



February 26, 2016

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

Re: Response to request for comment on proposed rule "Regulation of NMS Alternative Stock Trading Systems" (File No. S7-23-15)

Dear Mr. Fields,

PDQ Enterprises, LLC, owner and operator of PDQ ATS, Inc., appreciates the opportunity to comment on the proposed Regulation of NMS Alternative Stock Trading Systems rule (File No. S7-23-15).

PDQ ATS is an independent Alternative Trading System (ATS), based in Glenview, Ill., that optimizes liquidity aggregation for all market participants via an innovative auction process. PDQ's on-demand auctions neutralize the speed arms race through a pause that allows for competition among trade responses, while also minimizing the potential for gaming or order leakage. Since launching in 2009, PDQ has attracted order flow from all areas of the capital markets community, including sell-side, institutional and retail traders.

PDQ Enterprises and PDQ ATS share the Commission's view that ATS methodology should be transparent for subscribers and market participants. PDQ ATS has voluntarily disclosed its Form ATS since September 2014 and publishes independent monthly transaction cost analyses for the benefit of our trading community.

To summarize, in our view, the adoption of proposed Regulation ATS-N would mean several significant changes to the current ATS regulatory requirements:

- Stock trading ATSS would become "NMS Stock ATSS"
- Approval of ATS applications and amendments would require positive response from the Commission instead of the current passive approval after a certain period of time
- The Commission would have the authority to determine if an individual ATS is effective or ineffective, and if they qualify for an exemption from the definition of an exchange
- All information from and about ATSS would be deemed public and non-confidential
- ATSS may be required to update information on a scheduled basis rather than when necessary

PDQ ATS commends Luminex Trading & Analytics on their comments regarding Regulation ATS-N as an excellent perspective on the proposal.¹ PDQ ATS agrees with these comments in their entirety. We agree

¹ See Letter to Brent J. Fields, Secretary, U.S. Securities and Exchange Commission, from Jonathan A. Clark and James C. Dolan of Luminex Trading & Analytics, LLC (Feb. 23, 2016), *available at* <https://www.sec.gov/comments/s7-23-15/s72315-7.pdf>

that the regulatory regime of the proposed Regulation ATS-N requires excessive information disclosures which would have a negative effect on the Commission's goal of increased operational transparency and clarity.

A less burdensome way to achieve transparency around the operation of ATSs would be to clarify the specific requests for information on the current Form ATS, and require that Form ATS be publicly available. An ATS that wishes to attract subscribers needs to be responsive to the questions of potential subscribers, and disclose the level of detail that a potential subscriber may need to become a participant on the ATS. This information can be requested by the potential subscriber and shared directly with the potential subscriber, and should not be a burden placed upon the ATS by the Commission.

Additionally, PDQ ATS argues:

- An improved Form ATS would allow subscribers and non-subscribers to quickly learn about the operation of various ATSs and be better equipped to make decisions
- While operational transparency is paramount, customer confidentiality is also extremely important and to the extent customer confidentiality may be compromised then regulation has gone too far
- There will be additional operational costs associated with compliance with ATS-N which could make becoming and operating an ATS more difficult
- Regulation ATS-N will require a positive approval process which will be more reliable than the current negative approval methodology. The extension of approval times will have a minimal impact
- Because Regulation ATS-N will create a significant amount of paperwork it would make sense to reformat the current Form ATS to provide more clarity
- While the intention of ATS-N is to address the concern of potential conflicts of interest, and the disclosure that is proposed will assist in this matter, there is no regulation that can prevent fraud. An improved Form ATS will be sufficient in promoting transparency and clarity in the market

Finally, it is important to remember that the rewards for successfully navigating the markets can be so high that many of the brightest minds focus on its operation. This creates a highly competitive market structure environment where great efficiencies have been achieved to the benefit of all of society. The creation of ATSs has contributed directly to this innovation and progress.

It is PDQ's belief that innovative market structures such as ours can be preserved and enhanced through a better Form ATS. We look forward to the Commission's final decision.

Respectfully submitted,



D. Keith Ross
CEO, PDQ Enterprises, LLC



Christopher Meade
Chief Compliance Officer, PDQ ATS, Inc.