

COPELAND™

CAPITAL MANAGEMENT, LLC

Eight Tower Bridge
161 Washington Street, Suite 1325
Conshohocken, PA 19428

484-351-3700 / 484-351-3658 (fax)

www.copelandcapital.com

May 18, 2018

Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E. Washington, D.C. 20549-1090

Re: File No. S7-05-18, Transaction Fee Pilot for NMS Stocks

Dear Mr. Fields:

Copeland Capital Management, LLC is an investment adviser registered with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940, as amended. Independent and 100% employee owned, the firm manages a host of active domestic and international Dividend Growth strategies. The firm is headquartered in Conshohocken, Pennsylvania, and has approximately \$2.6 billion in assets under management. Copeland advocates transparency and fairness in all public markets as we believe it will benefit our clients over the length of their investment horizons.

Over the last 20 years, global market structure has changed drastically. The market that was once relatively transparent has evolved into a complex financial ecosystem that is in a constant state of change. The United States has led this charge whereby the complexity and number of intermediaries that exists between investment decision and trade execution has resulted in diminished liquidity and depth.

One of the most significant complexities that exists in United States public market structure involves transaction fees between exchanges and executing broker dealers or market makers. The complicated economics within this access fee structure has created unintended consequences. Under certain market conditions, there are financial incentives for participants to trade at certain venues that outweigh size and price opportunities. This behavior does not benefit investors, regardless if they are considered retail or institutional. Order routing logic should be driven by incentives defined by the order type and take all precautions to protect the actual investor. There should not be opportunities for market makers to exist that simply arbitrage access fees between the various exchanges, yet have no interest in owning an asset.

We support the test pilots suggested below and hope it will lead us down the road to a more transparent, fair and equitable marketplace where investors can execute orders without intermediation.

Duration	2 year Pilot with an automatic sunset at 1 year unless, no later than thirty days prior to that time, the Commission publishes a notice that the Pilot shall continue for up to another year; plus a 6 month pre- and 6 month post-Pilot period	
Applicable Trading Centers	Equities exchanges (maker-taker & taker-maker)	
Eligible Securities	NMS stocks with a share price \geq \$2 per share that do not close below \$1 per share during the proposed Pilot and that have an unlimited duration or a duration beyond the end of the post-Pilot Period	
Pilot Design	Test Group 1	<u>\$0.0015 fee cap</u> for removing & providing displayed liquidity (no cap on rebates)
	Test Group 2	<u>\$0.0005 fee cap</u> for removing & providing displayed liquidity (no cap on rebates)
	Test Group 3	<u>Rebates and Linked Pricing Prohibited</u> for removing & providing displayed & undisplayed liquidity (Rule 610(c)'s cap continues to apply to fees for removing displayed liquidity)
	Control Group	Rule 610(c)'s cap continues to apply to fees for removing displayed liquidity

We encourage the Commission to keep the proposal as designed to include the test pilot group that includes a “no-rebate bucket”. Including this bucket will provide information from trading behavior that lacks economic conflicts of interest that would otherwise influence market participants. We also feel that all exchanges, including inverted, should be utilized in every test pilot to ensure all potential conflicts will be observed and methodically analyzed.

We commend the Commission for their efforts to effect change within our public markets and hope that opinions from asset owners are taken into consideration. We are investing for the long term on behalf of our clients and we want them to know that all NMS exchanges and regulators are putting in as much effort as possible to protect them.

Thank you for allowing our public markets to evolve while protecting investors.

Sincerely,



Anthony W. Godonis
Principal, Director of Trading
Copeland Capital Management, LLC