

## MEMORANDUM

**TO:** File No. S7-10-10, Large Trader Reporting – Final rule  
File No. 4-631, Notice of Filing of a National Market System Plan to  
Address Extraordinary Market Volatility

**FROM:** Nicholas Shwayri  
Division of Trading and Markets

**DATE:** September 14, 2011

**RE:** Staff Meeting with the Security Traders Association (“STA”)

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On September 7, 2011, representatives of the STA (Joseph N. Cangemi, Chairman of the Board; James Toes, President & CEO; and Joscelyn Wippert, Vice President) met with staff from the Division of Trading and Markets (James A. Brigagliano, Deputy Director; John Roeser, Assistant Director; David Dimitriou, Senior Special Counsel; Theodore S. Venuti, Senior Special Counsel; Andrew Madar, Senior Special Counsel; Arisa Tinaves, Special Counsel, and Nicholas Shwayri, Attorney-Advisor) to discuss issues relating to the Commission’s final rule on a Large Trader Reporting System and the filing by self-regulatory organizations of a National Market System Plan to Address Extraordinary Market Volatility. The STA submitted the enclosed document.

Enclosure



*Chairman of the Board*  
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ConvergEx Group  
New York, New York

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**JAMES TOES**  
Security Traders Association  
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BATS Exchange  
Lenexa, Kansas

*Vice President*  
**JOSELYN K. WIPPERN**  
Security Traders Association  
New York, New York

## WHO WE ARE – STA

We are comprised of 24 local affiliates covering the US and Canada. The STA national board of governors is comprised of past presidents and industry specific leaders.

Our membership represents INDIVIDUALS from every business model – buy-side, sell-side, hedge funds, exchange traders and market makers- dealing in equity and derivative trading.

The STA DOES NOT: represent any single business model or industry group, we are NOT lobbyists and we have no agenda or special interest except to advocate policies that improve the marketplace and foster investor trust, marketplace integrity, and capital formation.

STA brings knowledge on the whole “life cycle” of an equity or derivative transaction by understanding the business model of who is transacting, the means by which they transact, the location where the transaction takes place and how the transaction is eventually cleared and settled. Issues are vetted through our national committees on: Compliance; Trading Issues and Institutional Trading.

## STA Talking Points

- Express our intentions to play an active role in the implementation of the recently approved SEC Rule 13h-1 and Form 13h, “Larger Trader Reporting” (LTR).
- Discuss STA’s recommendation for the “Users Advisory Committee” (UAC) described in its letter to the Commission, dated June 22, 2011 File No. 4-631, Limit Up/Down “LULD”

## General Comments on “LTR”:

1. While the “LTR” is reasonable in concept, its implementation has complexities and will require a well organize implementation effort for market participants, who will require additional guidance and clarification from the Commission.
2. STA with its 24 affiliate organizations and diverse membership, is uniquely positioned to be an effective distribution channel for the Commission in gathering inquiries and disseminating pertinent regulatory guidance and clarifications.
3. STA has formed a partnership with the Financial Information Forum, “FIF” to assist members seeking additional information and clarification on “LTR”. FIF has agreed to provide summary material on “LTR” and be featured on STA organized conference calls. STA is aware of the 25+ line items of inquiries FIF is currently working with the SEC on.
4. Broadly speaking. Our buyside clients have expressed concerns surrounding; information leakage, requirements for updating Form 13h-1 and the use of suffixes. For our sell side broker dealers; agency and principal traders, migrating to new EBS record layout, the performance of these new fields and bandwidth capabilities. Defining the LTR reporting requirements across executing, clearing and prime brokers.

## General Comments on “UAC”

Since the publication of comment letters on File No. 4-631, “LUD”, there continues to be considerable debate within the industry on various components of LULD. STA remains committed to the opinion it expressed in its letter to the Commission, date June 22, 2011, in particular, “The STA encourages continued due process in the review and recommendations for altering the plan. This can best be accomplished through the responsiveness of the Operating Committee to the needs of the Users Advisory Committee”.