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February 26, 2016

Submitted electronically

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

Re: **Regulation of NMS Stock Alternative Trading Systems; Proposed Rule
File No. S7-23-15**

Dear Mr. Fields,

Fidelity Investments (“Fidelity”)¹ appreciates the opportunity to respond to the Securities and Exchange Commission (the “SEC” or “Commission”) on its proposal to require alternative trading systems (“ATs”) that trade stocks listed on a national securities exchange (“NMS Stock ATs”) to publicly disclose detailed information about their operations and the activities of their broker-dealer operator and affiliates.²

Fidelity fully supports the SEC’s goal to enhance the operational transparency and regulatory oversight of NMS Stock ATs and views the Proposal as a critical component of the SEC’s broader agenda to enhance equity market structure.³ Increased and standardized information about the manner of operation of an NMS Stock AT, made publicly available, will enable market participants to better evaluate individual trading venues, to compare NMS Stock ATs to one another and to National Securities Exchange (“Exchanges”), and to understand potential conflicts of interest. Moreover, given that the role of ATs has matured since Regulation ATs was first adopted in 1998, we agree that enhanced regulatory oversight can help ensure consistency of disclosures provided by ATs and their broker-dealer operators.

While we support the SEC’s goals in drafting the Proposal, we are concerned that the Proposal extends significantly further than current requirements under Regulation ATs and that much of the requested information on affiliates of the NMS Stock AT broker-dealer operator, in particular, is excessive. We believe that the final rule should strike a balance between subscriber and market participant needs on the one hand and obligations on NMS Stock ATs and their

¹Fidelity and its affiliates are leading providers of mutual fund management and distribution, securities brokerage, and retirement recordkeeping services, among other businesses.

²Regulation of NMS Stock Alternative Trading Systems, Exchange Act Release No. 76474, 80 FR 80998 (December 28, 2015), (the “Proposal” or the “Proposing Release”). Unless otherwise defined in this comment letter, capitalized terms have the meanings ascribed to them in the Proposal.

³Speech by SEC Chair Mary Jo White, “*Enhancing Our Equity Market Structure*”, Sandler O’Neill & Partners, L.P. Global Exchange and Brokerage Conference (June 5, 2014).

broker-dealer operators and affiliates on the other. If the right balance is not reached, broker-dealers may find the operation of NMS Stock ATSs unduly burdensome and fail to start new, or abandon existing, NMS Stock ATSs; a result that may ultimately lead to less transparency and market innovation in contravention of the Commission's goals.

Our comments on the Proposal reflect the views of an NMS Stock ATS and its broker-dealer operator and affiliates directly impacted by the Proposal and an institutional asset manager that routes orders directly and indirectly to NMS Stock ATSs, among other trading venues.⁴ We believe our recommendations, discussed in further detail below, will result in useful information for market participants and subscribers, while minimizing burdens on NMS Stock ATS broker-dealer operators and their affiliates.

I. EXECUTIVE SUMMARY

Our comments that follow include the following points:

1. We are concerned that the Proposal's disclosure requirements on NMS Stock ATSs 1) needlessly extend significantly further than current ATS disclosure requirements; 2) will be onerous and potentially unworkable for NMS Stock ATS broker-dealer operators and their affiliates; and 3) will ultimately impact innovation and diversity in the ATS marketplace. We recommend that the SEC 1) mandate that broker-dealer operators of NMS Stock ATS make their Form ATS publicly available; 2) revise the requirements for Form ATS to make the filings easy to compare across ATSs and; 3) limit NMS Stock ATS disclosure requirements to the operation of the NMS Stock ATS and the manner in which its broker-dealer operator and its affiliates interact with it, without requiring detailed disclosure of affiliates' systems that have little bearing on how the NMS Stock ATS itself functions.
2. Certain information required to be disclosed under the Proposal may be confidential and its public dissemination may impact the proprietary nature of an NMS Stock ATS, its broker-dealer operator and its affiliates. We recommend the SEC allow firms to redact this disclosure such that, although filed with the SEC, it is generally not made publicly available.
3. We are concerned that the proposed process for declaring NMS Stock ATSs "effective" or "ineffective" may result in SEC staff undertaking merit based reviews that may impact innovation. We recommend that the Commission review proposed Form ATS-N filings under a "completeness review" consistent with the existing process and with an added

⁴Fidelity submits this letter on behalf of National Financial Services LLC ("NFS"), a Fidelity Investments company, SEC registered broker-dealer clearing firm and FINRA member and Fidelity Management & Research Company, the investment adviser to the Fidelity family of mutual funds. Fidelity owns one ATS, CrossStream, which is operated through its NFS broker-dealer. Fidelity is also a founder of, and has a controlling interest in, Luminex, an SEC registered ATS which commenced trading in 2015. Luminex is owned by a consortium of nine asset management firms working together to help buy side traders execute large block trades at low cost and with little market impact.

focus to ensure that all responses are completed with a similar level of detail so that they can be compared across NMS Stock ATSs.

