To Whom It May Concern:

I am a senior at the University of Notre Dame and as a part of my finance coursework, I am enrolled in Robert Battalio's class titled Trading and Markets. The course has allowed students to understand the inner workings of markets and exchanges to which many of our peers might be blind. As a part of the course, we were encouraged to submit a comment letter. Particularly, I am interested in sharing my thoughts regarding Rule 606.

The rule pertains to the disclosure of order routing information by brokers and dealers each quarter. The rule is crafted in the good spirit of transparency for the customers of brokers and dealers, but I find it lacking in certain areas. In particular, I find the aggregation of three months of data to be insufficient for some customers. Additionally, the aggregated categories (market orders, limit orders, and other orders), do not offer rich enough information.

As far as the three month aggregation, it seems unlikely that a customer would be able to ascertain how exactly their trades performed when looking at the average of such a large time span. As such, I believe that the average data falls short in providing useful information. Order mixes vary and customers trade differently, and this is not reflected under the current rule.

In terms of the categories broken down, Rule 606 calls for market orders, limit orders, and other orders to be separated. Again, while it is useful to break the orders into different categories, it seems that the current categories do not provide useful enough information for customers. Specifically, the limit order category is too broad as it does not distinguish between marketable limit orders and those that are not. As marketable orders are closer to the market, the price statistics would be more useful, but there is no breakdown.

Because of these reasons, I believe that Rule 606 quarterly reports fail to provide enough useful information for customers placing retail orders.

Sincerely,
Christopher Flood
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