

March 9, 2023

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: Equity Market Structure Proposals (File Numbers S7-29-22, S7-30-22, S7-31-22, S7-32-22)

The following letter contains my collated comments on rule proposals – S7-29-22 (Order execution information), S7-30-22 (Tick sizes, access fees & transparency of better priced orders), S7-31-22 (Enhance order competition) & S7-32-22 (Best execution). 16 pages total.

34-96493 – ORDER EXECUTION INFORMATION (File Number S7-29-22)

Dear SEC / Other market participants,

I am a retail / individual investor and I enthusiastically support this rule proposal (S7-29-22).

Prior to discussing any arguments, counterarguments, or suggestions for this proposal I would like to emphasize the following with my unique perspective as a retail investor – of which many of these rule proposals are addressing:

- I DO NOT feel protected as an investor in the current market system
- I DO NOT believe I am fairly represented by retail brokerages / market makers or large exchanges when handling my orders or in the public comments provided for these rule proposals
- I DO NOT feel I as an individual am provided with sufficient transparency to allow me to instigate my own informed decisions on where best to place my orders or who provides me the best execution
- I DO NOT feel I am receiving economically viable price improvement on my orders
- I DO NOT feel I am receiving best execution on my orders and feel I am being scalped at the benefit of retail-orientated organisations for their benefit, not mine

For the remainder of this letter I have segmented my response into the following:

- Why do I agree with this proposal?
- What are some counterarguments to this proposal?
- What changes or improvements can be made to this proposal?
- Final thoughts

Why do I agree with this proposal?

To my understanding this rule proposal is intended to increase required disclosures on order executions of stocks including more entities required to disclose (SDPs, large broker-dealers, qualified auctions), more granular disclosure (odd lot, fractional shares, non-exempt short sales now included) and provision of better statistical data.

As a retail investor I greatly agree with the SEC's approach to improving the transparency on execution quality & allowing retail investors to succinctly compare broker-dealers services. I believe this will be highly useful information for retail investors that if provided appropriate visibility by

broker-dealers will lead to greater investor confidence, increase meaningful competition between broker-dealers & empower retail investors to make informed decisions about their investments.

I believe all components of this rule are crucial in the proposed aim of this proposal. In regards to specifics I am happy that SDPs, large broker-dealers & proposed qualified auctions will be included in the disclosures as they play a large role in retail order-flow and are essential data to capture to provide meaningful data. The inclusion of fractional shares & odd-lots are also essential in the provided data as these are the most commonly used orders by retail. Including odd-lots & fractionals also provides retail more information & confidence to invest more frequently with smaller order sizes. As an addition, I as a retail investor & many other retail investors were wholly unaware that the current rules do not capture odd-lots (most of our orders).

Non-exempt short sales are a core component of the current market, more so than odd-lots/fractionals and it is near unbelievable that these are not yet included in the Rule 605. This component is mandatory for fair & transparent markets. Similarly after market & premarket trades play a greater role today than ever before with much of the price changes occurring during these times rather than during market hours. Adding this to the Rule 605 should also be mandatory. In regards to the additional statistical data, focusing on average, median & 99th percentile categorisations are an important step in providing readable information that can be interpreted by both investors & regulators. The latter being important in ensuring regulations are enforced in a fair & timely manner that in the grand scope will provide a safer & fairer market for investors.

Lastly the monthly reports are an important feature of this proposal as it is the core deliverer of information to the retail investor. I believe that the monthly requirement rather than quarterly or annual reports is beneficial to the investor as it disincentivises concentrated periods of improved execution to misrepresent the data in the report. This frequency will also ensure that broker-dealers are constantly looking to improve execution quality – increasing competition & ultimately stimulating future innovations for execution quality.

What are some counterarguments to this proposal?

- *Will retail investors use this information?*
 - o Yes, as a retail investor this is highly important information as it is one of the main determinants on how much value I can derive with my orders. I believe it is an important step to empowering investors & increasing transparency in the market.
- *Does it need to be monthly?*
 - o Yes, as this ensures the data provided remains reliable thus useful to retail investors. Larger periods may lead to concentrated periods of better execution quality matched with overall poor execution to misrepresent data provided.
- *SDPs / Large broker-dealers / Qualified auctions do not need to be included, this may disrupt their current practices?*
 - o As a retail investor I believe these entities are essential in the execution quality data as they are the main proponents on delivering execution. Disruptions are possible however I believe in principle with best execution, these changes should already be in place for these organisations. I find it hard to believe multi-billion level organisations handling near trillions of AUM are incapable of making these changes. If these changes overall increase cost to the retail investor, personally I am happy to accept the cost if it leads to increased transparency, competition & improves my ability to discern between broker-dealers.

