Written Statement:

As the events of May 6th continue to be investigated, the overall complexity of the situation has emerged as a daunting challenge that we all face together. Given that complexity, we at Jump have tried to break down the situation into its most basic elements: 1) where did the markets experience the most significant breakdown, 2) why might those particular markets have broken down, and 3) are there ways to introduce more liquidity to the public exchanges so that a chaotic, volatile situation like this is better handled in the future? Jump Trading does not portray itself as an expert on *all* market structure across the financial world, but we have a specific perspective that we believe is unique and which may shed some light on the situation. Let's move through the basics point by point:

Where did the markets break down the worst on May 6th?

Although *all* sectors were affected by the volatility of May 6th, the U.S. equity market was the most dramatically affected. Even in the highly publicized S&P e-mini future, the market only moved down about 10% before turning around and recovering (which you could even argue was understandable given that the legitimacy of the Euro as a currency and the solvency of the entire European Union were being challenged). Jump has not universally studied all market behavior on May 6th, but from our vantage point the U.S. equity market seemed to be the lone sector where the price action was totally and completely out of bounds (several securities trading to zero, thousands of trades needing to be busted, etc.). We perceived the rest of the financial sectors as being able to manage an extremely volatile situation somewhat decently, while the U.S. equity market was not.

Why might the U.S. equity market have broken down like it did?

Although no one knows this answer in concrete terms, we believe it's prudent to examine the elements of the U.S. equity sector that are either somewhat or completely unique: 1) incredible fragmentation of the marketplace, 2) until recently, no common circuit breaker rules across exchanges, 3) the protection of prices across all 12 U.S. equity exchanges (Regulation NMS), and 4) due to Regulation NMS, the need for a consolidated feed to identify the NBBO that is slower than the individual exchange price feeds that it is aggregating. Although the recently introduced circuit breakers are an encouraging step in the right direction, we believe the other unique elements of the U.S. marketplace should be more closely examined as well. At minimum, those factors add an element of confusion and complexity that is totally unique to the U.S. equity market. We believe that confusion and complexity becomes even more difficult to deal with during a period of high volatility, and is one of the likely reasons that the U.S. futures market handled May 6th more gracefully than did the U.S. equity market. We appreciate the efforts of the SEC to address these factors with the recent Concept Release on Equity Market Structure.

Is there a way to intelligently introduce more liquidity into the system so that a chaotic, volatile situation like May 6th can be better handled?

During times of chaos and high volatility, the liquidity of the *public* market is the only factor that really matters. On May 6th, the liquidity significantly reduced on the bid side of the public Equity markets and we lost control for a brief time. We believe that some experts have mistakenly considered *volume* as an indicator of market health, but that is not accurate during periods of high volatility (May 6th, a high volume day, is the perfect example of that). In volatile times, the sole difference between a healthy market and an unhealthy market is the level of liquidity that's available (or not available) in that respective market. Due to this linear relationship between liquidity and market health, we believe it makes sense to examine any current practice that takes liquidity away from the "lit" public markets and moves it into a "dark" area instead. This includes examining the value of dark pools, the practice of payment for order flow, and any form of "internalization" that avoids the public exchanges entirely. We believe that the events of May 6th force us to more closely examine any practice that takes liquidity away from the public exchanges and moves them into a less transparent place.

In closing, I would like to thank the SEC, the CFTC, and the Joint Committee for your hard work in investigating the events of May 6th. I appreciate the opportunity to share information with you in hopes of continuing to improve our markets, and I'm happy to answer any questions that you may have.