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

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

Dear Ms. Countryman:

I cannot express my greatest desire to see this rule adopted, as it would bring the much-needed fairness to the market.
Payment for order flow (created by Bernard Lawrence Madoff, the man which his reputation proceeds him), has been controversial from the very beginning of it's creation and today is only supported by those who benefit from it to the detriment of retail investors.

This said, to firmly validate my point, we all believed that brokers were a trustworthy intermediary until commission-free trading brokers like Robinhood came along using payment for order flow, and now instead of our orders going to the lit-exchanges, they are bought by wholesalers like Citadel who just internalize the trades.
Dark pool, or alternative trading system (ATS), once built to prevent high volatility from mass bock trades from institutions are now being used to suppress price discovery from investors purchases, per Stacey Cunnigham, president of the NYSE, thus having a price formation that doesn't really reflect what the supply and demand is.

This creates synthetic shares, and market Makers like Citadel who also run a Hedge fund use the payment for order flow and darkpools to supress a company's price by internalizing the retail orders and creating synthetic shares used to naked short a company, sometimes, to bankruptcy.
This topic isn't new, CEO of Overstock Patric Byrne, Elon Musk of Tesla, Roger James Hamilton from Genius Group, John A Brda of Torchlight and many other have complained this issue to the SEC over the decades but with no real regulation on this matter, the problem incurred from payment for order flow keeps defrauding investors and companies of hundreds of millions if not, Billions of dollars annually, and creating market instability, taking example the January 2021 event where Gamestop was found having 140% of it’s float sold short.

To give some perspective, I have to point to some of the bad apples participating in our markets today who oppose against this rule proposal:

Virtu:

-Fined in 2015 by AMF for Market Manipulation in High-frequency trading and ignoring the rules of the market.
-Fined in 2019 by the SEC for operating an alternative trading system, or ATS, commonly referred to as a "dark pool" and failing to comply with Regulation SCI.
-Fined in 2020 by FINRA for its failure to offer the best Execution to its customers, violated the provisions from September 1, 2015, through August 21, 2017, while executing 13,136 customer orders received from two of its broker-dealer clients outside of normal trading hours.

Citadel:

- Fined in 2019 by FINRA for $700,000 for trading ahead of inactive OTC customer orders in a settlement. " While OTC customer orders were inactive, Citadel Securities, in many instances, as part of its market-making activities, traded for its own account on the same side of the market at prices that would have satisfied the orders, without immediately thereafter executing them up to the size and at the same or better price as it traded for its own account."

-Fined in 2017 by the SEC: "Citadel Execution Services suggested to its broker-dealer clients that upon receiving retail orders they forwarded from their own customers, it either took the other side of the trade and provided the best price that it observed on various market data feeds or sought to obtain that price in the marketplace." "But the SEC's order finds that two algorithms used by Citadel Securities did not internalize retail orders at the best price observed nor sought to obtain the best price in the marketplace."

- Banned in 2015 from trading on Shenzhen as part of Beijing's crackdown on "malicious short-selling". Fined for 97 Million dollars.

I wouldn't need to stop here because the list of bad practices is long, but these are just a few examples of the importance of regulating Payment for Order Flow, that in junction with Alternative Trading Systems and High-frequency Trading algorithms, cause companies and investors to lose money in a way that they cannot predict or control.

I therefore ask you to consider adopting this rule, as it would bring stability and fairness to the markets and protect individual investors and businesses from being ripped off and which is driven by a few bad actors who have been known for decades to disrespect the markets, the regulators and the people who invest their hard-earned money in the hope of future prosperity.

Respectfully, an individual investor.

cc:

The Honorable Gary Gensler, Chair
The Honorable Mark T. Uyeda, Commissioner
The Honorable Hester M. Peirce, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner
Dr. Haoxiang Zhu, Director, Division of Trading and Markets
The Honorable Jaime E. Lizarraga, Commissioner