- *Short sales, odd lots, fractional shares etc is too much information*
 - o I disagree & in fact it is personally more important than round lots to me as these are the most commonly used orders by retail. I do not agree that any of this is too much data. If presented in a clear & concise manner I believe most retail investors will be able to discern valuable information. We currently expect investors to assess earning reports etc to further their investments, why would this data be so out of reach?
- *Can the data provided be correlated with past data? Will we need to delay other proposals to ensure there is accurate data?*
 - o On a basic level I do believe it is important that the new data collected can be compared to prior data for academic study & statistical analysis. However on deeper introspection I do believe the rules should proceed even in contrast to this. Firstly the lack of data will only be an issue for the initial month after the rules are implemented as after 2 months the new data can be compared against each other. From that point on the data will continue to grow. Secondly the new rules do not remove disclosures previously established & thus there is still plenty of information that can be compared on a larger timescale. Thirdly this rule adds disclosures thus actually improving the data that is available for analysis – outright countering the core argument that this could limit our ability to analyse/act on the data. Lastly and I believe most importantly, many of these inclusions such as including SDPs, large broker-dealers, more order types – i.e. odds lots, short sales etc are such crucial facets of the current markets that the lack of this information is near negligent & outright counteractive to the SEC’s mandates of fair, orderly & efficient markets.
- *The data is too complex to derive valuable insights*
 - o This comment is disingenuous. The proposed data points suggested by the proposal are clear & have meaningful statistical value i.e. Mean, median etc. In addition to the already available data required by the current Rule 605 that market participants & regulators should already be familiar with. Many of the new data points do not stray too far from current requirements & in fact many could be derived just from the current data – to say that summarising & making the available data readable is too difficult in borderline incompetent. If regulators are unable to handle this level of information it implies there is a greater issue than just execution quality & the regulatory capacity should be called into question.
- *There are too many con-current compliance dates for market participants to follow thus the rule should be delayed / withdrawn*
 - o The implementation of a rule should be weighed against its value not simply delayed/withdrawn based on inconvenience. This is not mentioning that these entities are the most financially well resourced organisations on the planet. I believe they should be able to handle a few differing compliance dates.
- *There is no need for this rule, retail investors already receive ‘unparalleled’ execution*
 - o Personally I disagree with this statement & if true then this data will only enforce this not detract. Additionally simply because there is good execution does not mean we should not strive to improve it.

What changes or improvements can be made to this proposal?

- *Ensure reports are provided in a timely fashion (i.e. within 24hours)*
 - o Timely information will be important to allow retail investors to make the best decisions in regards to which broker-dealer they use & what the execution quality is in the specified timeframe. Delayed reports could suggest great execution quality when in reality there has been a significant decline since the last report.

- *Ensure monthly reports are clearly displayed to investors by broker-dealers*
 - o For investors to truly benefit we should be able to easily access this data. This means either clearly documented by the broker-dealer or visible from the SEC. As possible suggestions – having this data presented when joining a broker dealer or provided with the terms & conditions will ensure visibility & enable the desired competition between broker-dealers. Similarly the SEC may perform an ad campaign stating the new monthly reports are now available. Having a broad variety of retail investors notice & read the reports will likely provide the most potent force for informed investors & stimulus for innovation in execution quality.
- *Consider including all broker-dealers – not just large broker-dealers*
 - o As an unintended consequence a lack of execution data from small broker-dealers may incentivise smaller agents to provide poorer execution quality as they are exempt from these rules & will financially benefit more with other parameters such as execution speed or increased fee/rebate. I would suggest eventually all brokers are included but do not believe the current rule be delayed to implement this.

Final thoughts

As a conclusion to this letter I would like to clearly state that I strongly support the SEC’s rule proposal on ‘Order execution information’ (S7-29-22) & truly appreciate the effort, diligence and time spent on this proposal. I believe this is a great initial step in restoring investor confidence in the current market & ensuring retail / individual investors are active participants rather than products utilised by broker-dealers/market-makers/exchanges.

I hope you take my full comments into consideration & consider some of the suggestions I have proposed. I also hope you have an opportunity to read the comments I have also provided on the other 3 rule proposals (S7-30-22, S7-31-22 & S7-32-22).

Thank you for looking out for retail / individual investors & considering our opinions.

Kind regards,

Aswin Joy
 Retail / Individual Investor

34-96494 – TICK SIZES, ACCESS FEES & TRANSPARENCY OF BETTER PRICED ORDERS (File Number S7-30-22)

Dear SEC / Other market participants,

I am a retail / individual investor and I reluctantly support this rule proposal (S7-30-22).