4. If the Proposal is approved in its current form, we anticipate several unintended consequences that would frustrate the SEC's goals of transparency and innovation in the marketplace, including, among others, an increase in broker-dealer internalized trades.

II. SCOPE

Breadth of Proposed Disclosure

In 1998, the SEC adopted Regulation ATS “to strengthen the public markets for securities, while encouraging innovative new markets”.⁵ In promulgating Regulation ATS, the SEC recognized that market participants had incorporated innovative technology into their businesses to provide investors with an increasing array of services traditionally provided exclusively by Exchanges, and that ATSs were often furnishing these services more efficiently, and at lower prices, than Exchanges. Regulation ATS also acknowledged that ATSs provided a different function to the equity market than Exchanges and thus, should be regulated differently.

Since 1998, trading in ATSs has steadily increased. A competitive marketplace with multiple trading centers has led to improved cost, liquidity, speed and product innovation to the benefit of the investing community, including both retail and institutional investors. Fidelity uses a wide variety of trading venues and trading strategies to execute client orders as efficiently as possible, and we do not favor one type of trading business model or trading venue over others. On balance, we believe that a framework that supports multiple, competing trading venues is good for the securities industry.

Given the growth of ATS trading, and changes in the equities marketplace since 1998, we agree that a Commission review of Regulation ATS is warranted; however the amount of information required to be disclosed by an NMS Stock ATS broker-dealer operator under the Proposal is voluminous and represents a significant change from the current reporting regime for ATSs. For example, the Proposal would require detailed information not only about an NMS Stock ATS and its broker-dealer operator, but also about affiliates of the broker-dealer operator.⁶

While we do not object to more detailed information about the NMS Stock ATS and its relationship with its broker-dealer operator, we question whether the spectrum of information

⁵Regulation of Exchanges and Alternative Trading Systems, Exchange Act Release No. 40760, 63 FR 70844 (December 22, 1998).

⁶ For example, Part III Item 3 of Proposed Form ATS-N would require an NMS Stock ATS to state whether the broker-dealer operator or any of its affiliates, offers subscribers any products or service used in connection with trading on the NMS Stock ATS (*e.g.*, algorithmic trading products, market data feeds). With the requirement applying to not only the broker-dealer operator but “any” of its affiliates that offer “any” products or services “used in connection with” trading, we anticipate describing an exponential number of products and services across our broker-dealer operator and its affiliates. It will be a significant undertaking not only to understand this information but also to keep it current, as required under the Proposal’s amendment process for Form ATS-N.

requested on affiliates of the broker-dealer operator is necessary for the Commission's ATS transparency goals.⁷ We also question why the SEC has determined that NMS Stock ATSS should be subject to essentially similar disclosure requirements as Exchanges without affording NMS Stock ATSS many of the same benefits (*e.g.*, limited immunity and market data revenue) as Exchanges and given the clear distinction in Regulation ATS between regulatory obligations on Exchanges versus ATSS based on their respective roles in the marketplace.

ATS broker-dealer operators that are part of a diversified financial services company can easily have tens to hundreds of affiliates depending upon the corporate structure of the parent company.⁸ Asking for specified information concerning *all* affiliates of the ATS broker-dealer operator will be a herculean task both for initial disclosures as well as on-going maintenance of this information. Recent SEC enforcement actions against ATS broker-dealer operators demonstrate the behavior that the proposed rule is designed to curb; however no amount of required public disclosure can cure the problem presented by an ATS that makes inaccurate disclosures to subscribers.

