UNIVERSITY OF
NOTRE DAME

December 7, 2016

Securities and Exchange Commission

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

To Whom It May Concern:

I appreciate the opportunity to provide my input on the Securities and Exchange Commission's proposed rule File No. S7-14-16, "Disclosure of Order Handling Information." Market participants' faith in financial markets provides a cornerstone for a modern healthy economy. Accordingly, I applaud the efforts being made to allow for greater transparency in the marketplace.

The proposal is not without fault, however, as it does not go far enough in aligning the economic interests of brokers with the responsibility stemming from their agency duty to their clients to find the best execution price. In order to align these, it is important that retail and institutional investors receive proper disclosure on what is incentivizing brokers in their order routing decisions. This will allow these parties to vote with their wallets and discipline brokers with poor execution quality through capitalism. The best way to do so is to require brokers to report some statistics currently only required of market centers by Rule 605. Brokers should be publishing the effective-to-quoted spread ratios for each market center to which they send order flow. The current rule implies that retail investors will be able to perform rigorous statistical analysis to connect the disclosures from Rule 605 and Rule 606 when evaluating the execution quality of their brokers. The disclosures required by Rule 605 and Rule 606 do nothing to inform about broker execution quality when they are compartmentalized as they currently are.

Further, I find that making a distinction between the granularity or reports to retail investors and institutional investors unnecessary. If these statistics are being processed for institutional investors it should impose little to no cost on brokers to disclose the same statistics for retail investors. To separate these categories seems to disregard that there may be retail investors sophisticated enough to use this information while also creating opportunities (or at least the suspicion of opportunities) for brokers to vary their level of agency duty between different classes of clientele. In the interest of transparency and public faith in markets I would suggest requiring the same level of disclosure regardless of clientele classification.

I wish you the best of luck in making your decision.

Sincerely,

Kevin Hart
Finance
University of Notre Dame 2017