Prior to discussing any arguments, counterarguments or suggestions for this specific proposal I would like to emphasize the following with my unique perspective as a retail investor – of which many of these rule proposals are addressing:

- I DO NOT feel protected as an investor in the current market system
- I DO NOT believe I am fairly represented by retail brokerages / market makers or large exchanges when handling my orders or in the public comments provided for these rule proposals

- I DO NOT feel I as an individual am provided with sufficient transparency to allow me to instigate my own informed decisions on where best to place my orders or who provides me the best execution
- I DO NOT feel I am receiving economically viable price improvement on my orders
- I DO NOT feel I am receiving best execution on my orders and feel I am being scalped at the benefit of retail-orientated organisations for their benefit, not mine

For the remainder of this letter I have segmented my response into the following:

- Why do I agree with this proposal?
- What are some counterarguments to this proposal?
- What changes or improvements can be made to this proposal?
- Final thoughts

Why do I agree with this proposal?

To my understanding this rule looks to implement three components:

- Lower the minimum price increment (tick size) of quotes & trades from \$0.01 to a variable model with sub-penny increments (\$0.001-0.01).
- Lowers access fee caps at National securities exchanges & requires disclosure of all fee/rebates prior to/at time of order execution.
- Increases odd-lot order information by early adoption of definitions & including a new 'best odd-lot pricing' category for disclosure

I agree to various components of this proposal however reluctantly agree to others.

I agree with this rules attempt at accelerating definitions for round lots & odd lots, including the new best odd-lot pricing. I especially appreciate that odd lots are now given more importance as incredibly these are the most common representation of individual retail orders. To clarify odd lots are orders less than a round lot – typically 100 shares. The odd-lot information should be an essential component of data collection/dissemination as it pertains to most of retail activity in the market. I believe the odd-lot component of this rule should be implemented immediately and is perplexing why such a large portion of the market is not being assessed currently. The best odd-lot pricing category would add greater clarity for retail investors & regulators to assess if best execution is applying to retail/odd-lot orders & align with SEC's aim to improve transparency, improve efficiency & protect investors.

I also strongly agree all fees & rebates should be available prior to or at the time of order execution. This appears to be a 'common sense' rule to ensure that there are no alternative incentives to best execution for clients & limit conflicts of interest when rebates are offered post execution. The upfront nature of this component should also reduce ambiguity with best execution as it simplifies the considerations broker-dealers have to make at time of execution. I believe this component of the rule is essential to the aim of this proposal to level the playing field. More clear & fixed fees would likely also increase activity at these exchanges by smaller market participants as it reduces the complexity of modelling risks/costs when fulfilling order. The reduction of access fee caps mirror this benefit.

In this proposal I admire the attempt by the SEC to equalise the incentives for OTC markets and national securities exchanges/ATS. As stated by the SEC the current Rule 612 has a likely unintended consequence of providing unfair advantage to OTC markets. This occurs as OTC markets do not have to abide by the \$0.01 tick size cap while executing trades whereas national securities exchanges/ATS are bound to quotes that are encompassed by Rule 612. As such this incentivises market participants

to utilise OTC markets where there is ability to use sub-penny execution & less direct regulation & oversight. Use of OTC markets are also a core component of retail order mechanics & makes regulating/protecting retail investors more difficult for the SEC. By aiming to harmonise the exchanges by removing this unfair advantage this helps investors orders become much more accessible to 'lit' regulated markets where there are a large number of participants & competition. As a caveat to this, as a retail investor I do believe a similar effect could be achieved by closing the Rule 612 loophole to include trading/executing at a penny cap – applying to OTC markets & similarly removing undue advantage.

My reluctance to this proposal is that reducing to sub-penny tick sizes is not overly beneficial to retail investors. I would argue that a sub-penny improvement on price is not an economically viable improvement. I would not even be able to use a sub-penny to use on other goods/services extending outside the market. This sub-penny range would mean a significantly larger position will be required to have any real life value – i.e. at least 10 shares to improve the price by single penny for tick sizes \$0.001. It is clear this will only truly benefit the large institutional participants or participants with high volume such as market-makers. Why is efficiency into the sub-penny range necessary?

Additionally allowing stocks into the sub-penny range could further the disadvantage real persons have in the current market with large market participants able to leverage microsecond speed orders in addition to comparatively unsurmountable capital. When the human visual reaction speed is 0.25 seconds – nearly a million times slower than the microsecond speed high frequency traders (HFT) utilise – and the individual value this adds is not even able to be used on goods/services – who does this sub-penny tick size benefit?

I note this is the SEC rule proposal with the greatest number of market participants affected (all market participants, current & future institutional & retail investors) & likely the largest disruption to current market structure. If any of the rule proposals should be delayed to allow analysis, I believe it should be this rule as it will skew the data the greatest of the 4 rules.

What are some counterarguments to this proposal?

