



March 22, 2023

By Electronic Submission

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

Re: Disclosure of Order Execution Information, 88 Fed. Reg. 3,786 (Jan. 20, 2023); File No. S7-29-22

Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders, 87 Fed. Reg. 80,266 (Dec. 29, 2022); File No. S7-30-22

Order Competition Rule, 88 Fed. Reg. 128 (Jan. 3, 2023); File No. S7-31-22

Regulation Best Execution, 88 Fed. Reg. 5,440 (Jan. 27, 2023); File No. S7-32-22

Dear Ms. Countryman:

Charles Schwab & Co. (“Schwab”) submits this letter to request that the U.S. Securities and Exchange Commission (“Commission”) extend the time period for submission of comments on the four equity market structure proposals referenced above. Schwab requests that the comment period be extended until June 30, 2023.

The proposals were published on December 14, 2022, and together represent the largest change to the structure of U.S. equity markets since Regulation NMS was implemented in 2005. If implemented, the four proposals may negatively affect the overall trading experience of our customers.

Schwab, along with a broad section of other market participants, has been working with the Securities Industry and Financial Markets Association (“SIFMA”) on a coordinated industry response. Schwab has also been working with other market participants to evaluate the impact of the proposals and determine which elements of the proposals Schwab is able to support.

Progress has been made as a result of those coordination efforts. Schwab, NYSE Group, Inc., and Citadel Securities—the largest retail brokerage firm, exchange group, and market maker,

respectively—recently submitted a joint comment letter regarding the four proposals. *See* Letter re: Equity Market Structure Proposals, from NYSE Group, Inc., Charles Schwab & Co., and Citadel Securities to Vanessa Countryman, Secretary, Securities & Exchange Commission (March 6, 2023), <https://www.sec.gov/comments/s7-32-22/s73222-20158676-326602.pdf>.

Schwab has also commissioned its own analysis of the Commission’s proposals using an independent, third-party expert. Although Schwab has made significant progress in evaluating the Commission’s proposals, Schwab needs additional time for the expert to complete an economic analysis of the proposals individually and as a whole. The current comment period is too short to permit such an analysis to be completed.

The comment period should be extended to allow significant industry members like Schwab the opportunity to provide the Commission with information on the proposals’ potential economic effects that the Commission currently does not have. The Commission repeatedly recognizes that the economic effects of the proposals are “uncertain,” and will depend on unknown factors like the effects of the Commission’s yet-to-be-implemented Market Data Infrastructure (“MDI”) Rules on the Commission’s baseline economic assumptions; how market participants will react to the Commission’s proposals; the volume decrease in transactions involving payment for order flow if the proposals are implemented; and, in the case of the Order Competition Rule, how many orders will participate in the proposed competitive auctions. *See, e.g.*, 87 Fed. Reg. at 80,307 n.471, 80,325, 80,326 n.576 (Regulation NMS); 88 Fed. Reg. at 3,838 n.615, 3,872, 3,895 (Disclosure of Order Execution Information); 88 Fed. Reg. at 205, 206 & n.515, 208-209, 225 (Order Competition Rule); 88 Fed. Reg. at 5,497 n.415, 5,532-33 (Regulation Best Execution).

The Commission’s uncertainty is all the more concerning given its failure to provide an economic analysis that incorporates all four proposals. The Commission maintains that each of the four proposals independently addresses distinct issues, but the proposals are inter-related and impact one another. The Commission recognized as much when it released the proposals on the same day and provided the same due date for comments on each proposal.

Additionally, the Commission’s broad requests for comment on its economic analysis and identification of compliance costs for the Order Competition Rule and Regulation Best Execution suggest that the Commission might have significant doubts about the completeness of its analysis. *See, e.g.*, 88 Fed. Reg. at 164, 166, 240 (Order Competition Rule) (questions 1, 27, 56-57, 61-62); 88 Fed. Reg. at 5,541-5,542 (Regulation Best Execution) (questions 183-184, 189, 190-193, 208, 216-217, 240-241). Key market participants like Schwab are able to provide the Commission with additional data, but the current comment period is too short to enable comprehensive analysis to occur.

In its own comment letter, Schwab intends to address all four proposals. Schwab therefore requests that the comment period for all four proposals be extended until June 30, 2023.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Clague". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jason Clague
Managing Director, Head of Operations

cc: The Honorable Gary Gensler
The Honorable Hester M. Peirce
The Honorable Caroline A. Crenshaw
The Honorable Mark T. Uyeda
The Honorable Jaime Lizarraga

Haoxiang Zhu, Director, Division of Trading and Markets