

D & D Securities, Inc.

*1900 Market Street
Philadelphia, PA 19103
May 29, 2015*

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

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

**Re: Release No. 34-74581; File No. S7-05-15
Proposed Amendment to Rule 15b9-1
Exemption for Certain Exchange Members**

Dear Mr. Fields:

Kindly accept this letter from D & D Securities, Inc. (the "Firm") in response to the request from the Securities and Exchange Commission (the "Commission") for comment (the "Release") on the above referenced proposed amendment to Rule 15b9-1 ("Rule") promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Firm is a registered broker-dealer that operates as an options floor broker on the NASDAQ OMX PHLX LLC (the "Exchange"). It does not carry customer accounts, nor does it engage in proprietary trading for its own account. The Firm is a member firm of the Exchange, and, pursuant to the exemption set forth in the current version of the Exchange Act Rule, is not a member of a registered national securities association ("Association") (a "Non-Member Firm").

In Question 15 of the Release, the Commission seeks a response to a question regarding whether there are "... circumstances where an exchange floor member that is a Non-Member Firm might need to hedge the risk of customer activity on the exchange, as agent, in the off-exchange market or on exchanges of which it is not a member?" The Firm handles many options orders as agent for its customers that contain multiple related components, and in which the execution of any component is contingent upon the execution of all other components of the order. These components can consist of other options as well as equity instruments, and the execution of these components can and do take place on the Exchange (in the case of options that are traded there) as well as both on other exchanges of which the Firm is not a member and the off-

exchange market. Orders executed on venues other than the Exchange are either routed to the other venue by the Exchange to prevent trade-throughs, or are sent by the Firm to another registered broker-dealer for execution on an exchange of which it is a member, or for execution in the off-exchange market. The Firm does not handle equity orders that are not tied to an options component that the Firm is also handling, and the Firm does not share any revenue attributable to equity orders it sends to other registered broker-dealers.

As noted above, the Firm is presently exempt from Association membership. The Commission acknowledges in the Release that the Firm's exemption, when enacted, was consistent with the public interest and the protection of investors, as it applied to the Firm, since the Firm's business was focused on the floor of an exchange of which it was a member, and that the Exchange was best positioned to conduct regulatory oversight of the Firm. As further noted in the Release, the Rule was crafted by the Commission "... to accommodate limited activities ancillary to that floor-based business, and thereby left it to the exchange of which the specialist or floor broker was a member to continue to regulate the entirety of the broker-dealer's activities." At least with respect to the Firm, nothing in the original rationale for the exemption from Association membership has changed since the Rule was last substantively updated in 1983. The Firm's business is still focused on the floor of the Exchange, the Exchange is still best positioned to conduct regulatory oversight of the Firm, and any business handled by the Firm that results in a transaction effected away from the Exchange is ancillary to its floor-based business.

It is therefore unsettling that the proposed Rule amendment, as it presently reads, could be interpreted to eliminate the Firm's exemption from Association membership, since the Firm does not trade for its own account, and would therefore be ineligible for the exemption afforded to dealers hedging the risks of their floor-based activities. Ironically, the dealers who would be eligible for the hedging exemption under the proposed amended Rule would, in many cases, be counterparties to the very transactions brokered by the Firm that could cause the Firm to lose its exemption from Association membership pursuant to the proposed Rule amendment language.

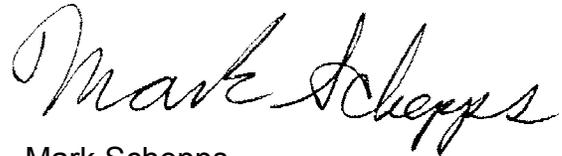
Needless, to say, requiring the Firm to become a member of an Association would impose an unnecessary burden and expense on the Firm, and result in a duplication of regulatory effort, for all of the reasons acknowledged by the Commission when the Rule was first promulgated. The nature of the Firm's business, both on the floor of the Exchange and its ancillary off-floor business, has not changed since the Rule was first promulgated, and is in no way related to the activity of the "... active, cross-market proprietary firms ..." that has given rise to the Commission's concerns that have resulted in the Release.

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It is the Firm's hope that the potential elimination of the exemption from Association membership for floor brokers whose business is focused on the floor of an exchange of which it is a member, and whose off-floor business is ancillary to its floor-based business, while retaining a hedging exemption for floor-based dealers, is nothing more than a drafting oversight. It would be inequitable to require options floor brokers, such as the Firm, to join an Association in addition to being subject to regulatory oversight by every exchange on which it conducts business, merely because its customers' trading strategies include placing complex options orders that are tied to stock transactions. The Firm urges the Commission to make clear in a subsequent Release, and in a final Rule, that brokers who handle equity transactions (by sending them to a registered broker-dealer for execution) that are tied to options transactions being brokered on an exchange on which it is a member are still eligible for an exemption from Association membership under the Rule.

The Firm thanks the Commission for its careful consideration of its comments. Any questions can be addressed to the Firm at the address above, or by e-mail at [REDACTED].

Sincerely yours,



Mark Schepps
General Counsel and
Senior Director of Compliance

cc: Nicholas DiCicco, President and Chief Executive Officer
D & D Securities, Inc.