- *Are sub-penny quotes/trades necessary?*
 - o Personally I believe the answer is no. On the surface allowing sub-penny prices is consistent with improving market efficiency. However efficiency for efficiencies sake or theory is not always the best approach. For example, I as a retail investor cannot utilise sub-pennies outside of the market for goods/services – the very use of money/capital that the SEC is aiming to help form. How does this have any real benefit other than appearing as a theoretical number on my balance sheet? For there to real useable benefit from such pricing I would need a very large order size that only a very select few market participants could truly utilise. This goes against SEC's mandate to provide fair markets & reduces competition from retail investors. To further the thought experiment, if this is for the purpose of market efficiency – why is there a tick size cap at all? Wouldn't it be more efficient to allow smaller increments than even a sub-penny – say \$0.00000000001? My point being although we could pursue this it would not have any economic benefit for a majority of users in the market.
 - o If the aim of the SEC is to 'level the playing field' why not fix the loophole in Rule 612 instead? Would preventing executing at a sub-penny range across all OTC markets / national securities exchanges / ATS have a similar effect without disenfranchising retail investors and all market participants who are unable to leverage millions of orders? I suspect there will be arguments that fixing the loophole will cause revenue

losses for OTC markets however if this was not an intended purpose of Rule 612 then these markets were wrongfully abusing the system, not fairly & appropriately following the principle of the rule.

- *Would a reduced tick size at a fixed rate such as \$0.05 provide comparable results?*
 - o No, as I believe the purpose of the rule is to equalise the advantages of OTC market participants with ATS/National Securities exchange. Having a fixed rate of \$0.05 would counteract the core of this rule as OTC market participants still have an unfair capacity to trade at lower than \$0.05 increments. Without an harmonising the tick size between the exchanges this rule has no purpose.
- *Do quoting & trading tick sizes need to be the same?*
 - o Yes, as above, I believe the purpose of the rule is to equalise the advantages of OTC market participants with ATS/National Securities exchange. This original issue arises from the discordance of the current Rule 612 that only applies to quotes & not trading. Altering this now would be short sighted & likely lead to the same issues this rule is proposing to correct.
- *Does lowering access fees benefit retail investors?*
 - o Theoretically providing less access fees to broker-dealers could lead to those savings being passed onto clients. However in practice I do not believe the incentives align for broker-dealers to provide fair cost reduction to their clients. This is especially true without robust best execution – that fortunately has been proposed by the SEC. In the absence of best execution or sufficient disincentive against self-beneficiary actions, I believe the access fee reduction is unlikely to cause reasonable cost reduction for end-users. On a macro scale however this may increase usage of national securities exchange & increase competition via more participants thus providing better price improvement by proxy.
- *Should we focus on round lots, not odd-lots – the definitions & new categories are not required?*
 - o I disagree that odd lots should be excluded from the accelerated definition approvals. Odd-lots make up a large portion of retail orders & it is clear there is little information on these orders. The lack of data makes odd-lot information even more pertinent than round-lots where there is discernible data available. Not mentioning the increased retail activity gives reason more than ever to assess odd-lot orders that they are using. This is essential in ensuring retail investors are protected & furthers transparency.
- *If only this rule is passed, will this level the playing field?*
 - o No, if only this rule is passed of the 4 SEC rule proposals I believe this would further disadvantage retail investors. With only this rule passed, large market participants will now be able to provide minimally beneficial price improvement in sub-pennies versus pennies, reduce their own costs via less fees – freeing up more capital to impact the market and trade at speeds faster than humans can react. All of this to improve prices on quotes/trades by sub-pennies that investors cannot use in the real world. If the other rules do not pass, this rule should be delayed indefinitely. The other 3 rules are instrumental in ensuring best execution for retail investors & that retails orders cannot be scalped for sub-penny price increments by wholesalers.

What changes or improvements can be made to this proposal?

- *Remove variable tick sizes in sub-pennies & rather close loophole in Rule 612 to prevent executing trades at sub-pennies including in OTC markets*
 - o I believe this will have the same effect without significantly impacting national securities exchanges/ATS whilst also maintain penny level price improvements that are at least useable in the real world for most participants.
 - o If the loop hole cannot be closed it is critical that the markets are harmonised with identical tick sizes for both quotes/trades if the SEC aims to level the playing field
- *Consider delaying implementation of rule until outcome of other rules are in place*
 - o In absence of a robust best execution (by a non-self-regulating body with several conflicts of interest) rule & prevention of retail orders being segmented off lit exchanges then this rule implementation will only further skew the advantages away from retail investors – counteractive to the proposal & against the fair equitable market protected by the SEC

Final thoughts

As a conclusion to this letter I would like to clearly state that I do support aspects of the SEC's rule proposal on 'Tick sizes, access fees & transparency of better priced orders' (S7-30-22) & truly appreciate the effort, diligence and time spent on this proposal. I believe this shows a clear determination by the SEC to provide more fair & equitable markets. Should the other 3 rule proposals fail to pass I hope the SEC carefully considers the consequences & possible benefits this rule may cause.

