Issuer Network

Corporate America's Leading Issuer Advocate
And Market Expert

Via Email May 20, 2020

Ms. Vanessa Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Proposed Rule on Market Data Infrastructure (Release No. 34-88216; File No. S7-03-30, RIN 3235-AM61)

Dear Ms. Countryman:

We write to you today on behalf of the issuer community regarding your proposed Market Data Infrastructure Rule.

We could not be more disappointed in the SEC's continuing neglect of the listed companies' participation in the crafting of your rules pertaining to the equity markets upon which their shares trade. Notwithstanding this criticism, we appreciate the opportunity to put forth a comprehensive response to your proposed rule. In short, now is not the right time nor is your proposal (all 600 pages of it) the right approach to remedy the issues you seek to address.

Our Observations and Recommendations:

- To date there has been fewer than a dozen Comment Letters submitted on your proposal. This dearth of commentary on a proposal of this size and scope is a statement into itself. Virtually every one of these letters pleads for you to extend the comment period. We take this one step further. We suggest that you shelve the proposal in favor of keenly obvious broader market reforms that we discuss herein.
- The sheer length of your proposal and its voluminous detail serve as an impeachment of your approach. As referenced in the Proof Trading letter "Strangely for a 600-page document,

we were most disappointed by what it did not contain….". Your near-surgical focus upon treating the market's symptoms fails to address its disease – an obsolete market structure. We strongly suggest that you reconsider the holistic blueprint put forth by former SEC Commissioner Daniel Gallagher in his Heritage Foundation article (2/23/17) entitled "How to Reform Equity Market Structure: Eliminate Reg NMS and Build Venture Exchanges".

- As idealistic as Mr. Gallagher's support for Venture Exchanges appears, consider the case of one of America's once-premier companies, General Electric (GE). Despite tens of millions of dollars on SEC and NYSE compliance, countless periodically required regulatory filings, intense Board oversight, and continuous analyst scrutiny, the company became the poster child for myopia. Can anyone honestly argue that GE would <u>not</u> have been better off with some blend of current SEC reporting requirements and the longer-term, more strategic focus as advocated by the Long Term Stock Exchange (LTSE)? We suggest that you evaluate the idea of some blended disclosure requirements that lighten the current enormous disclosure burden placed upon companies while balancing the need for more longer-term strategic disclosures.
- The elephant in the room, of course, is the litigation filed against the SEC by the very same exchanges most affected by your proposal. Are we foolish enough to think that changes of this magnitude are being proposed in a vacuum? We therefore suggest that you table this proposal in favor of the aforementioned broader initiatives that are likely to be concluded post-litigation.
- We fully support your recent approval of the Members Exchange as such competition is the American way. It is no secret, however, that this exchange was formed as a way to combat fees charged by the incumbent exchanges. But why did it need to come to this? Why did the exchanges' blue-chip customers have to throw up their hands and say, in effect, "I'll just do it myself!"? This begs some additional very logical questions: why are the exchanges for-profit enterprises? Has this gone too far? While we rightfully heap great praise upon the exchanges for their massive investment in technology and the fact that investors have never had it better in terms of

execution speed and price, one cannot ignore the customer complaints about cost and excess profitability. We suggest the time has come, after roughly two decades as for-profit enterprises, to evaluate alternative exchange models a la public utilities.

- Finally, as we have often reminded you, we strongly suggest that you form an advisory committee comprised of issuers. After all, it is their stock that the trading community (who instigated your proposal) uses to turn these massive profits. In short, “issuers provide the chips to their casino and deserve a seat at the table”. We believe that issuer participation is the missing link in your quest to optimize market structure.

Again, we thank you for the opportunity to share our thoughts on your proposal and apologize for expanding our comments to reflect a more holistic review of the markets.

Thank you,

Patrick J. Healy, Founder and CEO
Issuer Network
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