

March 31, 2023

VIA Email

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 205499-1090
rule-comments@sec.gov

RE: File No. S7-29-22; Release No. 34-96493· Disclosure of Order Execution Information

Ms. Countryman:

Thank you for your time and attention to this matter. I am a retail investor who has done extensive research into the inner workings of our markets. I recently came across a post on social media about this proposed rule. Below is a copy of the text of that post:

What the rule means (ELIA5)

Citadel and Viru utilise a "price improvement scheme" to attract order flow by claiming to offer the best trades in the market. While their performance statistics seem to support this, they often do not provide the best price available, but rather a slightly better price. This allows them to gain order flow without needing to pay for order flow.

There is a suspicion that they selectively apply the price improvement to benefit themselves. The new rules aim to enforce legal requirements that should have already been in place and mandate more transparent disclosure of their practices to prevent deception. This will help to expose any unethical behaviour and prevent them from taking advantage of the market.

- Best execution is important in trade execution for individual investors who may not understand the complexities involved in choosing how to execute a trade.
- Provide clear guidance on how to read and interpret the data in Regulation NMS Rule 605 reports, especially for retail investors who may not have a deep understanding of the markets.
- Brokers owe their customers a duty of Best Execution derived from common law agency principles and fiduciary obligations, but it needs to become a rule that the SEC can enforce.
- Conflicted orders don't belong in a Best Execution rule.
- Without the best execution rule, customers may not be aware of revenue arrangements between brokers and subpar trading firms or that they may be paying higher transaction prices.

- Different trading venues may offer different prices, slower execution can lead to missed opportunities. Information leaks can inhibit a successful transaction, and less reliable settlement processes can delay receipt of proceeds.
- In December 2020, Robinhood was charged by the SEC with failure to satisfy its best execution obligation, resulting in an aggregate loss of \$34.1 million for its customers.
- Robinhood made misleading statements and did not disclose payments received for routing trades to specific firms.
- Citadel paid the SEC \$22.6 million in 2017 to settle best execution charges for executing customer trades at less favourable pricing when a better price was available.
- Brokers recommending mutual funds with 12b-1 fees and revenue sharing arrangements with clearing brokers have also faced best execution charges from the SEC.
- Quarterly reviews of execution quality would provide transparency and accountability for the broker-dealers' practices.
- The proposed rule would provide a more detailed and comprehensive standard for broker-dealers to follow, resulting in consistently robust best execution practices.
- The proposed Regulation Best Execution is a necessary step in protecting household investors and promoting fair and efficient markets by ensuring that household investors are receiving the best possible execution for their trades.

Again, I thank you for your time and attention to this matter. It is my belief and hope that these proposed actions lead to better, more efficient, and, most importantly, more fair markets.

Sincerely,

Colton A. Romero
Concerned Retail Investor