible liquidity from 8 PM to 4 AM ET. During regular market hours and current extended hours, there are essentially no "lit" venues operating other than the exchanges. Overnight, however, several ATSes display quotes, such as BlueOcean, Bruce, and Moon. These ATSes are highly likely to see continued use by executing broker-dealers: from 8 PM to 9 PM ET brokers will continue to accept trades for execution while the exchanges are closed, so executing broker-dealers will stay connected to at least one of these venues. Although these quotes may make up a meaningful share of the displayed overnight market, they may not be included in the SIP, because the display trigger in Rule 301(b)(3) of Regulation ATS is based on an ATS's share of *total daily* volume – a threshold overnight venues rarely reach.[5]

Given that moving to 23/5 will expand extended hours by 74% as well as brokers' push to allow and promote more trading during this time, we suggest the following to promote more consistent quotes across brokers:

1. **Expand the "Vendor Display Rule" (Rule 603(c) of Regulation NMS) to all market hours.** This would at least require all brokers to provide the consolidated quote to customers.[6]

2. **Ensure that the quotes displayed by all lit venues, including lit overnight ATSs, reach the consolidated tape.** There can be two ways to close this gap:

   First, the Commission could change the trading-volume definition in the "Display Rule" (Rule 301(b)(3) of Regulation ATS) so that the trigger is based on volume during the ATS's official operating hours rather than total daily volume. This would require any ATSes with significant volume during extended hours to report quotes via the Alternative Display Facility (ADF), ensuring that the SIP is a true consolidated quote. One caveat is that crossing the trigger brings the display and fair-access obligations that attach at the threshold – obligations that ATSs currently avoid, in some cases by ceasing to handle the affected symbols – so this approach risks reducing overnight liquidity rather than surfacing it.[7]

   Second, given that to our knowledge the ADF is currently dormant, the Commission could combine the SIP with the consolidated overnight quoting feed that industry has already built and that some brokers already display. This would achieve a true consolidated quote at relatively low cost, without imposing the threshold obligations that could drive venues to withdraw and without requiring the ADF to be revived.[8]

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[5] Beyond quote consistency, having lit venues that are not part of the SIP would invite strategic routing of limit orders. For example, limit orders that would tighten the consolidated quote could be routed to ATSes that are not part of the SIP to keep consolidated quotes artificially large.
[6] One argument that has been made against requiring brokers to display the NBBO when Rule 611 does not apply is that the executing broker-dealer may not be connected to the venue whose quote is part of NBBO. That could lead to some trade-throughs based on quotes displayed to customers. However, these issues should be idiosyncratic and average out across trades. If the trade-throughs are systematic, that would imply that the executing broker-dealer would need to connect to the missing venue based on current FINRA 5310 rules.
[7] See https://blueocean-tech.io/blue-ocean-ats-service-status/.
[8] With that said, researchers and regulators may not have visibility to ATS quotes under this solution.

II. Expand 605 and 606(a) Disclosure Requirements

Currently, Rule 605, even with the 2024 amendments, does not cover orders outside regular market hours, leaving these markets in a pre-Rule 605 world.[9] As noted by Commissioner Uyeda, prior to Rule 605 for equities which was first adopted in 2000, publicly available information on execution quality was "sparse."[10] This is even more true outside regular hours, where brokers still face no requirement to disclose execution quality. We are aware of no comparable public data beyond the statistics provided in our paper.

While traders could attempt to track quotes of their trades at submission time and calculate trading costs themselves, this method would be difficult, tedious, and require a significant number of trades to understand execution quality. Not only that, but as documented in the prior section, quotes across brokers are not consistent, which would make it nearly impossible to compare brokers.

Importantly, in the extended hours portion of our experiment, our results demonstrate the need for an extended hours Rule 605.[11] We trade at three brokers. Two brokers (WS-Broker #1 and WS-Broker #2) route all of their trades to wholesalers (WS) in return for payment for order flow (PFOF). The third broker (Commission Broker or Com.-Broker) charges commissions and either routes our trades directly to exchanges or to a mixture of dark pools.[12]

All our trades are one share, so we measure price improvement and trade-throughs against the best bid and offer available at any size, which we derive from exchanges' quotes.[13] We trade one share deliberately. Since all quote sizes are unprotected during extended hours, a one-share order isolates execution quality from market impact, information leakage, and order-splitting behavior. Those issues would otherwise make it difficult to attribute any price dis-improvement to routing decisions versus order characteristics.

Single-share and odd-lot orders are far from edge cases. For our symbols, in March 2025, which is in the middle of our sample, single-share trades account for 21% of all trades outside regular market hours while odd-lots comprise 77%. Moreover, the Commission's own economic analysis in the proposal to remove the Order Protection Rule relies on odd-lot and single-share datasets.

