Investment Office
P.O. Box 2749
Sacramento, CA 95812-2749
TTY: (916) 795-3240
(916) 795-3400 phone

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

Re: Transaction Fee Pilot (File No: S7-05-18)

Dear Mr. Fields,

Ontario Teachers' Pension Plan ("OTPP"), the California Public Employees' Retirement System ("CalPERS") and the group of undersigned pension plans submit this comment letter to express our support for the Transaction Fee Pilot for National Market System stocks ("Pilot") proposed by the Securities and Exchange Commission ("Commission" or "SEC").

Collectively, this group of North American asset owners, with 7 million members and over $1.4 trillion in assets, has a deep interest in market structure reform that enhances our ability to pay pensions and invest plan assets on behalf of our members and beneficiaries. The long-term nature of our investments and liabilities, and our responsibilities as a fiduciary to our members, drive our interest in rules and regulations that govern the securities markets.

In recent history, technical advancements and regulatory rulemaking have attempted to increase market competition and lower trading costs. Unfortunately, this has resulted in increased market complexity and various unintended consequences, and long term investors have borne the cost of this change in market structure.

A controversial element of this complex market structure is the practice of exchanges paying rebates to broker members for order flow, otherwise referred to as maker-taker or taker-maker pricing. These pricing schemes as well as other fee incentives, have been generally criticized by a wide spectrum of asset managers, pension funds, endowments, members of Congress, academics and policy makers, including SEC Economists, based on the potential conflict of interest it creates between brokers and their investor clients.

ONTARIO TEACHERS'
PENSION PLAN – RÉGIME DE RETRAITE DES ENSEIGNANTES ET DES ENSEIGNANTS

CalPERS
Investment Office
P.O. Box 2749
Sacramento, CA 95812-2749
TTY: (916) 795-3240
(916) 795-3400 phone

We applaud the Commission for acknowledging this conflict and proposing the Pilot as a necessary and appropriate step to study the effects that these incentives have on broker order routing, execution quality, and market quality overall.

The undersigned group of [pensions and endowments] fully support the SEC Pilot as written. Further, we would like to highlight elements of the SEC's proposal we believe are essential:

The Pilot must test the elimination of exchanges rebates – It is critical to include a test group that prohibits the payment of rebates to create a data set that demonstrates the effect of rebates, of any size, on order routing and executing quality. Without this test group, the Pilot will be of limited use to long-term investors who question the importance of rebates to overall market quality. Also, this will allow exchanges to compete on pricing and execution quality without imposing further price controls on the market.

The scope of the Pilot – We are supportive of the Pilot including the widest range of NMS stocks possible. The Commission proposal of 1,000 stocks in each bucket is sufficient and will provide an appropriate dataset. We are also supportive of the proposed 2-year timeframe of the Pilot, which will prevent certain participants from attempting to influence behavior and distort the results of the Pilot.

Include all NMS Exchanges – It is critical to include all NMS exchanges (including both maker-taker and taker-maker exchanges) in the Pilot. This helps to eliminate distortions in routing incentives which could skew the data outputs from the Pilot.

Finally, in order to maintain the integrity of the pilot, companies should not have the option to opt out. As evidenced in the comment process, the asset manager / asset owner community is heavily supportive of such a pilot. This should provide the necessary confidence to all public companies to be included.

We are confident the Pilot will generate sufficient data to facilitate analysis of the effects that transaction-based fees and rebates may have on broker order routing behavior, execution quality, and market quality in general.

We support the proposed SEC Pilot, as written, and would encourage the SEC to take the necessary steps to implement it as soon as possible.

Thank you for the opportunity to comment on the review process.

ONTARIO TEACHERS'
PENSION PLAN – RÉGIME DE RETRAITE DES ENSEIGNANTES ET DES ENSEIGNANTS

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Sincerely,

Kevin Duggan
Managing Director, Execution & Treasury,
Capital Markets
Ontario Teachers' Pension Plan

Don W. Pontes
Investment Director, Financial Markets
Sustainable Investment
CalPERS

cc: Hon. Jay Clayton, Chairman
Hon. Kara Stein, Commissioner
Hon. Michael Piwowar, Commissioner
Hon. Robert Jackson, Jr., Commissioner
Hon. Hester Peirce, Commissioner
Brett Redfearn, Director, Division of Trading and Markets

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Signature:

Name: June Kim

Title: Director, Global Equity

Firm: California State Teachers' Retirement System

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan, CalPERS and the five New York City Retirement Systems referencing File No. S7-05-18.

Scott C. Evans
Deputy Comptroller-Asset Management & Chief Investment Officer,
Office of New York City Comptroller Scott M. Stringer, on behalf of the:
Teachers Retirement System of the City of New York
New York City Employees' Retirement System
New York City Police Pension Fund
New York City Fire Pension Plan
Board of Education Retirement System of the City of New York

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Signature:

Name: Mark Holleran

Title: Vice President, Equities

Firm: Vestcor Inc.

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Signature: Elizabeth Crisafi

Name: ELIZABETH CRISAFI

Title: CHIEF INVESTMENT OFFICER

Firm: SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM

SWIB STATE OF WISCONSIN INVESTMENT BOARD

The State of Wisconsin Investment Board supports the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Sincerely,

Brian A. Hellmer
Managing Director, Public Equities Division
State of Wisconsin Investment Board

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

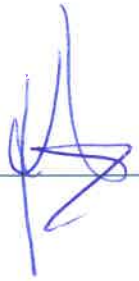
Signature: A. Mitchell

Name: Adrian Mitchell

Title: Vice-President, Public Equities

Firm: HOOPP
Healthcare of Ontario Pension Plan.

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Signature: 

Name: Kurt Brautbar

Title: Managing Director – Public Markets

Firm: San Francisco Employees' Retirement System

ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW. AZASRS.GOV

Paul Matson
Director

May 21, 2018

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

Re: Transaction Fee Pilot (File No: S7-05-18)

Dear Mr. Fields,

The Arizona State Retirement System (ASRS) joins the California Public Employees' Retirement System (CalPERS), the Ontario Teachers' Pension Plan (OTPP) and other major pension plans in support of the Transaction Fee Pilot as proposed by the Securities and Exchange Commission (File No. S7-05-18).

Sincerely,

Karl Polen
Chief Investment Officer

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Signature:

Name: Hank Kim, Esq.

Title: Executive Director & Counsel

Firm: National Conference on Public Employee Retirement Systems

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Signature:

Name: Sam Masoudi

Title: CIO

Firm: WY Retirement System

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Signature: Angela M Rodell

Name: Angela M Rodell

Title: CEO

Firm: Alaska Permanent Fund Corporation

IPPFA

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Signature:

Name: James M. McNamee

Title: President

Firm: IPPFA

The following firms support the Transaction Fee Pilot as proposed by the Securities and Exchange Commission. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan and CalPERS referencing File No. S7-05-18.

Signature:

Name: Richard Wan

Title: Director, Trading

Firm: Alberta Investment Management Corporation