I hope you take my full comments into consideration & consider some of the suggestions I have proposed. I also hope you have an opportunity to read the comments I have also provided on the other 3 rule proposals (S7-29-22, S7-31-22 & S7-32-22).

Thank you for looking out for retail / individual investors & considering our opinions.

Kind regards,

Aswin Joy
Retail / Individual Investor

34-96495 – ENHANCE ORDER COMPETITION (File Number S7-31-22)

Dear SEC / Other market participants,

I am a retail / individual investor and I wholeheartedly support this rule proposal (S7-31-22).

Prior to discussing any arguments, counterarguments or suggestions for this specific proposal I would like to emphasize the following with my unique perspective as a retail investor – of which many of these rule proposals are addressing:

- I DO NOT feel protected as an investor in the current market system
- I DO NOT believe I am fairly represented by retail brokerages / market makers or large exchanges when handling my orders or in the public comments provided for these rule proposals

- I DO NOT feel I as an individual am provided with sufficient transparency to allow me to instigate my own informed decisions on where best to place my orders or who provides me the best execution
- I DO NOT feel I am receiving economically viable price improvement on my orders
- I DO NOT feel I am receiving best execution on my orders and feel I am being scalped at the benefit of retail-orientated organisations for their benefit, not mine

For the remainder of this letter I have segmented my response into the following:

- Why do I agree with this proposal?
- What are some counterarguments to this proposal?
- What changes or improvements can be made to this proposal?
- Final thoughts

Why do I agree with this proposal?

To my understanding this rule prohibits individual orders from being internalised prior to the order being exposed to order-by-order competition at a qualified auction/'lit' exchange.

I believe of the 4 rule proposals, this rule is the most important in protecting retail investors and encompasses all of the SEC's mandates of protecting investors, allowing fair, orderly & efficient markets & facilitating capital formation.

As a retail investor I am appalled by the fact that my several broker-dealers route orders to wholesalers to be internalised rather than reach the lit exchange / markets, that are available to other market participants. When I order through my brokerage app or via the online brokerage account I am not provided a choice to decline routing to a wholesaler. There is even evidence from other retail investors that even when a specific market/route is requested, the order still gets routed through a wholesaler first. This particular scenario even includes large broker-dealers. My compensation for segregating my order away from well regulated exchanges with multiples more competition is price improvement in the order of a few cents. It doesn't take much knowledge to understand that I am being fleeced at the benefit of wholesalers who do not publicly have to display all of their bid-ask quotes.

This is not mentioning that these wholesalers have numerous significant advantages. As quoted by the SEC – two wholesalers cover over 66% of retail orders, with a total of 6 “competing” wholesalers. This fits the Oxford Language's definition of a duopoly – ‘a situation in which two suppliers dominate the market for a commodity or service.’ This allows them significant access to a majority of retail orders with significantly reduced adverse selection costs compared to other market orders & huge informational advantage as they can analyse large retail trends that they can capitalise on. In addition some of these participants have access to high frequency trading (HFT), able to place & trade orders faster than the orders can even reach some exchanges, altering the available quotes on the market at times of execution. The ability for wholesalers to accept / reject orders in itself is borderline manipulative as they control such volumes of retail orders they can actively impact the displayed quote on lit exchanges by selectively choosing which buy/sell orders to reach the lit exchanges. This level of power deigned from providing cents of price improvement to retail investors is insane. I would happily pay the few cents per share if it prevented my orders from being fleeced.

A common statement provided by these broker-dealers is that retail investors enjoy ‘commission-less’ trading secondary to these wholesalers/PFOF. This is a misrepresented argument as from my experience as a retail investor these commission fees are hidden via other methods such as

increased spreads compared to the lit exchange/quoted price, artificially increased Fx rates on depositing cash into the account or excessive withdrawal rates when attempting to access your money. If the broker-dealer provided the option to pay commission to have meaningful price improvement & true access to the lit exchange, I would pay.

Even without commissions there is questionability in whether these internalised orders are even fairly accounted for. A prominent case that is likely to have inspired the SEC's recent efforts is in relation to the events of [REDACTED]. In January 2021, [REDACTED] – a retail broker prevented buying of [REDACTED] shares but not selling shares, along with numerous other retail brokers. It was later revealed that [REDACTED] received a significant margin requirement from the DTCC earlier that morning, potentially from an overall net-short position against its customers. In the House of Representatives report on the event, it also revealed that there was discussion between [REDACTED] & its wholesaler [REDACTED] prior to the unprecedented halting of buying shares, but not selling. Not only were wholesalers the only access [REDACTED] had to lit exchanges, they were also the primary source of income for [REDACTED] via payment for order flow (PFOF). It is clear that incentives between broker-dealers & wholesalers are not aligned to benefit retail investors. How are retail investors supposed to have confidence in the market?