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[9] An exception is if the order is placed outside regular market hours, but executed within market hours.
[10] "Statement on Rule Amendments Regarding Disclosure of Order Execution Information" by Commissioner Uyeda, March 6, 2024. Available at https://www.sec.gov/newsroom/speeches-statements/uyeda-statement-order-execution-quality-030624.
[11] Trades placed during overnight hours also have different execution quality across brokers. However, we focus here on extended hours differences as the expansion of extended hours to 23/5 will largely replace overnight trading.
[12] Our execution statistics do not include any commissions.
[13] As presented in the paper, we find similar results if we use exchange executed trades as the benchmark. Thus, our results are not due to stale or inaccessible quotes.

To the extent the Commission treats that data as sufficiently informative for its own analysis, it should be equally informative here.[14] Below is the execution quality of brokers in our sample.[15]

	All Trades		Trade-Throughs (PI < 0)		
Execution at:	PI (% QS)	PI/price (bps)	% of Trades	PI (% QS)	PI/price (bps)
All Brokers	−28.3	−9.1	25.4	−131.8	−49.2
Com.-Broker	−24.5	−6.4	28.3	−112.2	−41.6
WS-Broker #1	−42.5	−15.4	31.6	−148.5	−56.4
WS-Broker #2	−12.8	−3.9	12.0	−132.7	−46.7

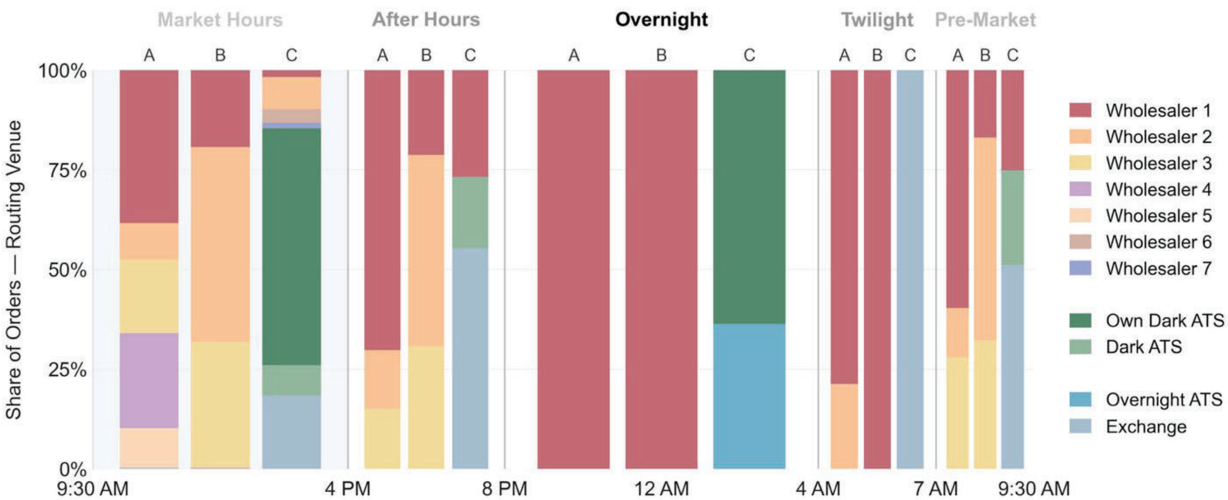
In summary, across all trades, price improvement is negative for every broker, averaging −28.3% of quoted spread, or −9.1 bps of price. Trade-throughs are common (25% of all trades) and large, averaging more than a full quoted spread.[16] Given that spreads are wide outside regular hours, our average trade-through is almost 50 basis points of price. Perhaps most relevant to a potential 605 requirement, our brokers' average all-trade price improvements differ by almost 30% of quoted spread. This is similar in magnitude to the differences in our regular market hours experiment referenced in the 605 rule amendments.

Additionally, SEC Rule 606(a) filings generally do include non-regular hours trades as many brokers treat these orders as 'held.' With that said, at least one broker-dealer handled our marketable limit orders outside regular hours as 'not held.' This has important implications for disclosures beyond Form 606(a) as Form 606(b)(1) only applies to held orders.[17] Thus, the Commission may want to issue guidance on order handling during extended hours.

