

October 23, 2018

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

Re: Disclosure of Order Handling Information (File Number S7-14-16)

Dear Mr. Fields:

Citadel Securities (“Citadel”)¹ appreciates the opportunity to comment on the proposed rule amendments by the Securities and Exchange Commission (the “Commission”) that are designed to enhance the transparency and disclosure of order handling practices by broker-dealers (the “Proposal”).²

As detailed in our prior comment letter,³ Citadel firmly supports Commission efforts to increase the quality of disclosure provided to both retail and institutional investors. We wish to supplement our prior comment letter by providing further detail on our suggestion to include a *de minimis* exception for smaller broker-dealers if retail and institutional orders are distinguished based on whether they are “held” or “not held”.

Distinguishing retail and institutional orders based on whether they are “held” or “not held” should address the misclassification concerns associated with the \$200,000 threshold suggested in the Proposal. However, this approach could also create significant implementation costs for smaller broker-dealers that may occasionally handle “not held” orders. As such, we support the inclusion of a *de minimis* exception to mitigate these concerns.

While we are relatively agnostic regarding the metric used to define a *de minimis* exception, we note:

¹ Citadel Securities is a leading global market maker across a broad array of fixed income and equity securities. In partnering with us, our clients, including asset managers, banks, broker-dealers, hedge funds, government agencies and public pension programs, are better positioned to meet their investment goals. On an average day, Citadel accounts for approximately 21 percent of U.S. listed equity volume, 23 percent of U.S. listed equity option volume, and more than 39 percent of all retail U.S. listed equity volume.

² Securities Exchange Act Release No. [78309](#), 81 FR 49432 (July 27, 2016).

³ See <https://www.sec.gov/comments/s7-14-16/s71416-29.pdf>.

- The 5% threshold proposed by several others⁴ should ensure that smaller broker-dealers that may occasionally handle “not held” orders are not adversely affected by the Proposal’s new disclosure requirements for institutional orders.
- A threshold based on percentage of orders or percentage of shares received could likely be set at a lower level than a threshold based on percentage of executed shares.

* * * * *

We appreciate the opportunity to provide comments on the Commission’s Proposal on the disclosure of order handling information. Please feel free to call the undersigned at [REDACTED] with any questions regarding these comments.

Respectfully,

/s/ Stephen John Berger

Managing Director, Government & Regulatory Policy

⁴ See, e.g., Letter from TD Ameritrade, Inc. at <https://www.sec.gov/comments/s7-14-16/s71416-32.pdf>, Letter from Wells Fargo Advisors, LLC at <https://www.sec.gov/comments/s7-14-16/s71416-9.pdf>, and Letter from Security Traders Association at <https://www.sec.gov/comments/s7-14-16/s71416-1698279-149865.pdf>.