

March 18, 2023

By 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: Order Competition Rule, File No. S7-31-22, Release No.34-96495

Ms. Countryman:

First of all, thank you so much for the opportunity to comment on the above rule and I deeply appreciate and support any efforts to reduce the speed games that damage the integrity, credibility, and functioning of American markets.

With that said, I whole-heartedly support the rule and urge the commission to implement it as soon as possible.

The Commission notes that 90% of marketable orders of individual investors in NMS stocks to a small group of six off-exchange dealers, and 66% is captured by just two firms. Those figures will be even higher for specific stocks. The state of American markets is clearly anti-competitive and that needs to change. There are clearly some market participants benefitting from a dominant, anti-competitive position in the marketplace. They pay for order flow or secure it through backroom deals. Why can't orders compete in lit markets? They should - and it's good to see that the Commission finally realizes this.

Research heavily suggests that internalization is bad for markets https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4070056 . The data clearly demonstrate that wholesalers are taking billions from individuals and institutions and calling it "superior performance". They might massage their numbers to protect their profits, but we know better. If they weren't around to take their cut, the savings will go to citizens and pensions instead of into Wall Street's overstuffed pockets.

It is clear to me how removing the profiteering middlemen from the market will improve prices for both individuals and institutions (e.g. pension funds). Recent research by Hittal Mittesh suggests that on top of the Commission's estimate that the auctions would save individuals from billions of dollars taken by wholesalers, it would also save institutions over \$1.5 billion each year. Wholesalers are taking from citizens AND people's pensions - that needs to stop.

Citation: <https://4982966.fs1.hubspotusercontent-na1.net/hubfs/4982966/BestEx%20Research%20Order%20Competition%20Rule%20Analysis%2020230105.pdf>

And let me close with this: Every rule the SEC passes is only as good as the enforcement that backs it. I want to see higher fines that actually serve as a significant deterrent. In fact, I think some broker-dealers should lose their licenses instead of receiving fines that amount to nothing more than a cost of doing business - a cost that is often outweighed by the ill-gotten gains obtained through “honest mistakes”.

Once again, I support the above rule and I deeply appreciate and support any efforts to reduce the speed games that damage the integrity, credibility, and functioning of American markets.

Thank you,

A handwritten signature in cursive script that reads "Nam Pham".

Nam Pham, CPA