March 6, 2023

Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: **File No. S7-32-22**; Release No. 34-96496· Regulation Best Execution
File No. S7-31 -22; Release No. 34-96495· Order Competition Rule
File No. S7-30-22; Release No. 34-96494; Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders
File No. S7-29-22; Release No. 34-96493· Disclosure of Order Execution Information

Dear Ms. Countryman:

As an individual retail investor, I thank you for your effort to create more competition and transparency in the market, and I appreciate the chance to comment on these proposals.

In aggregate, these recommended enhancements constitute one of the most significant changes to U.S. equity market structure since Regulation NMS was implemented in 2005.

Best Execution S7-32-22
Brokers generally act as agents for their customers and, although not specifically defined, owe them a duty of Best Execution, which is derived from common law agency principles and fiduciary obligations[1].

FINRA has a best execution rule[2], but it's about time it becomes a rule that the SEC can enforce. I support the Best Execution rule, but I don't see how "conflicted orders" belong in a Best Execution rule. If payment for order flow continues, these "conflicted" brokers will continue to send our orders anywhere that gets them the most profit.

FINRA launched a targeted exam to "evaluate the impact that not charging commissions has or will have on the member firms' order-routing practices and decisions, and other aspects of member firms' business." FINRA stated they will share their findings with member firms at a future date[3]. I'd like this information to be made public as soon as it's available.

Disclosure of Order Information S7-29-22
The Commission is proposing changes to rule 605 of Regulation NMS to include more information about broker executions.

On July 28, 2000, the SEC proposed SEC 11Ac 1-5, order execution statistics & SEC 11Ac1-6 1[4], routing and material relationship aspects disclosures. The rules, now known as SEC Rules 605 and 606 were adopted in response to increasing competition and resulting fragmentation in the market. The SEC sought to assure investors that

[1] https://www.finra.org/media/document/11737
[2] https://www.finra.org/rules-guidance/rulebooks/finra-rules/5310
[3] https://www.finra.org/rules-guidance/guidance/reports/2022-finras-examination-and-risk-monitoring-program/disclosure-routing-information
[4] https://www.sec.gov/rules/final/34-43590.htm#secv

the U.S. National Market System continues to meet their needs by ensuring the practicability of Best Execution of all investor orders, including limit orders, no matter where they originate.

Brokers currently have to file 606 reports quarterly.

FINRA[5], along with the SEC[6], sent out risk alerts in Dec 2022 regarding the lack of compliance with the 606 reports.

In the report FINRA cited a list of issues with the 606 reporting compliance. The findings consisted of firms publishing inaccurate information in the quarterly report on order routing, such as (these are not all the findings in the report):

- incorrectly stating that the firm does not have a profit-sharing arrangement or receive PFOF from execution venues;
- inaccurately identifying reported execution venues as "Unknown";
- inaccurately identifying firms as execution venues (e.g., identifying routing broker-dealer as execution venue, rather than the exchange where transactions are actually executed)

There were also issues with Incomplete Disclosures – Not adequately describing material aspects of their relationships with disclosed venues in the Material Aspects disclosures portion of the quarterly report, such as (these are not all the findings in the report):

- inadequate descriptions of specific terms of PFOF and other arrangements (e.g., "average" amounts of PFOF rather than specific disclosure noting the payment types, specific amount received for each type of payment, terms and conditions of each type of payment);
- 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.

One would suspect that brokers will be as non-compliant with the new 605 reports, and this will provide little to no benefit to retail. The 605 reports are only as useful as the accuracy of data it contains.

Order Competition Rule S7-31-22

Investors should have access to the best priced quotations available in the national market system and such prices generally should be determined by competitive market forces.

It shouldn't be possible to pay billions of dollars[7] for retail orders for the ability to control everything in that entire market.

Citadel recommended withdrawing this proposal for a number of reasons, including the unprecedented nature of requiring certain market participants to utilize a specific trading protocol[8].

Sending my orders to a wholesaler to be internalized is a specific trading protocol that I'd rather pay commission to be able to avoid. A wholesaler such as Citadel who has been front-running customer orders since 2006[9] shouldn't have a monopoly[10] on retail order flow.

My only concern is that brokers will start charging outrageous commissions or fees in lieu of PFOF, so I'd recommend a cap on the amount of commissions or fees that the brokers are allowed to charge.

I trust the Economic Analysis done by the commission[11] and I look forward to retail saving from $1.12 billion to $2.35 billion on transaction costs. These estimated gains would be generated primarily through increased competition to supply

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5 https://www.finra.org/rules-guidance/guidance/reports/2022-finras-examination-and-risk-monitoring-program/disclosure-routing-information

6 https://www.sec.gov/files/reg-nms-rule-606-disclosures-risk-alert.pdf

7 https://www.thetradenews.com/citadel-securities-forks-out-2-6-billion-annually-for-payment-for-order-flow-and-most-of-its-on-options/

8 https://www.sec.gov/comments/s7-32-22/s73222-20158676-326602.pdf

9 https://files.brokercheck.finra.org/firm/firm_116797.pdf

10 https://www.merriam-webster.com/dictionary/monopoly

11 https://www.sec.gov/rules/proposed/2022/34-96495.pdf

liquidity to marketable orders of individual investors, which in turn would lower transaction costs for individual investors, potentially enhance order execution quality for institutional investors, and improve price discovery.

Tick Sizes, Access Fees, and Transparency of Better Priced Orders S7-30-22

Rebates and other inducements in the marketplace are simply payment for order flow by another name. They lead to trading for the sake of volume. I'd prefer the fees were reduced to zero, but .001 will do. No higher.

I support establishing a variable minimum pricing increment model that would apply to both the quoting and trading of NMS stocks, which are stocks listed on a national securities exchange, regardless of trading venue.

The proposed amendments to Rule 610 would reduce the level of the access fee caps, which limit the fees that can be charged for trading against the best priced quotations displayed in any market. This is a start, but I'd like to see exchange rebates completely eliminated.

I support the tick size regime proposed by the Commission, and would also support any structure that is clear and does not rely on vague language. For example, some funds and firms might request language like "has a reasonable amount of liquidity at the NBBO". Loose language makes enforcement difficult or impossible, and wastes taxpayer dollars on needless litigation time. Clear language and a clear and unambiguous tick size rule structure are strongly preferred. Please do not include vague language in the application of your rules.

I'd recommend accelerating implementation of the revised round lot definition, and the odd lot dissemination on the SIP, as contained in the Commission's Market Data Infrastructure Rule ("MDIR")[12]. This should already be implemented and it's shocking how long things take in terms of reporting, especially when this Industry is known to do whatever it takes to trade in nanoseconds[13].

I think it's imperative that the Commission take these steps in order to start gaining back confidence and trust from the public. Seeing what happened with Gamestop eroded Investor Confidence so much that Investors have been taking their shares out of the system to hold them with the Transfer Agent[14].

I'm sure my letter will be carefully considered, and I want to again thank you for the opportunity to comment.

Thank you,

Individual Retail Investor

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[12] https://www.sec.gov/rules/final/2020/34-90610.pdf
[13] https://press.princeton.edu/ideas/how-to-make-money-in-nanoseconds
[14] https://news.gamestop.com/static-files/5a610aaf-6606-4173-86a1-cba6abdb204a