For extended hours held orders, the current 606(a) filings also have some information about payment for order flow (PFOF) during extended and overnight periods in the footnotes. However, the data provided in the tables in terms of routing percentages, PFOF, and so forth is a

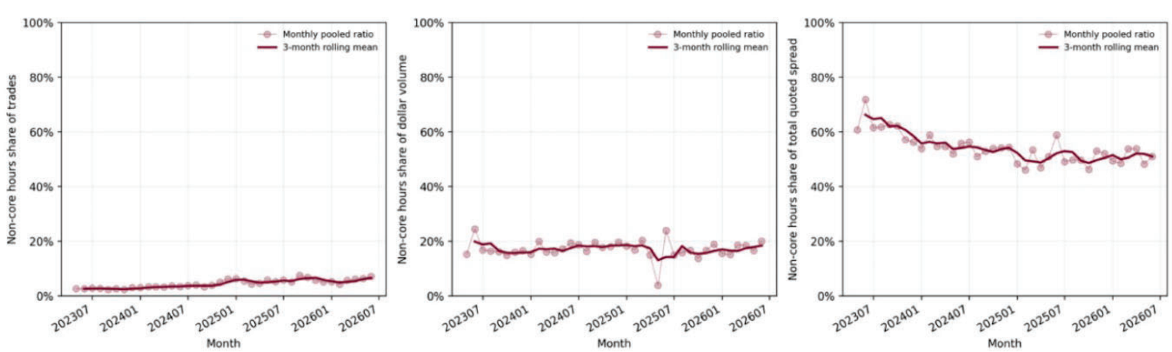
[14] See Staff of the Office of Analytics and Research, Division of Trading and Markets, Trade-Through Roundtable Supporting Data at 4 (Sept. 9, 2025, revised Sept. 12, 2025), available at https://www.sec.gov/files/trade-through-roundtable-supporting-data.pdf; cited in the Proposing Release, Release No. 34-105655, File No. S7-2026-20, at n.38.
[15] We present more detailed information on our experiment in our comment letter for The Trade-Through Rule and Locked and Crossed Markets Provisions of Regulation NMS proposal, Release No. 34-105655. See https://www.sec.gov/comments/S7-2026-20/s7202620-1005639-3202229.pdf.
[16] We repeated the experiment in 2026. Price execution quality is similar or worse in that period. See the previously referenced "Trading-through Extended and Overnight Hours" Table 8. Execution quality at our Commission broker has declined significantly in the last several months.
[17] Rule 606(b)(3) is available for not held orders. However, most customers would likely not pass the trading volume needed to force brokers to provide this report. (Averaging one million dollars in notional volume over the last six months.) We have been denied 606(b)(3) requests in the past due to this threshold requirement.

mixture of all trades during the day, which obscures routing changes during extended hours as compared to regular market hours. For example, here is our routing based on 606(b)(1) reports, showing the variation in routing across market regimes (A is WS-Broker #1, B is WS-Broker #2, and C is Com.-Broker)[18]



These routing changes are currently obscured in the 606(a) filings since regular hour order and share volumes are much higher than during extended and overnight hours.

With that said, we note that, even before the potential expansion in non-regular market hours trading when exchanges and the SIP go live, extended hours already represent a large amount of overall daily trading activity when measured in dollar terms. Below are the share of trades, dollar volume, and quoted spread for trades across all symbols outside regular hours over the last few years.



[18] We find routing is not consistent across all extended hours. While routing from 7:00 AM to 9:30 AM and 4:00 PM to 8:00 PM ET is consistent, routing from 4:00 AM to 7:00 AM is not. We call this “Twilight” as many brokers are operating in overnight mode or have not started accepting pre-market hours orders even though exchanges are open.

Although these trades outside regular hours are less than 10% of all trades, they make up close to 20% of the day's dollar volume because the stocks involved tend to be high-priced. And because quoted spreads outside regular hours are many times wider than during regular market hours, these sessions account for nearly half of the day's total quoted spread – the measure most relevant to execution costs, since the quoted spread is what an investor pays to cross the market.

Based on the Commission's belief that "sunlight is the best disinfectant,"[19] we suggest:

1. Amending Rule 605 to include a separate disclosure for extended hours, similar to the now operating Rule 605 with the 2024 amendments.

2. Amending Rule 606(a) to include separate tables for each routing and PFOF regime.

III. <u>Summary</u>

As retail trading outside regular market hours becomes more regular, retail customer experience and disclosure should more closely match regular market hours. The Commission should consider future changes to:

- Standardize quotes across brokers that include all "lit" liquidity
- Expand disclosure requirements with separate extended hours filings for Forms 605 and 606(a)
- Provide guidance on held/not held order handling during extended hours

These changes will help protect retail traders from excess trading costs and better allow broker evaluation by customers and regulators.

Sincerely,

Signed by:
Xing Huang
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Christopher Schwarz
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Xing Huang and Christopher Schwarz

[19] Payment for Order Flow Final Rule (Oct. 27, 1994), Release No. 34-34902, 59 FR 55006 (Nov. 2, 1994).