Additionally an issue that is overlooked is that in the pursuit of reduced costs, we overlook whether this system actually improves capital formation for both the investors & the issuers. By preventing a significant amount of orders reaching a fair & well-regulated exchange that significantly influences the displayed market price there is a distortion of price discovery that may ultimately lead to lower share prices. This may be detrimental to both the investors & the companies involved who seek to rely on shares for capital formation and only benefit the wholesalers who operate on volume.

That is why I believe this rule is mandatory for a well-functioning market & protecting retail investors. This rule seeks to prohibit internalisation until retail orders have had fair access to the market. I believe this will benefit both retail investors & institutional investors. For retail investors this will mean we will have greater competition for our orders on the lit exchange potentially improving prices. The increased liquidity provided by retail orders reaching the lit markets will likely also improve accurate price discovery as more quote/trades will be available to determine the price. This will level the playing field between retail orders and institutional orders who already have easy access to the lit exchange leading to more fair & efficient markets. Preventing segmentation of orders will increase retail investors confidence in the market & protect investors as we will no longer be directly fleeced by wholesalers without choice. As for institutional investors they will now have greater access to retail orders that may add greater liquidity on a whole & stimulate further competition.

For specifics, I believe the SEC's proposed components of a qualified auction are fair. The aspects described by the SEC such as 100-300microseconds are important to ensure retail orders have sufficient time on the lit exchange, a sufficient price improvement via tick size >\$0.001, appropriate priorities favouring price improvement over speed & preventing qualified auctions from abusing fees. All the proponents are crucial in ensuring that retail orders are fairly exposed to the lit markets.

What are some counterarguments to this proposal?

- *There is sufficient competition already – occurs between vendors, not order-by-order?*
 - o I believe this is disingenuous as a retail investor as I do not get provided sufficient information to discern between brokers on execution quality, access to vendors or capacity to decline wholesaler access. When I as a retail investor request an order I am not requesting for my order to be fulfilled between a handful of wholesalers, I

- am expecting my order to reach the lit/well regulated & transparent exchange to reach all potential buyers/sellers. This rule provides me access to more competition.
- The very fact that of a potential of hundreds of vendors only 2 wholesalers account for 66% of retail orders show that there is not sufficient competition between vendors.
 - *This rule will allow wholesalers to be even more selective with orders they decide to internalise?*
 - The issue arises when wholesalers have the majority of access to orders as they can pick and choose what reaches the lit exchange – forcefully skewing price discovery as others do not have visibility of the wholesalers orders. If the orders have already reached the lit exchange, the wholesalers ability to select orders does not impede price discovery as the quotes/trades have already fairly been distributed.
 - *The SEC is micromanaging the market*
 - The role of the SEC is to provide fair, orderly, efficient markets, protect investors & aid in capital formation. This rule does all of these things, especially for retail investors who have very much been disenfranchised against large institutions for a long period of time. This is the SEC’s job. If any rule classifies as ‘micromanaging’ & disqualifies it from being proposed, what is the purpose of having an regulation at all? I believe this is an important rule that fulfills the SEC’s mandate.
 - *If no one executes the trade on a qualified exchange, what happens to the retail experience?*
 - The aim of the retail experience is to ensure I can form capital. Essential to that is that I have fair access to the market & there is appropriate price discovery. If my order is not fulfilled, I will try again at a better priced quote. Speed is not my number one priority & would not disincentivise me from participating in the market. Additionally the rule proposes wholesalers are still able to internalise post failure to execute on qualified auction. This would be a great opportunity for wholesalers to display their quoted ‘significant price improvement’ to retail orders. Otherwise the retail-broker can fulfill their obligation as quoted by their terms & conditions.
 - *This is unfair to wholesalers*
 - I would actually suggest the current market system is unfair to retail & this rule would not disadvantage wholesalers. Wholesalers are still able to provide their quotes at the ‘best’ execution quality they supposedly already provide. If they currently provide the best possible execution then it is likely they will continue to do so in a market with greater exposure as they are the currently the most well capitalised & most experienced in managing retail orders. They also still have access if the orders fail qualified auction.
 - *Retail already receives significant benefits like commission free trading*
 - I disagree. Commission free trading often means the commission are added in other areas such as spread & deposit/withdrawal fees. The significant disadvantage of not having a choice to deny wholesalers to segment our orders from the lit exchange has greater indirect costs than the few dollars we save with commissions. This rule takes great step in reducing this disadvantage. Wholesalers can still provide PFOF with increased disclosure & internalisation post exposure to the lit markets for sufficient time. This rule benefits retail investors greater than commission free trading & instantaneous market orders.
 - *We should delay this rule until other rules are implemented*
 - I disagree. I believe of all the rules, this rule is most important in protecting retail/individual investors & increasing competition. Of all the rules this also impacts the least market participants – i.e. the tick size rule fundamentally changes all quotes & trades for all market participants & all current/future investors. The order execution information rule only adds to disclosures that are already required. For

the best execution rule it also applies to all broker-dealers. In contrast this rule only applies to retail/individual orders, with several exceptions to the rule too. I would suggest that if the SEC is looking to delay any rule to gather more data, that they consider delaying the tick size, access fees & transparency rule as it has a larger disruptive effect on a larger number of participants. Additionally why are multi-billion dollar, well established institutions incapable of adjusting to only 4 rule proposals with varying degrees of impact, especially when handling billions of transactions daily?

