

By Email
March 31, 2023

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

I am writing to express my support for the proposed Order Competition Rule Proposal No. 34-96495; File No. S7-31-22. The current rule that allows brokers to send orders directly to Citadel's internal systems gives Citadel control over the price, and the new rule aims to create a fairer and more transparent market.

The new rule states that Citadel cannot be the first to receive orders, and orders must go to a public auction where everyone, including pension funds, has an equal opportunity to fill the order. This will provide other market participants with the chance to offer better prices, without taking a cut of the trade. As a result, Citadel may lose a significant amount of money, data, and influence.

I support this rule, and I would like to share some considerations. Payment for Order Flow (PFOF) has been effectively banned in the UK due to conflict-of-interest concerns, and this should also be the case in US markets. Brokers who do not accept any kind of PFOF route orders differently and consequently see superior execution quality.

It has been found that retail investors not dealing with PFOF get a better price than those dealing with it, violating FINRA's Best Execution guidance. FINRA is evaluating the impact of not charging commissions on member firms' order-routing practices and decisions, and the findings should be made public.

Dark pools (Alternative Trading Systems) should provide quotes and trades to consolidated market data to bring more transparency to dark markets. The Commission should address the unfair information advantage of wholesalers by having brokers first route to the auction and specify where the order should go if the auction is unsuccessful.

The state of American markets is anti-competitive, and fair competition is essential. The Commission needs to ensure fair competition, especially within the off-exchange systems that currently dominate. Wholesalers exercise extreme influence on other market participants, and there are conflicts of interest that may infect the ability of some participants to objectively review the rules.

Wholesalers are taking billions from individuals and institutions and calling it "superior performance" while lying about the quality of their services to maintain their profits. Removing

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middlemen from the market will improve prices for both individuals and institutions, such as pension funds. The auctions would save individuals billions of dollars taken by wholesalers.

The Commission should ensure fair competition by reducing monopolistic behaviour and removing profiteering middlemen from the market. The proposed rule to bring more transparency to dark markets should be implemented as soon as possible.

The SEC should investigate conflicts of interest among market participants to ensure that participants can objectively review the rules. Enforcement of SEC rules needs to be improved with higher fines to serve as a significant deterrent for breaking the law. Some broker-dealers should lose their licenses instead of receiving fines that amount to a cost of doing business.

In conclusion, I support the Order Competition Rule, and I urge the Commission to take the necessary steps to ensure fair and transparent markets.

Sincerely,

Yiannis Philippou

Senior Process Engineer