

March 31, 2023

By Email

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
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Ms. Countryman:

As a concerned individual household (retail) investor, I fully support the SEC rule and urge the Commission to implement it as soon as possible. This rule is a crucial step towards reducing the speed games that damage the integrity, credibility, and functioning of American markets. I appreciate any efforts to reduce inducements and to reduce the ‘farming’ of individuals’ orders for rebate money. The proposed rule would bring more transparency to dark markets, and the investing public should have easy access to what is happening within the markets.

It is essential to note that every rule the SEC passes is only as good as the enforcement that backs it. As a retail investor, I want to see higher fines that actually serve as a significant deterrent, or ideally legal actions taken to stop bad behavior all together. These large institutions see the current fines given as a cost of doing business. Breaking the law and paying fines should never be considered a simple cost, in my opinion. I think some broker-dealers should lose their licenses instead of receiving fines that amount to nothing more than a cost of doing business, which is often outweighed by the ill-gotten gains obtained through “honest mistakes.”

The current market is clearly not fair, and this proposed rule is an important step in the right direction. Fair competition is incredibly important, and it’s good to see the SEC prioritizing true competition. As noted by Dave Lauer, the Commission's analysis of CAT data in infra Table 20 found that on average, 51% of the shares of individual investor marketable orders internalized by wholesalers are executed at prices less favorable than the NBBO midpoint. Out of these individual investors' shares that were executed at prices less favorable than the midpoint, on average, 75% of these shares could have hypothetically executed at a better price against the non-displayed liquidity resting at the NBBO midpoint on exchanges and NMS Stock ATSS. Wholesalers are taking billions from individuals and institutions and calling it "superior performance," and they should be removed from the market.

Moreover, I believe that monopolies can be harmful to society and there is clear monopolistic behavior in the market.

15 U.S.C. 78k-1 (“section 11A”) states that "It is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure ... fair competition

among brokers and dealers, among exchange markets, and between exchange markets and markets other than exchange markets."

The Commission notes that 90% of marketable orders of individual investors in NMS stocks go 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.

The proposed rule would also address the unfair information advantage enjoyed by wholesalers when orders are routed first to them. The Commission should address this advantage by having brokers first route to the auction and specify where the order should go if the auction is unsuccessful. That way, the entire market would have equal knowledge.

In conclusion, I urge the SEC to implement this rule as soon as possible. The current market is obviously not fair, and this proposed rule is an important step in that direction. Removing profiteering middlemen from the market will improve prices for both individuals and institutions, and it will save billions of dollars taken by wholesalers from citizens and people's pensions.

About Myself:

As comments are public record, I have concealed my real name due to the risk of threats, blackmail, and harm tactics employed by those opposed to this rule proposal, and others like it. I hope you understand why I value my privacy and the safety that it may lend.

I am an individual, household investor and I support fair markets. It is the fair market that lends power to America, capitalism, and society at large. I am a graduate (PhD) student studying engineering in America. I see the value that a fair market can add to society when it enables the connection of investors with money and innovators with ideas to work together and unlock the future. I support and encourage the continuous improvement of the market, and I understand these processes can take time. I do worry, however, about those interested in blocking justice and fairness. These people are willing to sacrifice the market for some immeasurable amount of personal gain.

Please continue your efforts to improve the market and be proud of what you have improved so far. I would like to thank Dave Lauer of WE THE INVESTORS for helping to shine light on shady market mechanics and serving society as an educator. I also recommend being clear when asking for support. A silent majority of the world wants to help enable or at least witness improvement. Let us be the wind in your sails.

Sincerely,

A handwritten signature in cursive script that reads "John Gault". The signature is written in black ink and is positioned above the printed name.

John Gault