There are significant challenges for an NMS Stock ATS broker-dealer operator in obtaining certain information required under the Proposal from its affiliates. From a resource perspective, NMS Stock ATS broker-dealer operators will need to hire new staff not only to help understand affiliate processes that may need to be disclosed, but also to keep such information current. Also, NMS Stock ATS broker-dealers operators may not be privy to certain information about their affiliates for valid compliance reasons. For example, an NMS Stock ATS broker-dealer operator may have an affiliate that uses a third-party smart order router ("SOR") or algorithm to reach the NMS Stock ATS, and the NMS Stock ATS broker-dealer operator may have a limited understanding as to how that SOR or algorithm works. Under the Proposal, however, because an affiliate of the NMS Stock ATS broker-dealer operator uses the SOR to reach the NMS Stock ATS, the NMS Stock ATS broker-dealer operator would be obligated to understand how it works⁹, even if the firm's information barriers previously would not have allowed that type of information to be known to the NMS Stock ATS broker-dealer operator (because they didn't have a need to know it for the purpose of operating the NMS Stock ATS).¹⁰

We also observe that the Proposal's requirement on the NMS Stock ATS broker-dealer operator to disclose information on its affiliates is a clear competitive disadvantage for NMS Stock ATSS that are located within diverse financial services companies, and have affiliates,

⁷In addition to the overly broad requirement to include information on the broker-dealer ATS operator's affiliates, we also observe that required disclosures that use language such as "in connection with" and "any interaction" are overly broad and should be more narrowly tailored in a final rule.

⁸For example, simply based on the Organizational Affiliates section of its Form BD, NFS, the Fidelity broker-dealer operator of CrossStream, has twenty-four (24) affiliates.

⁹See Item 5 of Proposed Form ATS-N, Trading Activities on the NMS Stock ATS.

¹⁰We note that if one of the SEC's purposes in requesting this information is to gather more information on the use of SORs and algorithms in the equities marketplace, the SEC will only receive a small portion of this information because the information is only requested in the context of those SORs and algorithms that reach an NMS Stock ATS, which comprise a small part of the overall equity market. If a broker-dealer has a SOR or algorithm that reaches a non-NMS Stock ATS that information would not be captured under the current Proposal or any other proposal or initiatives of which we are aware.

versus NMS Stock ATSs run by stand-alone broker-dealers operators, without affiliates. NMS Stock ATSs that are part of a diverse financial services company can take advantage of certain economies of scale and support based on their corporate structure. If the Proposal is approved as currently drafted, given the heavy disclosure obligations on NMS Stock ATSs that are located within a diverse financial services company, and the cost to take an NMS Stock ATS out of its corporate structure and operate it independently, many NMS Stock ATSs may simply choose to stop operating.

As an alternative to the Proposal's voluminous disclosure requirements, we recommend that the SEC take a more measured approach to ATS transparency. We suggest that the Commission first start with a requirement that NMS Stock ATSs make their Form ATS publicly available. A regulatory requirement to make Form ATS publicly available will increase transparency of NMS Stock ATS operations in the marketplace.

We recommend that the SEC enhance the existing Form ATS so that it breaks out required information on NMS Stock ATS operations in a format that is comparable across ATSs. From an asset manager perspective, we would like the ability to compare specific answers to specific questions across NMS Stock ATSs. We believe that this specific, comparable approach is preferable, for example, to the current long narrative provided in Form ATS regarding the ATS System. The Commission might also consider ways to present information that would improve the readability and navigability of disclosure through the use of technology such as hyperlinks and/or XBRL technology.

We also recommend that the SEC take a progressive approach to disclosure concerning affiliates of the broker-dealer operator that is initially targeted to whether affiliates directly route orders to the NMS Stock ATS. Unless affiliates directly route orders to the NMS Stock ATS, the Commission should not require information on affiliates to be disclosed on Form ATS or proposed Form ATS-N. If an NMS Stock ATS broker-dealer operator's affiliates direct route orders to the NMS Stock ATS, the SEC should require additional information related to the NMS Stock ATS's treatment of affiliates' order flow.

An NMS Stock ATS should be agnostic as to where orders originate because every subscriber should be treated the same way. In the event that subscribers are not treated the same way, this information should be disclosed. With respect to affiliates, we suggest disclosure along the following lines:

Q: Does the NMS Stock ATS directly receive any order flow from an affiliated party?

A: If (N) – No further disclosure is required.

If (Y) - Is the affiliated party treated exactly the same as every other party with access to the ATS? (Y) or (N)

- If (Y) identify the affiliated parties with access and the procedure for treatment of their orders; no further disclosure requirements.

- If (N), identify the affiliated parties with access and specifically articulate differences in treatment (*e.g.*, tiering, priority, allocation of blocks where there are multiple counterparties, or commission levels, etc.).

