

December 7, 2016

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

Re: Release No. 34-78309; File No. S7-14-16; Disclosure of Order Handling Information

Dear Mr. Fields:

Thank you very much for the opportunity to comment on the proposed rule “Disclosure of Order Handling Information.” After learning about this rule in Professor Robert Battalio’s Trading and Markets class at the University of Notre Dame, I think that the information that is necessary for brokers to disclose should be altered to more accurately indicate trade quality. While an increase in the transparency of order handling would be beneficial to investors, the proposed changes will not be sufficient to effectively determine the quality of trades executed.

These proposed disclosures do not address two main components of execution quality, size and time. The information made available to investors should consider the size of trades. It is important to know how brokers are handling trades of large size. Specifically how these orders are being routed and if they are being handled to give the investor the best possible price. Additionally, it is useful for investors to know how brokers are generating profit if it is from many small trades or fewer large trades. Finally, the necessary disclosures should also include information about timing. The effectiveness of the broker is dependent on if the broker executes profitable trades in a timely manner. It can be important to know if the broker executed the trade at the best price at a specific time or how long it took the broker’s trade to be executed. The disclosures given in rule 606 do not allow for investors to evaluate brokers based on these two crucial criteria.

The disclosures in this rule should be more similar to those required for market makers in rule 605. As proposed by the Financial Information Forum, this rule should more accurately reflect information that indicates the performance of brokers. While it is important to make more information about the trading practices of brokers available to investors, the proposed information does not provide a representative view of the effectiveness of brokers.

Regards,

Michaela McInerney
University of Notre Dame 2017