ES151707

From: Chris
To: CHAIRMANOFFICE
Subject: High frequency trading
Date: Friday, April 18, 2014 5:13:37 PM

Dear Chairman:

I believe the potential abuses of high frequency trading can be eliminated by having markets trade at precise intervals, e.g. 100 times a second. Up until each trade time orders would be accepted, allowed to consolidate, and then trading would take place "on the bell" and only orders submitted within the prior interval would trade.

Each trade time would act to stabilize the market by allowing buy and sell orders to align.

Front running by using high speed computers to jump in front of orders would no longer be feasible since every order would eventually arrive in the market making interval. (The unfair advantage of a few microseconds would be lost.)

The ability of high frequency trading to destabilize a momentarily thinly traded stock (by driving market orders and stop loss orders) would be reduced.

The appeal of this approach is that it is easily implemented (even world wide) due to the accuracy of our current clocks. It does not impose the regulatory morass of a fee for order approach. Regulation only requires that markets work in a rational and easily understood manner. In effect you would go from an analog asynchronous markets to synchronized digital market. (Asynchronous systems tend to be less stable.)

Exchanges may oppose this approach since they appear to profit from the high volume of trades generated by high frequency trading.

But I believe that this approach would restore the confidence of retail investors.

I am a retail investor. I also submitted this idea to my senator, Senator Harry Reid, but is is a little outside his bailiwick.

Thank you for your time,

Christian Maeder

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