

April 7, 2017

Mr. Eduardo A. Aleman
Assistant Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Proposed Rule Change to Amend FINRA Rule 6191 to Implement an Anonymous, Grouped Masking Methodology in Connection with the Tick Size Pilot Program (Release No. 34-80193; File No. SR-FINRA-2017-006)

Dear Mr. Aleman:

Citadel Securities (“Citadel”)¹ appreciates the opportunity to comment on the proposal by the Financial Industry Regulatory Authority, Inc. (“FINRA”) to amend FINRA Rule 6191 to address the confidentiality concerns identified by market participants.²

Specifically, the FINRA Proposal modifies how the data set forth in Appendix B, Items I and II under the Regulation NMS Plan to Implement a Tick Size Pilot Program will be published on FINRA’s public website. Pursuant to the requirement in the Tick Size Pilot Plan that the data made available to the public “not identify the trading center that generated the data,”³ FINRA proposes to publish aggregated data by groups of trading centers.⁴ FINRA will not disclose the methodology for assigning trading centers to a particular group, the actual group assignments, or the number of trading centers assigned to each group.⁵

We commend FINRA for taking into account the feedback received from market participants and working to devise an approach that seeks to address identified confidentiality concerns while still maintaining the usefulness of the publicly available data. We support the proposal to publish aggregated data by group of trading centers, using both alternative trading system (“ATS”) and non-ATS categories.

¹ Citadel Securities is a leading global market maker across a broad array of fixed income and equity securities. In partnering with us, our clients, including asset managers, banks, broker-dealers, hedge funds, government agencies and public pension programs, are better positioned to meet their investment goals. On an average day, Citadel accounts for approximately 15 percent of U.S. listed equity volume, 19 percent of U.S. listed equity option volume, and more than 35 percent of all retail U.S. listed equity volume.

² Securities Exchange Act Release No. [80193](#), 82 FR 13901 (March 15, 2017) (SR-FINRA-2017-006) (the “FINRA Proposal”). *See also* Securities Exchange Act Release No. [74892](#), 80 FR 27514 (May 13, 2015) (“Tick Size Pilot Plan”).

³ Tick Size Pilot Plan at 27519.

⁴ FINRA Proposal at 13902.

⁵ *Id.*

We nevertheless recommend that FINRA refrain from disclosing the number of market participant identifiers (“MPIDs”) with activity in each group of trading centers. Although the FINRA Proposal states that the number of trading centers assigned to each group will not be disclosed, FINRA proposes to disclose the number of MPIDs with activity in any Pilot Security for each group daily.⁶ According to the FINRA Proposal, this disclosure is intended to provide users of the data with an indication as to whether the aggregated data for a particular group represents a different number of trading centers compared to previous days.⁷ However, in practice, FINRA will thus be disclosing information regarding the number of trading centers assigned to each group. In our view, FINRA should reconsider whether this additional information is in fact necessary in order to provide a useful data set to the public. Above all, FINRA must ensure that this additional information cannot be used to undermine the confidentiality of FINRA’s methodology for assigning trading centers to particular groups or the actual group assignments.

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We appreciate the opportunity to provide comments on the FINRA Proposal. Please feel free to call the undersigned at [REDACTED] with any questions regarding these comments.

Respectfully,

/s/ Stephen John Berger

Managing Director, Government & Regulatory Policy

⁶ *Id.*

⁷ *Id.*