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<sup>33</sup> In the context of our study, a neutral to positive impact on liquidity corresponds to a decrease or no change in quoted and effective spreads as a result of the pilot. See supra note 2.

<sup>34</sup> The two studies have different reasons for finding inconclusive evidence for stocks in Tier 1. As discussed above, in our analysis we are uncertain that the increases in quoted and effective spreads for these stocks reflect causal effects of the pilot. In contrast, in the FINRA/Cornerstone Study, the evidence for stocks in Tier 1 is inconclusive because of inconsistent results for different measures of liquidity (the pilot is associated with larger effective spreads (indicating lower liquidity) but also with smaller price impact for hypothetical market orders (indicating higher liquidity)). The FINRA/Cornerstone Study does not address the issue of causality for any of its results.

<sup>35</sup> In addition, as discussed in Section II, neither our analysis nor the FINRA/Cornerstone Study could reliably assess the effects of the pilot on liquidity of stocks in Tiers 6a to 6e due to the small number of stocks in each of these tiers.

























