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Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Proposed Rescission of Rule 611 and Rule 610(e) of Regulation NMS (File No. S7-2026-20)

Dear Ms. Countryman,

We write to comment on the Commission's proposal to rescind Rules 611. We are both academic researchers in market microstructure: Katya Malinova is Associate Professor of Finance and the Mackenzie Investments Chair at the DeGroot School of Business, McMaster University, Andreas Park is Professor of Finance at the University of Toronto. Together we also operate APIA Scholar, a consultancy that provides expert advice and analytics on financial markets and decentralized finance. We have studied order protection rules, market fragmentation, and high-frequency trading for over a decade, and we welcome the opportunity to comment on the proposed rescission of Rule 611 (the Trade Through Rule, also referred to as the Order Protection Rule, or OPR).

The OPR is a well-intended rule: it electronically integrates geographically dispersed market centers, it assures investors that their orders execute at the best displayed prices, and it gives priority to traders who publicly post the best-priced orders.

We believe, however, that the rule has outlived its time, and we support the proposed rescission, subject to the caveats in Section 3 below. We wish to bring three points to the Commission's attention.

1. The OPR creates predictable order-routing patterns that fast traders exploit

To comply with the OPR, brokers may have to split marketable orders across geographically dispersed trading platforms so that each leg executes against the best displayed prices within the National Market System. This splitting creates predictable cross-market patterns: when one leg of a split order arrives at one venue, fast traders can anticipate the arrival of the remaining legs at other venues and race them.

We have studied this mechanism directly. In our paper Sniping in Fragmented Markets ([Malinova and Park 2026](#)), we use regulatory, trader-level audit-trail data that covers all Canadian equity trading venues. To the

best of our knowledge, ours is the only study that stitches together the legs of individual orders across multiple markets; the existing literature typically observes activity on a single venue. Although our data covers the Canadian market in 2013, the relevant institutions are unchanged: Canada has an order protection rule analogous to Rule 611, and its equity market is, like the U.S. market, a system of geographically dispersed but electronically linked trading venues.

Our data shows clearly that:

1. cross-market races exist and are common;
2. a very large number of marketable orders is split across venues;
3. this splitting is not the result of better-informed traders working orders; and
4. fast traders systematically engage in races around orders that they anticipate will appear on multiple venues.

In short, the OPR's routing mandate itself generates the predictability that makes latency arbitrage profitable. Removing the mandate removes the source of this predictability.

2. The OPR cannot coexist coherently with tokenized equities

Looking forward, investors will increasingly be able to trade both traditional shares on traditional venues and tokenized versions of the same shares on blockchain-based systems. Setting aside the question of how tokenized stocks are classified legally, in such a world the meaning of a National Market System and an order protection rule change fundamentally.

First, on-chain venues cannot comply with the OPR. On a platform such as Ethereum, trades are the result of calls to smart contracts; they execute when validators include them in a block, at discrete intervals; and the systems are disjoint, so it is impossible to "route" an order from one to the other. A decentralized protocol has no mechanism to prevent an execution at a price inferior to a quote displayed elsewhere in the intervening seconds. Forcing the integration of these two worlds would be unreasonable.

Second, the reverse question is equally intractable. Pricing in automated market makers is continuous in the pool's state, and these venues may at any moment display the best available price. Would a broker operating in the traditional system then be required to route an order on-chain?

Either answer creates serious problems. The absence of an order protection rule allows market participants to sidestep this essentially irresolvable issue, and lets best-execution obligations, rather than a hard routing mandate, govern the interaction between the two systems.

3. Two cautions: investor protection and the incentive to display liquidity

Our support for the rescission comes with two caveats. First, investor protection must not be weakened. The Commission should ensure that a robust mechanism remains in place so that the least sophisticated participants, retail investors above all, continue to obtain the best available prices when relying on the services of a broker.

One pathway is a strong best-execution obligation that is anchored to a reasonable benchmark. The European experience provides a cautionary tale: there, brokers merely apply the nebulous criterion of taking "all reasonable steps" toward favourable outcomes. [Kaminski, Laschinger, and Riordan \(2026\)](#) construct a consolidated nanosecond-level European Best Bid and Offer from direct feeds of ten major venues and document that only 79-86% of marketable orders in Eurostoxx50 stocks execute at the best available price.

Second, we further caution that a price-driven best-execution framework protects only clients who submit marketable orders, whereas an OPR fundamentally protects investors who post the best price, give others the option to trade, and thereby expose themselves to risk. Rescinding the rule removes the protection that gives them priority over worse-priced orders, which may weaken the incentive to display aggressive limit orders. The Commission should consider, and monitor, the broader implications for displayed liquidity.

We would be pleased to discuss our research and these comments with the Commission or its staff.

Respectfully submitted,

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