Under this progressive approach, 1) the disclosure provided regarding affiliates would be specific to affiliates' trading on the NMS Stock ATS; 2) additional disclosures, if included on Form ATS or Proposed Form ATS-N, would be drafted from the perspective of the NMS Stock ATS broker-dealer operator, not its affiliates; and 3) market participants would obtain increased information about the NMS Stock ATSs they choose to execute through, without the Commission imposing significantly more disclosure obligations on NMS Stock ATS broker-dealer operators and their affiliates. We urge the Commission to consider this alternative approach.

Application to Fixed Income ATS

At this time, the Commission preliminarily believes that the Proposal should not apply to ATSs that trade fixed income securities.¹¹ We agree.

The fixed income markets are structured differently than the equity markets. These markets differ not simply with regard to securities traded, but also with regard to their operation, complexity, number of trading venues, and liquidity. Current equity market structure is the product of increased automation and multiple participants whose roles have evolved over time. The fixed income markets have not evolved at the same pace or in the same way.

The role of an ATS in the fixed income markets is different than the role of an ATS in the equity markets. Most major fixed income ATSs are displayed markets, not dark. These displayed venues aggregate liquidity and bring a level of pre-trade transparency in an over-the-counter market. Additionally, ATSs that trade fixed income securities do not compete with Exchanges for order flow.

ATSs that trade fixed income securities have been a welcome addition to the fixed income market. They have made trading more efficient for market intermediaries (particularly in the case of odd lot trading), provided investors greater choice in where their orders are executed, and increased competition among trading centers. Increased competition benefits investors through greater choice of trading venues and lower costs. We observe that the fixed income market is currently undergoing venue proliferation which we expect to continue and lead to some form of venue rationalization in the future.

We are concerned that if the SEC imposes the Proposal's onerous disclosure requirements on ATSs that trade fixed income securities during this critical moment of development, growth may stagnate because operation of these ATSs will become more expensive. The Commission should continue to let the fixed income markets grow organically.

¹¹See Proposal at 81017.

If, at some future date, concerns similar to those currently raised with NMS Stock ATSs arise, the SEC should address those issues at that time.

In the meantime, the Commission and the markets would be better served by continuing to observe the fixed income market and gathering information on ATSs that trade fixed income securities. One way to accomplish this goal is for the Commission to apply the transparency requirements of public disclosure of Form ATS, amendments, and cessation of operations reports to all non-NMS Stock ATSs, including those that trade in fixed income securities. The public disclosure of these documents would impose little cost on non-NMS Stock ATSs or their broker-dealer operators, while providing investors increased information upon which they could evaluate a potential trading venues, or keep informed as to material amendments if the venue is used on an ongoing basis.

III. PUBLIC DISSEMINATION

Under current rules, a Form ATS is deemed “confidential when filed”. Consequently there has been limited publicly available information about ATS trading operations. Although several ATSs have voluntarily published their Form ATS on their websites, we agree that a regulatory requirement for ATS and their broker-dealer operators to publish certain information concerning the ATS makes sense at this point in time.

Under the Proposal, all NMS Stock ATS operators’ Form ATS-N and amendments would be made publicly available on the SEC’s website. Full transparency of proposed Form ATS-N and subsequent amendments will require disclosure of information that is confidential to the ATS and will impact the proprietary nature of the ATS. Full transparency will also result in the public dissemination of material aspects of the broker-dealer’s business model, as well as the business model of its affiliates. We believe that there are several aspects of the Proposal that raise confidentiality concerns and offer the following two examples to support this view.

ATSs and ATS broker-dealer operators spend considerable time on issues concerning segmentation of order flow. Quantitative metrics may help determine segmentation and are proprietary to the ATS. Proposed Form ATS-N Part IV, Item 5 would require the broker-dealer operator of an NMS Stock ATS to explain if, and how, it segments order flow, the type of notice about such segmentation that it provides to subscribers, and whether subscribers, the broker-dealer operator, or its affiliates may submit order preferencing instructions. According to the Proposal, this information “would provide market participants with an understanding of the categories of order flow or types of market participants with which they may interact and allow them to both assess the consistency of a segmented group and determine whether the manner in which the trading interest is segmented comports with its views of how certain trading interest should be categorized.”¹²

¹²See Proposal at 81070.

