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Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 205499–1090

BY EMAIL ONLY
rule-comments@sec.gov

Re: Rule Proposal No. 34-96495; File No. S7-31-22 Order Competition Rule

Dear Ms. Countryman:

I am a small business owner and attorney licensed to practice law in the states of Georgia and Minnesota. In my professional life, I assist individuals who have been damaged by negligence, fraud, and conflicts of interest, primarily by representing plaintiffs in professional malpractice claims against other lawyers. In my private life, I am a husband and father with young children. To provide for the future needs of my family, I save and invest most of my disposable earnings into the stocks of certain publicly traded companies with whom my family does business. My experience as a "retail" or "household investor" has led to me write this letter concerning the above-referenced Order Competition Rule proposal.

Fair and efficient markets require meaningful competition for order flow, free of conflicts of interest. But the U.S. stock market is anything but fair and efficient. At present, brokers route more than 90 percent of retail orders to a small group of off-exchange dealers, known as wholesalers.[i] The brokers are exposed to potential conflicts of interest through offers of payment for order flow (PFOF), whereby they are paid (bribed) to route retail orders away from the actual exchanges. The wholesalers are in turn exposed to conflicts of interest through their relationships with other entities that have taken long and short positions in individual securities.[ii] This arrangement looks more like the setup for a scam than like a marketplace.

Internalization of retail order flow on its present scale means that the value-judgments and opinions of household investors are rarely heard in the marketplace. Institutions alone are setting the prices for everyone while disposing of retail orders in the dark. If my "buy" orders never reach the lit exchange, no one will ever learn how much I like a stock. My opinions of value will remain unknown to all other market participants; unknown even to the companies whose stock I purchase. In other words, I and my fellow household investors have no "vote."

In practice, a high degree of retail internalization means that, once Wall Street has decided a company's destiny, household investors are essentially powerless to take the contrarian view. For example, consider the recent market history of Bed Bath & Beyond, Inc. (BBBY), which has recently dodged what had been widely reported to be imminent bankruptcy.

Over the past year, the percentage of trades of BBBY reported "off exchange" has been steadily rising, from roughly 30 percent in March 2022 to over 70 percent in the past week.[iii] During the same time period, the price of BBBY has plummeted from a high of approximately 30 dollars to its present all-time low of about 80 cents. Meanwhile, almost the entire free float has been sold short, and BBBY has remained on the Reg SHO Threshold List continuously for 79 calendar days, since January 10, 2023.[iv] All of this has occurred in the midst of what the company describes as "*strong retail investor interest*," with as many as three times the total number of outstanding shares being traded on an individual day.[v] These do not appear to be the mechanics of a fair and efficient market. Under the circumstances, it is difficult to believe that the internalization of retail investor interest has not played a role in holding down the price of the stock.

Regardless of the specific situation with BBBY, it seems clear that conflicts of interest created by PFOF and internalization presents a serious risk of manipulation, and that internalization on such a scale is an anti-democratic measure which prevents household investors from having proportionate impact on price discovery. For these reasons, I appreciate the Commission's efforts to regulate the internalization of order flow through the current OCR proposal. I also join with "We The Investors" in preferring a simple "Trade-At" rule, and in calling for the ban of PFOF in its entirety.

Thank you for your consideration.

Sincerely,

/s/ Jacob Rhein
Jacob D. Rhein, Esq.

[i] Press Release: SEC Proposes Rule to Enhance Competition for Individual Investor Order Execution, December 14, 2022, *available at* https://www.sec.gov/news/press-release/2022-225.

[ii] See, for example, the relationship between Citadel Securities and the hedge fund Citadel LLC, which reports more than $45 billion in "Securities sold, not yet purchased, at fair value" as of December 31, 2022. Citadel Securities LLC 2022 Financial Statement, *available at* https://www.sec.gov/Archives/edgar/data/1146184/000114618423000003/CDRG_BS_Only_2022.pdf.

[iii] Data obtained from ChartExchange.com, BBBY Off Exchange & Dark Pool Summary, *available at* https://chartexchange.com/symbol/nasdaq-bbby/exchange-volume.

Date:	Percent of Volume Reported Off Exchange
2023-03-29	74.08
2023-03-28	74.65
2023-03-27	70.66
2023-03-24	73.90
2023-03-23	68.02

[iv] Data obtained from NasdaqTrader.Com, Historical Threshold Lists, *available at* http://www.nasdaqtrader.com/dynamic/symdir/regsho/nasdaqth20230110.txt.

[v] Bed Bath & Beyond, Inc. Prospectus Supplement (To prospectus dated February 6, 2023), *available at* https://bedbathandbeyond.gcs-web.com/node/16941/html.