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January 23, 2015

Mr. Brent J. Fields  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: SEC Equity Market Structure Advisory Committee; File No. 265 - 29

Dear Mr. Fields,

The Security Traders Association (“STA”)<sup>1</sup> wishes to make certain recommendations regarding the membership of the recently announced SEC Equity Market Structure Advisory Committee (“EMSAC”). The STA is an organization comprised of individuals who are involved in the trading of financial securities. Our members represent many of the business models in the financial services sector, including retail and full service brokerage firms, agency only broker dealers, asset managers, exchanges and ATS’s. Because of the diversity within our membership we are uniquely qualified to provide insight and comments on the EMSAC. The STA uses a committee structure to vet issues amongst its various constituencies to form consensus. With regard to this letter, the STA relied mostly on input received from our Retail Advisory Committee (“STA RAC”). STA RAC is comprised of over 30 financial industry professionals representing retail and full service brokerage firms. STA RAC members serve individual investors, who directly engage the equity, fixed income and listed options markets, (“retail investors”). STA RAC is one of three advisory committees that serve the STA. The role of STA RAC within the STA is to ensure that the interests of retail investors are represented in STA’s comment letters and other forms of communiqué. As an example, STA RAC offered input on STA’s September 5, 2014 letter to the Commission on the proposed Market Structure Advisory Committee.<sup>2</sup> In that letter STA stated:

<sup>1</sup> STA is a trade organization founded in 1934 for individual professionals in the securities industry. STA is comprised of 26 Affiliate organizations with 4,200 individual professionals, most of who are engaged in the buying, selling and trading of securities. The STA is committed to promoting goodwill and fostering high standards of integrity in accord with the Association’s founding principle, Dictum Meum Pactum – “My Word is My Bond”

<sup>2</sup> [September 5, 2014 STA Letter to Ms. Elizabeth M. Murphy, Secretary U.S. Securities and Exchange Commission. Re: Proposed Market Structure Advisory Committee](#)

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*“We wholeheartedly agree that as part of the Commission’s data-driven market structure review, input from investors and all types of market participants – each of whom play important and unique roles for the efficient functioning of the markets – is essential to any such review”.*

Just as institutional firms such as mutual funds, pension funds or hedge funds execute trades (typically large blocks) on behalf of individual investors, retail brokerage firms execute trades on behalf of individual investors who are engaging the market directly.

STA commends the Commission on its creation of the EMSAC and agrees with your statement:

*“Additional expertise from a diversity of backgrounds and viewpoints will be invaluable to us in ensuring that our markets continue to operate openly, fairly and efficiently to benefit investors and promote capital formation”*

In addition, STA shares the same goals as the Commission in wanting the EMSAC to become a vibrant advisory committee providing input and advice to the Commission. It is within the spirit of these shared goals that we express concern over the lack of representation from retail brokerage firms who are agents for retail investors.

Assets held in retail brokerage accounts are significant. At the end of November 2014 four (4) of the larger publicly traded retail brokerages reported holding an aggregate of \$3.4 trillion dollars in customer accounts<sup>3</sup>. Therefore, we believe the interests of retail investors need to be represented on ESMAC.

While the STA trusts the Commission intends to protect the interests of retail investors on all matters, we strongly believe that a qualified representative with market structure expertise from a retail brokerage firm would provide greater insight into the needs of, and specific issues

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<sup>3</sup> Press releases issued by [Charles Schwab](#), [E\\*Trade](#), [TD Ameritrade](#), and [Interactive Brokers Group Inc.](#)

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concerning, individual investors who engage the markets directly. Therefore, we recommend that the Commission add a representative from a retail brokerage firm to the EMSAC prior to its first open meeting.

The STA acknowledges it may not possess all the information surrounding the events or thought processes which preceded the omission of a representative for retail investors, such as whether the Commission may have considered and offered a position to a representative of a retail brokerage firm only to have that individual, or their respective firm, decline the invitation. If that is the case we would respectfully request that the Commission consider our recommendation and continue to seek out a qualified individual. Omission of retail representation would leave a void in the need for diverse voices.

In closing, we commend the Commission for creating the EMSAC. It has the potential to serve as an effective vehicle for industry feedback on complex matters.

We look forward to working with Commission on this matter and any market structure issues the Commission may consider.

Sincerely,



Rory O'Kane, Chairman of the Board



James Toes, President & CEO

CC:

Mary Jo White, Chair  
Daniel Gallagher, Commissioner  
Kara Stein, Commissioner  
Luis Aguilar, Commissioner  
Michael Piwowar, Commissioner  
Stephen Luparello, Director SEC Trading and Markets