Fidelity supports the public release of general information concerning whether broker-dealer operators of NMS Stock ATS segment order flow and what segment categories they employ. However, we do not believe that NMS Stock ATSs should be required to make publicly available any detailed criteria used to classify subscribers based upon trading characteristics to the extent that information might allow a subscriber to “game” those criteria in a manner that would potentially disadvantage other subscribers. For this reason, we suggest that the Commission allow NMS Stock ATSs to redact classification criteria that is based upon trading characteristics from proposed Form ATS-N prior to its public release. We also suggest that the Commission allow NMS Stock ATS broker-dealer operators to separately disclose this information, upon request, to subscribers who require this information from a due diligence perspective and whose access to this information given the nature of their trading would not present gaming concerns.

Similarly, Part IV, Item 6 of proposed Form ATS-N would require the broker-dealer operator of an NMS Stock ATS to describe 1) whether orders or other trading interest are ever displayed in external venues (and any differences among subscribers or persons), and 2) the identification of subscribers or persons (in the case of a natural person, the position and title) to whom orders and trading interest are displayed or otherwise made known. We suggest that the SEC revise this Item to distinguish between orders or other trading interest displayed in external venues *with* real-time access to systems designed to take advantage of this information, such as liquidity providers and SOR, and orders or other trading interest displayed in external venues *without* real-time access to systems designed to take advantage of this information, such as vendors (where no further information is needed or possibly not required).

We also have confidentiality concerns with a requirement to publicly identify the position and title of the natural person to whom orders or other trading interest are displayed, because we believe that it would be relatively easy through social media to reverse engineer certain identities. Moreover, we believe that information to publicly identify the position and title of the natural person to whom orders or other trading interest are displayed would be subject to frequent updates, with little market utility. This information may also be duplicative of Regulation ATS which already subjects ATS broker-dealer operators to regulatory requirements governing appropriate access levels to roles and systems. If the SEC ultimately determines to keep this disclosure requirement in the final rule, we suggest that the Commission allow broker-dealer operators to redact this information from proposed Form ATS-N prior to its public release.

IV. FILING AND REVIEW PROCESS

Initial Filing and Review Process

The Proposal would create a new, enhanced process for the SEC to review NMS Stock ATS filings, including initial filings and amendments, and declare them “effective” or, after notice and opportunity for a hearing, “ineffective”. We question the need for this determination and are concerned that the proposed process will increase the regulatory risk for launching an NMS Stock ATS and stifle innovation in the ATS marketplace.

In the Proposing Release, the SEC states that its review of Form ATS-N submissions would “focus on an evaluation of the completeness and accuracy of the disclosures, and compliance with federal securities laws, including Regulation ATS.” During its review, the SEC and its staff may provide comments to the entity, and may request that the entity supplement information in the Form ATS-N or revise its disclosures on Form ATS-N. As described in the Proposal, we are concerned that this process will be used to delay the effectiveness of NMS Stock ATSS whose features, while meeting regulatory requirements, do not meet current industry norms. We also note that there is no similar process for designated market makers that trade NMS stocks. If the Commission is interested in transparency in the equities markets, it should apply a similar regulatory approach to entities that engage in similar activities.

For these reasons, we urge the staff to implement a “completeness review”. Under such a process, SEC staff would review responses to Form ATS-N questions for completeness and consistency across all Form ATS-N filed with the Commission, without considering the merits of each answer. We believe that this process will help ensure that responses are completed with a comparable level of detail across NMS Stock ATSS, which will promote consistency and comparability across trading venues.

If the staff proceeds with the current Proposal, we recommend that the SEC lay out more clearly the process by which it will declare a Form ATS-N “ineffective”. We observe that an “ineffective” determination will sound the death knell for an NMS Stock ATS and the opportunity to re-file a revised Form ATS-N will be of no practical value; the marketplace will not use an NMS Stock ATS whose Form ATS-N previously has been declared “ineffective” by the SEC. Additional guidance on this process will help educate the marketplace on the true regulatory meaning of this determination.

Moreover, as a “Legacy NMS Stock ATS”, we have concerns regarding the initial filing process outlined in the Proposal that we would like the Commission to address in a final rule. We have been surprised by the wide variance in the disclosures for those ATSS that have made their Form ATS publicly available. Because the initial filings will be completed without any prior knowledge of the level of detail the Commission expects, we question how the Staff review will be undertaken to help ensure consistency across filings.

Amendment Filing

The Proposal would require an NMS Stock ATS to amend an effective Form ATS-N under various circumstances. Similar to initial filings of Form ATS-N, the SEC will issue an order declaring an amendment “effective or ineffective” generally no later than 30 calendar days from the date of filing with the SEC.

