Apache

June 7, 2018

Via E-mail (rule-comments@sec.gov)
& FedEx

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: File No. S7-05-18
Transaction Fee Pilot for NMS Stocks, Securities Exchange Act Release No.82873 (March 14, 2018), 83 FR 13008 (March 26, 2018)

Dear Mr. Fields:

Apache Corporation appreciates the opportunity to submit comments to the Securities and Exchange Commission (the "Commission") regarding the Commission's proposal (the "Proposal") to adopt a Transaction Fee Pilot under proposed Rule 610T of Regulation NMS (the "Pilot"). Because we are concerned about the design of the Pilot, we oppose the Proposal in its current form.

As proposed, the Pilot would divide publicly-listed stocks into three test groups of 1,000 stocks, with each group required to have differing limits on access fees and rebates, and the remaining group of 5,200 stocks comprising a control group that would be subject to the existing regulatory structure. This experiment would then run for two years. Apache is forced to observe that this is a very odd "pilot" design, including approximately 36% of all stocks, and doing so for two years. We understand that other preliminary proposals have been limited to 300 stocks and very limited time periods.

If the Pilot is implemented, it seems clear to us that the stocks in the "guinea pig" test groups -- and the companies who issue those stocks -- would be disadvantaged in several ways, while the "control group" stocks would not be. We would expect the guinea pig companies to have average bid-ask spreads that are wider than the control group stocks due to the reduced or eliminated access fees and rebates required by the test group protocols. As a result, the guinea pig companies would be a less appealing investment due to higher investor transaction costs. Apache objects to the possibility that its forced participation in the Pilot could result in its stock being less attractive to investors in a market that is supposed to provide for equal treatment.

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Additionally, we would expect direct negative effects on the guinea pig companies when they engage in secondary offerings (with a larger discount to market price likely required as a result of the wider spreads) or conduct share repurchase programs (because transaction costs would be higher than those of control group companies, again due to wider spreads and larger intra-day price movements).

We are also specifically concerned about the differing impact this Pilot would have on Apache if it was included in one of the guinea pig test groups while some -- or perhaps a majority -- of its peer companies or competitors did not have to suffer the ill effects of this two-year experiment because, by luck of the draw, they were assigned to the control group.

We do not understand how the Commission can contemplate conducting this experiment -- particularly for two years -- when its negative impacts will clearly be disproportionately, even wholly, visited on such a large minority of issuers. This seems to us to be a Proposal that is both arbitrary and capricious, and inconsistent with the mandate of the Commission.

Apache respectfully requests that the Commission withdraw its Proposal and instead use other tools to study the market in a less-impactful manner that does not harm the very investors and issuers that it seeks to serve.

Respectfully submitted,

Rajesh Sharma
Corporate Secretary

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