

## MEMORANDUM

TO: File No. S7-23-15

FROM: Marsha Dixon  
Special Counsel  
Office of Market Supervision, Division of Trading and Markets  
U.S. Securities and Exchange Commission

DATE: January 29, 2016

SUBJECT: Meeting with a Representative from the Securities Traders Association

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On January 20, 2016, representatives from the U.S. Securities and Exchange Commission ("SEC") met with a representative from the Security Traders Association ("STA"). The SEC representatives were Stephen Luparello, David Shillman, Gary Goldsholle, John Roeser, Carl Emigholz, Nancy Sanow, Kelly Riley, Tyler Raimo, Jennifer Dodd, David Garcia, Marsha Dixon, Matthew Cursio, Alex Zozos, Steve Kuan, Marlene Eguizabal-Olsen, and Megan Mitchell from the Division of Trading, and Markets, and Amy Edwards, Hans Hiedle, Claudia Moise, and Salil Pachare from the Division of Economic and Risk Analysis. The STA representative was James Toes, President and CEO of the STA. The participants in the meeting discussed, among other things, regulation of NMS Stock Alternative Trading Systems [Release No. 34-76474].

Attachment

## **Talking Points January 20, 2016**

### **Chairman of the Board**

**JOHN RUSSELL**  
Franklin Templeton Investments  
San Mateo, CA

### **President & CEO**

**JAMES TOES**  
Security Traders Association  
New York, NY

### **Vice Chairman**

**JON SCHNEIDER**  
ITG, Inc.  
Kansas City, MO

### **Treasurer**

**DOUG CLARK**  
ITG Canada Corp  
Toronto, Ontario CAN

### **Secretary**

**MIKE RASK**  
Hodges Capital  
Dallas, TX

### **Past Chairman**

**RORY O'KANE**  
KCG  
Chicago, IL

### **GOVERNORS**

**PAT ARMSTRONG**  
Prime Executions, Inc.  
San Francisco, CA

**NATALIE CARPENTER**  
Longbow Research  
San Francisco, CA

**TIM CASEY**  
Cabrera Capital  
Boston, MA

**ANDREW D'AMORE**  
KCG  
Chicago, IL

**KNUT GREVLE**  
B. Riley  
Los Angeles, CA

**JODIE MROTEK**  
Henderson Geneva Capital  
Management  
Milwaukee, WI

**ANDY NYBO**  
Tabb Group  
New York, NY

**NICK OTTE**  
Scottrade  
St. Louis, MO

**ALEX PEREL**  
TD Securities  
Toronto, Ontario CAN

**BILL VANCE**  
Imperial Capital  
New York, NY

**CHRISTOPHER WILSON**  
Capital International Investors  
Los Angeles, CA

## **Who We Are – STA**

STA is a grass roots organization comprised of 24 affiliate organizations in the US and Canada. Our membership represents INDIVIDUALS who trade financial products from varying business models – buy-side, sell-side, hedge funds, exchange traders and market makers- dealing in equity and derivative trading.

## **STA Issues:**

- SEC Release No. 34-767474; File No. S7-23-15; Regulation of NMS Stock Alternative Trading Systems (“Proposal”)
- Request to NMS Plan Participants to exclude Canadian dually listed securities from Tick Size Pilot based on FINRA January 11, 2016 Notice on new version of the OATS reporting requirements which reflect the elimination to require the reporting of away executions. (“Dually listed securities”)

## **Specific Comments:**

### ***Proposal***

\*STA acknowledges the need for revised operational reporting standards on activities relating to ATSS. Having such standards which also strike the balance on, as opposed to erasing, the line between ATSS and exchanges would provide useful information for operators, subscribers and other market participants.

\*The STA feels the Proposal represents a meaningful change to the current ATS reporting regime and agrees with the Commission’s statement in the Proposal:

*“The disclosures required by proposed Form ATS-N are more comprehensive than those required on current Form ATS, particularly in terms of volume, complexity, and detail”.*

\*STA has concerns on the changes in the amounts & kinds of amendment filings the Proposal will cause & how these changes will affect the SEC’s ability to promulgate determinations of “effective” & “not effective” within the deadlines identified.

\*STA seeks additional guidance on criteria which determines a “material” amendment. In particular, would changes to items on the Form ATS-N and not identified on the Commission’s non-exhaustive list of “material” amendments, be considered non-material or corrective?

### ***Dually listed securities***

\*In its comment letters to the Commission on the Tick Size Pilot, the STA recommended that dually listed securities be excluded from the Pilot. Our recommendation was denied.

\*FINRA recently announced that trade executions on away markets will not be captured in data for the Tick Size Pilot. Based on this development STA will be writing a comment letter to the Plan Participants recommending dually listed securities be excluded.