Under the Proposal, an amendment would be considered “material” if “there is a substantial likelihood that a reasonable market participant would consider the change important when evaluating the NMS Stock ATS as a potential trading venue.” This proposed standard would apply to disclosures on Form ATS-N for both the operations of the NMS Stock ATS as well as disclosures relating to the activities of the broker-dealer operator and its affiliates. The

SEC has provided a non-exhaustive list of examples of a material amendment in the Proposal. Notwithstanding, we see a lack of clarity if what is considered a “material amendment”. A clearer definition of what is considered a “material amendment” is critical to NMS Stock ATS broker-dealer operators as they will need to wait up to, or longer than, 30 calendar days before a “material” amendment is declared effective. In addition, this process, if extended longer than 30 days, can have a significant impact on NMS Stock ATS operations, particularly with regard to the launch of new technologies that may be considered “material amendments”.

Finally, we are concerned with the amount and types of amendment filings required under the Proposal. Because of the breadth of disclosure required under proposed Form ATS-N, there will be more disclosure that will be subject to potential amendments under the Proposal under any criteria. The estimated amount of time and resources required to keep proposed Form ATS-N content evergreen is daunting and was not fully considered in the Proposing Release.

V. UNINTENDED CONSEQUENCES

We see several potential unintended consequences of the Proposal in its current form.

First, the Proposal will present competitive issues for NMS Stock ATSS. Over the past few years, both the SEC and FINRA have imposed a series of new regulatory obligations on ATSS. For example, the Commission has imposed Regulation SCI obligations on certain ATSS¹³ and FINRA, through its ATS transparency initiative, has imposed increased trade disclosure obligations on ATSS.¹⁴ We anticipate that the cumulative burden of the Proposal’s extensive disclosure requirements on NMS Stock ATS and existing requirements on ATSS, may act as a barrier to entry for new NMS Stock ATSS in the marketplace and/or force some smaller NMS Stock ATSS out of business. Moreover, increased regulation ultimately increases the cost of doing business. We expect that the new disclosure requirements will manifest in higher NMS Stock ATS compliance costs that ultimately get passed along to investors in the form of higher trading fees.

If the Proposal is approved in its current form, some broker-dealers may decide to discontinue operating their NMS Stock ATS themselves and instead outsource the operation, hosting and maintenance of their NMS Stock ATS to a third-party provider or broker-dealer. This course of action would allow an NMS Stock ATS broker-dealer operator to create a customized ATS within a larger third-party ATS *i.e.* to determine which subscribers and which order types it will accept within its NMS Stock ATS, without having to run the NMS Stock ATS itself. Under this scenario, we see an equity marketplace that contains a number of white labeled

¹³Regulation Systems Compliance and Integrity, Exchange Act Release No. 73639, 79 FR 72252 (December 5, 2014).

¹⁴For example, FINRA Rule 4552 requires, among other items, within seven business days after the end of each week, each member that operates an ATS that has filed a Form ATS with the SEC to report to FINRA the aggregate weekly Trading Information for each NMS stock and OTC Equity Security executed within each such ATS operated by the member during the previous week.

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NMS Stock ATSs that operate in the same manner, decreasing diversity to the detriment of the market.

We also see a potential for increased internalization at some of the larger NMS Stock ATS broker-dealer operators. That is, in light of the heavy disclosure obligations outlined in the Proposal, broker-dealers may determine to close their NMS Stock ATS and instead rely on other trading venues that are currently not publicly displayed and/or perform executions off-exchange. This could include the increased use of broker-dealer internalized executions. An increase in such activity, which is not subject to the Proposal's onerous disclosure requirements, would frustrate the Commission's transparency goals and reduce an institutional investor's ability to trade anonymously.

None of these potential consequences are helpful to market participants and can be avoided if the Commission takes a measured approach to both the amount of disclosure and types of disclosure made available to the public under proposed Form ATS-N.

* * * * *

Fidelity would be pleased to provide further information, participate in any direct outreach efforts the Commission undertakes, or respond to questions the Commission may have about our comments.

Sincerely,



cc:

The Honorable Mary Jo White, Chair

The Honorable Kara M. Stein, Commissioner

The Honorable Michael S. Piwowar, Commissioner

Mr. Stephen Luparello, Director, Division of Trading and Markets

Mr. Gary Goldsholle, Deputy Director, Division of Trading and Markets

Mr. David Shillman, Associate Director, Division of Trading and Markets

