

Proposed Ruling: 10-239, 24X National Exchange LLC

Dear Sir or Madam,

Commission, thank you for the time and the chance to comment. I understand I'm a bit late, missing the official comment period, but I feel it's vital I express my concerns if there's still a chance they get considered in your decision whether or not to accept this proposed exchange into the ecosystem. In short, I think this exchange should not be allowed, in any way.

First, to extend how the market functions fundamentally as we know it when, according to the proposal's own documents (C-2, D-1), the biggest contributor to funding this exchange is Steve A. Cohen's Point72 Ventures would be foolish. Point72 is Steve's second firm after his first one, SAC, was found guilty of insider-trading in 2013, only a decade ago! Not only that, Point72 was created in 2014—the very year SAC was found guilty—with Point72 Ventures being started in 2016 which was the same year Steve was banned for two years from managing external money. With the varying stipulations related to Point72, specifically 24X's Form 1 C-2 Article 3.3(f) where 24X is footing the bill to have a representative from Point72 to attend, as an "Observer", all 24X's Board of Manager's meetings so long as Point72 holds a single Unit (which per the definition of "Majority Preferred Members", or Article 1.29, Point72 would always have Units).

Allowing this exchange into, and the proposed extensions to, the US stock market ecosystem is to knowingly allow the reincarnation of a firm guilty of insider-trading to possess major, constant influence on the operations of a national exchange operating around the clock where portions of the day there would be no SIP.

You are asking every investor in the US stock market to trust that Point72 isn't going to be acting upon the confidential, operational information they learn of in relation to 24X, and to trust that Point72 isn't exerting influence on the exchange to operate in a way that would be detrimental to all of them, when they have good reason not to trust Point72. Please don't forget Steve A. Cohen tweeted on January 28th, 2021, "Trading is a tough game . Don't you think?" while many individual US stock market participants who used introductory brokers were being blocked from actively trading as the symbol(s) they were trading—one(s) Point72 and their subsidiary Cubist Systematic Strategies had positions in per their Form 13F filings—were put into Position-Close-Only (PCO) likely aiding in the non-investigated crash of said symbol(s) no more than two hours previous to Steve's tweet.

Second, the working relationship between the proposed exchange and Instinet should be a cause for worry to the entire US stock market ecosystem. In the proposed Form B-1 Rule 2.11(C), Instinet assumes the side of trades for members of the exchange whose orders' clearing instructions are invalid due to any "technical or systems issue in the Exchange". How would Instinet determine what caused an orders' clearing instructions to become invalid?

Once that's resolved, anyone who has read the House Committee on Financial Services' report with the suggestive title "Game Stopped" released in June 2022, would know Instinet incurred roughly 88% of all NSCC's Excess Capital Premium (ECP) charges from January 2019 to mid-February 2021 as it could be deduced using the two figures provided on pages 105 and 106. As such, it would seem rather misguided to have another source of flow into Instinet when they already greatly stress the central counterparty. Not only that, Instinet was only made to deposit a quarter of their total ECP charges (as the rest was waived), meaning chances of them being able to meet a full ECP charge during a trying time can't be determined based on past performance. From page 104 of the same report we can assume Instinet had the second-most amount of ECP charge occurrences since the two sets the HCFS provided for percentages of charges incurred were in the same order, which was not alphabetically, and Instinet was in the 2nd position given the set's index began at 1.

Speaking of central counterparties, I don't see anything preventing Instinet from preferring their two ATS/dark pools over others; Instinet's two ATSs could be (and likely would be) hosted close to the Outbound Router provided for the proposed exchange so could get matched first speed-wise without needing to introduce logic via programming. Per the legalese in Instinet's Form ATS-N amendments, they've been partnered with a blockchain (Ethereum-based) clearinghouse named Paxos Settle Service since November 2019 and are more or less waiting for Paxos to become available to them again. Paxos effectively replaces DTCC's role in the US stock market ecosystem, and they were allowed 24 months to operate with up-to seven (7) participants to test their systems starting October 2019. They partnered with Credit Suisse (October 2019), then Instinet, Societe Generale (September 2020) and Bank of America (May 2021). It's disconcerting to those "on the outside" as it'd appear there were two separate triangular, dark pool trade-routes setup between CS, Instinet and Paxos to offload transactions from the US stock market onto an Ethereum-based blockchain where the only partners' operating accounts to exit the blockchain could reasonably be located outside

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the US at their parent HQs (which may disappear before regulators can even locate it) when Instinet racked-up \$66b of the \$66.98b ECP charges from the NSCC.

It's a reasonable concern since the time range for known ECP charges was before Paxos partnered with BofA. Also, Paxos had the ability, which they may continue to have should their approval application go to the Federal Register, to theoretically create endless tokens should they simply disregard the need to have a legit deposit slip from their DTC account. Not only that, Instinet is APEX's technology provider and receive the majority of APEX's order flow, per APEX's Rule 606 report, which comes from introductory brokers. Those introductory brokers were ones who—with the authorization of APEX's CEO, Bill Capuzzi (who's also on the board of the DTCC) per page 83 of the HCFS report—forced their clients to change their customers' positions to PCO on January 28th, 2021 due to APEX's incorrect understanding of when ECP charges from the NSCC get applied.

If APEX's 11 a.m. slice on January 28th, 2021 came back in double what their 10 a.m. slice was due to an ever-increasing Value-at-Risk charge, along with Instinet's absolute minimum of \$3.13b ECP charges that day, could the 'new guy' with central clearing/settling capabilities be pressured into making a poor choice when introductory brokers' CEO's are on the news explaining how they disagree with and regret the actions they've had to take (Anthony Denier from Webull, for example), when his own business is dependent on the DTCC's survival, and when he gets a three-way call from Instinet and APEX because the hose between the two is kinked and they all could really use some help?

There are currently very similar concerns being reflected in the collapse of FTX, specifically the tokenized stocks they offered which haven't been determined to be backed, or not, by stock even though the tokens continue to trade and which were coincidentally launched when Instinet was incurring their January 2021 ECP charges. Inquiries have thus far stopped at, or excluded completely, Instinet and most in the public don't even realize they play(ed) a critical role and should have been part of the HCFS hearings in March 2021 and covered much more in depth in following reports.

With Rule 2.11(b) in the proposed Form B-1, allowing both the exchange and Instinet's "officers, agents, directors and employees" to be one in the same, and with Rule 2.10 including "[i]n addition, nothing in this Rule 2.10 shall prohibit the Exchange from being an affiliate of its routing broker-dealer Instinet", along with the Error Positions account Instinet would be keeping for the proposed exchange, 24X could instantly see heavy influence from Instinet which is part of the reason the previous few paragraphs are extensively drawn out.

Lastly, I do apologize to the well-meaning folk involved with the 24X venture for bringing such negativity and issue to your doorstep, but they are honest concerns of mine and are a result of on-going, non-finalized and delayed actions from regulatory bodies. We see more resource intensive operations continue being allowed into the US stock market ecosystem (e.g. tracking single-stock ETFs, actively non-transparent ETFs, Net Capital haircuts of US Treasury ETFs, expensive game show themed commercials, liquidity provisioning, etc.) while also hearing claims of being under-funded, resourced and staffed, and keep getting short-changed in every report due to the SEC's and HCFS' aversion to providing data passed to them or highlighting meaningful conclusions from the little data they do touch on in a way which demands the appropriate attention the conclusion deserves, ultimately resulting in individual investors being treated like yesterday's tomatoes.