

Dear Ms. Countryman:

As a retail investor, I am grateful for your efforts to promote competition and transparency in the market, and I appreciate the opportunity to provide my comments on these proposals.

Collectively, these proposed improvements represent some of the most significant modifications to the U.S. equity market structure since the implementation of Regulation NMS in 2005.

### **Disclosure of Order Information S7-29-22**

The Commission proposes amendments to Rule 605 of Regulation NMS to include additional information about broker executions.

On July 28, 2000, the SEC proposed SEC 11Ac 1-5, concerning order execution statistics, and SEC 11Ac1-61, addressing routing and material relationship aspect disclosures. These rules, now known as SEC Rules 605 and 606, were adopted in response to increasing competition and market fragmentation. The SEC aimed to ensure that the U.S. National Market System continues to fulfill investor needs by guaranteeing the feasibility of Best Execution for all investor orders, including limit orders, regardless of their origin.

At present, brokers are required to submit 606 reports quarterly.

Both FINRA and the SEC issued risk alerts in December 2022 concerning non-compliance with 606 reports.

In the report, FINRA listed numerous issues with 606 reporting compliance. The findings included firms publishing inaccurate information in the quarterly report on order routing, such as (though not limited to):

- erroneously stating that the firm does not have a profit-sharing arrangement or receive PFOF from execution venues
- inaccurately identifying reported execution venues as "Unknown"
- incorrectly identifying firms as execution venues (e.g., identifying routing broker-dealer as the execution venue, rather than the actual executing exchange)
- Additionally, there were problems with Incomplete Disclosures, such as not adequately describing material aspects of their relationships with disclosed venues in the Material

Aspects disclosures section of the quarterly report, including (though not limited to):

- insufficient descriptions of specific terms of PFOF and other arrangements (e.g., average amounts of PFOF rather than explicit disclosure noting payment types, specific amount received for each payment type, terms and conditions of each payment type)
- inadequate or incomplete descriptions of PFOF received through pass-through arrangements

- incomplete descriptions of tiered pricing arrangements, including the specific pricing received by the firm
- It is likely that brokers will demonstrate similar non-compliance with the new 605 reports, providing little or no advantage to retail investors. The usefulness of 605 reports is contingent upon the accuracy of the data they contain.

Taking these steps is crucial for the Commission to regain public trust and confidence. The Gamestop incident significantly eroded investor confidence, leading investors to withdraw their shares from the system and hold them with transfer agents.

I am confident that my letter will be carefully considered, and I want to thank you again for the opportunity to comment.

Sincerely,

Johannes Polta  
Individual Retail Investor