What changes or improvements can be made to this proposal?

- *Increase scope of rule to include all retail/individual orders (not just orders <\$200,000)*
 - o I hope the SEC considers including large retail orders >\$200,000 to the rule when there is sufficient data on execution quality & adverse selection cost as I don't believe retail orders on principle should be segmented away from the wider market.
- *Clarify that orders cannot be postponed to a time when no qualified auction is available*
 - o To avoid undue exemptions I believe the SEC should clarify that retail orders cannot be postponed, wilfully or 'accidentally' to avoid active qualified auctions & allow wholesalers to internalise without true exposure to lit markets. To discourage this behaviour I believe there should be clear consequences to obfuscating this rule.
- *Clarify orders retail orders cannot be segmented into fractional shares to qualify for exemption to rule*
 - o Similarly I believe it should be explicitly stated that retail orders cannot be segmented into fractional orders unless directly requested by the retail investors. This has been an issue with some brokers such as [REDACTED] that shows cost price data of multiple fractional purchases when initially requested as whole share orders.
- *Consider expanding qualified auction required time to 1second*
 - o Although for usual market participants an auction time of 100-300microseconds is 'large', prolonging this time period will allow retail investors to at least attempt to participate in providing quotes & trades. Currently these times are too fast for any human to react & only benefit well established institutions, limiting competition.
- *Consider increasing minimum tick size in qualified auction*
 - o As I discuss in the tick size proposal, a sub penny tick size has essentially no real world value to retail investors. Sub-pennies cannot be used for goods or services in the real world so why would this level of price improvement be beneficial to retail investors? Please consider increasing this to at least a penny so that the price improvement can actually be utilised.

Final thoughts

As a conclusion to this letter I would like to clearly state that I strongly support the SEC's rule proposal on 'Enhance order competition' (S7-31-22) & truly appreciate the effort, diligence and time spent on this proposal. I believe this an essential rule that should receive full priority in implementation and should not be delayed. All components of this rule are necessary and my only suggestions would be tightening exemptions & improving qualified auctions to ensure the spirit of this rule – fair access for retail to the market.

I hope you take my full comments into consideration & consider some of the suggestions I have proposed. I also hope you have an opportunity to read the comments I have also provided on the other 3 rule proposals (S7-29-22, S7-30-22 & S7-32-22).

Thank you for looking out for retail / individual investors & considering our opinions.

Kind regards,

Aswin Joy
 Retail / Individual Investor

34-96496 – BEST EXECUTION (File Number S7-32-22)

Dear SEC / Other market participants,

I am a retail / individual investor and I strongly support this rule proposal (S7-32-22).

Prior to discussing any arguments, counterarguments or suggestions for this specific proposal I would like to emphasize the following with my unique perspective as a retail investor – of which many of these rule proposals are addressing:

- I DO NOT feel protected as an investor in the current market system
- I DO NOT believe I am fairly represented by retail brokerages / market makers or large exchanges when handling my orders or in the public comments provided for these rule proposals
- I DO NOT feel I as an individual am provided with sufficient transparency to allow me to instigate my own informed decisions on where best to place my orders or who provides me the best execution
- I DO NOT feel I am receiving economically viable price improvement on my orders
- I DO NOT feel I am receiving best execution on my orders and feel I am being scalped at the benefit of retail-orientated organisations for their benefit, not mine

For the remainder of this letter I have segmented my response into the following:

- Why do I agree with this proposal?
- What are some counterarguments to this proposal?
- What changes or improvements can be made to this proposal?
- Final thoughts

Why do I agree with this proposal?

To my understanding this rule aims to codify a best execution policy by the SEC for broker-dealers to abide & quantify with quarterly reviews/annual board of director review.

