

Tick Sizes, Access Fees, and Transparency of Better Priced Orders



On September 18, 2024, the Securities and Exchange Commission adopted amendments to:

- Establish a second minimum pricing increment, also known as tick size, of \$0.005 under Rule 612 of Regulation NMS for the quoting of certain NMS stocks, which are stocks listed on a national securities exchange, regardless of trading venue;
- Reduce the access fee caps under Rule 610 of Regulation NMS and require national securities exchanges to make the amounts of all fees and rebates determinable at the time of execution; and
- Accelerate the implementation of the round lot and odd-lot information definitions adopted in 2020 under the Market Data Infrastructure Rules (“MDI Rules”) and add information about the best odd-lot order to the definition of odd-lot information. An odd-lot order is an order for the purchase or sale of an NMS stock in an amount less than a round lot.

The Commission [proposed the amendments](#) on [December 14, 2022](#). The public comment file is [available online](#).

Why This Matters

When market participants submit orders to buy and sell shares of an NMS stock, the difference between the best buy order and the best sell order is the “bid-ask spread.” Rule 612 sets forth a minimum pricing increment of \$0.01 for quotes and orders in NMS stocks priced at or greater than \$1.00. This prevents bid-ask spreads for these stocks from being less than \$0.01.

Since the adoption of Rule 612, there has been a marked increase in the trading volume of NMS stocks that would likely be priced with tighter spreads if their pricing was not constrained by Rule 612’s minimum pricing increment. In other words, easing constraints on ticks for these NMS stocks would allow for narrower spreads, reduce transaction costs for market participants, including investors, and allow prices to be determined in a more competitive manner.

Rule 611 promotes intermarket price protection of orders by restricting the execution of trades on one venue at prices that are inferior to protected quotations at another venue. Under Rule 610, venues are capped in the amount of fees they can charge market participants for access to the bids and offers protected by Rule 611. The access fee caps help to ensure that market participants have fair access to the best displayed prices. In addition, requiring exchange fees, rebates, and other forms of remuneration to be determinable at the time of execution would increase transparency regarding the cost of executing transactions in NMS stocks.

Finally, the MDI Rules are designed to enhance transparency about better priced orders available in the market, and accelerating implementation of certain of the MDI Rules would provide investors with useful information sooner than originally planned.

How The Rules Apply

Minimum Pricing Increments. For quotations and orders in NMS stocks priced at or greater than \$1.00 per share, the amendments to Rule 612 set forth two minimum pricing increments:

Minimum Pricing Increment	If the Time Weighted Average Quoted Spread of the NMS stock during the Evaluation Period was:
\$0.005	\$0.015 or less
\$0.01	Greater than \$0.015

Access Fees. The amendments to Rule 610 will reduce the level of the access fee caps. For protected quotations and other best bids and offers in NMS stocks priced at \$1.00 or more, the access fee cap will be \$0.001 per share. For protected quotations and other best bids and offers in NMS stocks priced less than \$1.00, the access fee cap will be 0.1 percent of the quotation price per share.

The amendments to Rule 610 also will prohibit a national securities exchange from imposing any fee or providing any rebate for the execution of an order in an NMS stock unless such fee or rebate can be determined at the time of execution. Any national securities exchange will be required to set any volume thresholds or tiers based on volume achieved for a period prior to the assessment of the fee or rebate. This will enable market participants, including investors, to determine what fee or rebate level would be applicable to any submitted order at the time of execution and facilitate their best execution analysis.

Transparency of Better Priced Orders. The amendments will accelerate the date by which market participants must implement the odd-lot information and round lot definitions adopted under the MDI Rules. The amendments to Rule 603(b) will require the existing exclusive securities information processors (“exclusive SIPs”) to collect, consolidate, and disseminate odd-lot information and will require national securities exchanges and associations to provide the data necessary to generate odd-lot information to the exclusive SIPs. Finally, the amendments to the definition of odd-lot information under Rule 600(b) will add a new data element that will identify the best odd-lot orders to buy and sell across all national securities exchanges and national securities associations.

What is Next

The amendments will become effective 60 days after the date of publication of the adopting release in the Federal Register. For Rule 612, Rule 610, and the round lot definition, the compliance date will be the first business day of November 2025. For odd-lot information, the compliance date will be the first business day of May 2026.