
From: [REDACTED]
Sent: Saturday, July 8, 2023 8:25 PM
To: Secretarys-Office
Subject: We Need Interim Final Rules implemented now Please Change
Attachments: letter to the sec.pdf

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I would like to address the matter of Payment for Order Flow (PFOF), a concept originally designed and implemented by Bernard Lawrence Madoff. Notably, the United States is the sole Western country that permits PFOF, as it has been banned in the United Kingdom, Australia, and Canada for over a decade. Presently, Citadel Securities stands as the largest Market Maker and proponent of PFOF. Surprisingly, in a 2004 letter to the SEC, Citadel Securities itself acknowledged that "This practice distorts order routing decisions, is anti-competitive, and creates an obvious and substantial conflict of interest between broker-dealers and their customers" [Citadel Securities]. In a Bloomberg interview on February 3, 2022, Gary Gensler, Chairman of the SEC, remarked, "If you place a market order, a retail market order, 90-95% do not go to the lit exchanges, do not go to NASDAQ or New York Stock Exchange. They go to wholesalers (Market Makers) and they don't have order by order competition" [Gensler and Bloomberg]. This situation arises directly from the practice of Payment for Order Flow, as Market Makers internalize trades using their own portfolios and subsequently manipulate order routing towards dark markets such as Dark Pools and Alternative Trading Systems (ATS), rather than directing them to lit exchanges. Consequently, this affects bid-ask spreads, genuine market liquidity, the National Best Bid and Offer (NBBO), and fosters anti-competitive behavior. Citadel Securities, the leading Market Maker, "executes 47% of all US listed retail volume" [Better Markets] by leveraging PFOF to divert retail orders away from lit exchanges for internalization or rerouting. PFOF also incentivizes the "gamification" of brokerage apps, whereby increased trading activity directly benefits Market Makers like Citadel Securities, thereby creating a clear conflict of interest between broker-dealers and their customers. Interestingly, Citadel Securities is also a High-Frequency Trading (HFT) Hedge Fund, thereby granting them access to proprietary insider market information pertaining to order flow and execution data, all thanks to their PFOF arrangements with broker-dealers. It is worth noting that Citadel Securities is not alone in this regard; Virtu Financial, another Market Maker and HFT firm, actively supports PFOF, having handled "25-30% of individual investors' equities order flow, paying more than \$300 million in order flow last year (2020)" [Wall Street Journal]. These Market Makers, entrusted with the responsibility of achieving best execution, employ a business model derived from Madoff's design, thereby extracting value from the retail public. This is achieved by distorting order routing towards dark markets, which eliminates order-to-order competition and creates significant conflicts of interest between Market Makers, their broker-dealer clients, and their own HFT firms. Consequently, I urge the commission to propose a rule that explicitly prohibits Bernie Madoff's Payment for Order Flow.

Cory Elliott
07/08/2023

Ms. Vanessa Countryman
Secretary
US Securities and Exchange Commission
100 F Street NE
Washington DC 20549-1090

Re: Urgent Call for Fairness, Transparency, and Upholding of SEC Oath

Dear Ms. Countryman,

We, as concerned citizens and investors, write to you today to express our profound concerns about the current state of our financial markets and the urgent need for action to ensure fairness and transparency. We firmly believe that it is the duty of the US Securities and Exchange Commission (SEC) to protect us, the people, and uphold the oath taken by its members.

Recent instances of market manipulation and deception have deeply shaken the foundations of our financial system. One such example is the testimony of Ken Griffin, CEO of Citadel Securities, during the GameStop saga. Mr. Griffin's testimony before Congress, under oath, raised questions about the integrity of his statements. The subsequent Game Stopped report meticulously analyzed the events and provided evidence that contradicted Mr. Griffin's claims. This has eroded public trust and heightened concerns about the honesty of influential individuals in our markets.

Furthermore, the recent undercover recordings made by James O'Keefe, in which a BlackRock headhunter insinuated that buying a senator can cost as little as \$10,000, revealed troubling allegations of corruption and undue influence in our legislative process. These revelations underscore the urgent need for stringent regulations to safeguard against such unethical practices. The voting down of the Short Sale Transparency and Market Fairness Act raises further concerns about the motivations behind these decisions and whether they truly serve the best interests of the people.

As citizens, we firmly believe that we deserve fairness and transparency in our financial markets. We place our trust in the SEC to fulfill its mission of protecting investors, maintaining fair and efficient markets, and facilitating capital formation. The SEC's oath, which states, "I do solemnly swear (or affirm) that I will support the Constitution of the United States and will faithfully discharge the duties of the office of [SEC Commissioner/Staff], to the best of my ability," should serve as a constant reminder of the critical responsibility you hold.

Therefore, we implore the SEC to take immediate and decisive action to restore trust in our financial system. We call upon you to:

1. Strengthen regulatory oversight: Implement comprehensive measures to detect and prevent market manipulation, conflicts of interest, and deceptive practices. Enhance surveillance capabilities to identify and address suspicious activities promptly.

2. Enforce strict penalties: Ensure that violations of regulations and breaches of trust are met with appropriate consequences. Stricter penalties must be imposed on individuals and institutions found guilty of market manipulation, perjury, and other fraudulent acts.

3. Enhance transparency and reporting requirements: Advocate for increased transparency in short selling by implementing daily reporting of short positions, including naked short selling and synthetic shorts. This information should be readily accessible to investors to facilitate informed decision-making.

4. Collaborate with other regulatory bodies: Forge strong partnerships with other regulatory agencies, both domestic and international, to share information, intelligence, and best practices. Cooperation and coordination are essential to effectively combat market abuses on a global scale.

5. Educate and empower investors: Promote financial literacy programs to educate investors, particularly retail investors, about the risks and challenges of investing, including short selling and market manipulation. Provide accessible resources to empower individuals to make informed investment decisions.

We, We the People, firmly believe that the SEC has a vital role to play in safeguarding our financial markets. We trust you to act in our best interests and protect the integrity of our financial system. We deserve fairness, transparency, and a level playing field where the actions of a few do not dictate the fate of many.

In closing, we urge you to reflect upon the SEC's oath and its significance. Your commitment to upholding the Constitution and faithfully discharging your duties holds the key to restoring faith in our financial markets. Let us work together to build a system that embodies the principles of fairness, transparency, and trust.

Sincerely,
Cory Elliott

We The People of the United States of America
Retail