

September 5, 2014

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Ms. Elizabeth M. Murphy

Secretary

U.S. Securities and Exchange Commission

100 F Street, NE

Washington, DC 20549-1090

Re: Proposed Market Structure Advisory Committee

Dear Ms. Murphy:

The Security Traders Association (“STA”)¹ commends the Securities and Exchange Commission (“SEC”, or “Commission”) on its focus on ensuring that the U.S. equity markets remain the strongest in the world. The STA commends the Commission’s deliberate, data-driven process for reviewing equity market structure, given the many inter-related issues and the potential for significant market structure consequences (positive or negative) that may occur with any rule adjustments. The SEC market structure website stands out as an exemplary effort by the Commission to promote a better understanding of the markets through the use of data, analytics and research. The website also commendably includes an opportunity for feedback, which is essential for transparency and further analysis of the data.

The STA is providing comments regarding the equity market structure advisory committee (“MSAC”) announced by Chair Mary Jo White as part of the Commission’s review of equity market structure.² 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.

The establishment of, and procedures for, the MSAC would be governed by the Federal Advisory Committee Act (“FACA”), which among other requirements mandates that each meeting be formally noticed and open to the public. While those are necessary requirements for good governance, in light of the importance of market structure issues to investors and market participants STA also urges the Commission to incorporate public roundtables to further inform the Commission and the MSAC. SEC roundtables on decimalization and other topics have served to complement the notice and comment process, allowing the Commission and a wide range of market participants to engage in meaningful public dialogue. Including roundtables as part of the MSAC process would provide a unique way for the Advisory Committee to receive information and feedback to assist in the understanding of complex issues, and it would also provide additional transparency to the MSAC. In addition to roundtables, the STA recommends

¹ The 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 whom 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”.

² “Enhancing Our Equity Market Structure,” SEC Chair Mary Jo White, June 5, 2014.

<http://www.sec.gov/News/Speech/Detail/Speech/1370542004312#.VAS58EtN3wI>

that those who are not involved in the roundtables or on the MSAC have ample opportunity to submit comments on the topics in advance of meetings.

Last, the STA recommends that the responsibilities of the MSAC be limited to educating the Commission on market structure issues. We do not believe the MSAC should be charged with authoring official opinions or reports as a group. A reasonable exception however could be executive summaries outlining the key variables on market structure topics. Such summaries would provide resource material which the Commission could refer to in designing the agendas of industry roundtables.

Conclusion

The STA supports the Commission's data-driven and deliberate market structure review, as well as the Commission's efforts to seek input from all market participants. The STA urges the Commission, as part of its market structure review or as part of the MSAC process, to convene roundtables to further inform the review process. In addition it is our view that the role of the MSAC be limited to education on the market structure issues, rather than advising the Commission either formally or informally on solutions to specific issues.

Thank you for considering the STA views.

Sincerely,

cc: The Honorable Mary Jo White, Chair
The Honorable Daniel M. Gallagher, Commissioner
The Honorable Luis A. Aguilar, Commissioner
The Honorable Kara M. Stein, Commissioner
The Honorable Michael S. Piwowar, Commissioner