I strongly agree with this position by the SEC. As a retail investor I currently feel that the best execution rule is not appropriately covered or fulfilled by the FINRA or MRSB best execution policies. This rule will strengthen SEC's capacity as a regulatory body & provide greater guidelines to ensure enforcement. It is preposterous that the best execution rule is reliant on enforcement by self-regulatory organisations (SRO), often headed by the very firms it aims to regulate. In fact I believe it is insane that SRO's are even a viable form of regulation – especially in the context of managing the largest group of financiers, with the greatest level of monetary influence & the highest level of incentive to avoid regulation. The need for better enforcement / new policy is evident by a lack of enforcement of best execution – often quoted with a lack of clear evidence broker-dealers were acting out of interest & if enforced – fined a miniscule amount relative to the overall benefit of the scheme. These claims of what I believe are wilful negligence should hopefully be reduced with

additional best execution policy rules. The SEC needs to play a greater role enforcing rules on the market.

Integral to these best execution policies is the annual presentation of policies to executives/boards of broker-dealers. I believe this is an essential step in ensuring the policies align with the incentives of these members & that it can prevent claims of ignorance in relation to best execution if best execution is not provided. The quarterly review is also important in ensuring best execution is a prominent consideration that is constantly assessed & improved by broker-dealers.

I also support the inclusion of PFOF as a conflicted transaction. This is evident in other regulatory bodies around the world including places such as Singapore – another economic hub where PFOF is outright banned. The ability to pay under the table to access a large portion of the market & trade prior to other market participants is as clear of a conflict of interest as possible. This not even mentioning that some of these wholesalers providing PFOF even have designated market maker access and an operating hedgefund. The other suggested conflicts of interest such executing orders as principal and providing/receiving orders from affiliates are also common sense inclusions. Conflicts of interest are important to disclose & do have material impacts on how retail investors determine broker-dealers. Conflicts of interest need to be more clearly presented & this rule helps provide some of this clarity.

This best execution policy by the SEC will increase my confidence in the market & I believe add to a more fair, competitive & efficient market. This policy will aim to put capital formation of clients in the forefront of broker-dealers agenda & tighten any gaps present in the other ‘best’ execution policies currently available.

What are some counterarguments to this proposal?

- *FINRA & MRSB already have best execution rules, this is too many?*
 - o I disagree. I do not believe I am effectively covered by the FINRA/MRSB best execution rules. I believe a rule such as best execution is so integral to the market that it must have an applicable rule provided by the SEC – the main regulatory body of the markets. I do not believe this should be a negotiable topic. If market participants want to reduce the number of execution policies I suggest in the future considering altering/adjusting the FINRA/MRSB rather than inhibiting the SEC’s regulatory capacity. 3 written policies & quarterly/annual reports are not excessive requirements and the quality of best execution should already be in place if FINRA/MRSB rules have been followed.
- *This rule is too prescriptive & does not provide flexibility*
 - o The purpose of this rule is to protect investors & inspire confidence in the markets. I do not believe these policies are too prescriptive, if anything it is a fair representation of the expectations we investors hold when dealing with broker-dealers. As above, 3 written policies & quarterly/annual reports are not excessive requirements and the quality of best execution should already be in place if FINRA/MRSB rules have been followed. I commend the SEC for providing clear & well documented guidance that can ensure broker-dealers follow the spirit of this rule. I am sure that in the absence of this clarity the most frequent counterargument would be that there is insufficient guidance to necessitate this rule.
- *Conflicts of interest are complicated & sometimes necessary*
 - o I believe this should be treated as an exception rather than a rule. I believe in the vast majority of cases conflicts of interest significantly deteriorates confidence in the market & values mandated by the SEC. This rule does not outright remove conflicted

interests but provides more disclosure & transparency when these situations arise. This rule furthers the protection of investors whilst also allowing conflicts of interests to be present when absolutely necessary. As a retail investor conflicts of interest disclosure would be monumental in my decision between broker-dealers & I highly agree with the provision regarding conflict transactions. My only addition would be harsher penalties on those that wilfully use conflicted transactions without benefit to the client.

- *This may lead to increased costs to clients*
 - If this rule leads to better execution for clients & provides greater protection I am happy to pay these costs. I also believe this argument to be disingenuous as best execution policies should technically already be in place & thus the only additions are 4 quarterly reports & 1 annual report per year. I am sure the paper to print these reports are not out of reach for broker-dealers.
- *Best execution policies may lead to eventual monopolisation*
 - Are you confused by this statement? I am as well. In the broad scheme if in this very specific example best execution leads to broker-dealers always trending toward a select few institutions that have the greatest capacity to provide best execution, then as long as best execution is provided & well documented there is no clear disadvantage to the investor. In the future if this does appear to occur the SEC can continue to regulate & adjust the parameters to promote healthy competition. This rule does not be delayed until this is in place as this rule is such a fundamental aspect of the market that it should be enacted immediately. In regards to concerns over monopolisation, it is clear that in many aspects such as wholesalers & retail order-flow there is already a duopoly in place.
- *We should delay this rule in favour of other rules proposed for more data*
 - I disagree partially. Of the 4 rules I think the most pertinent are the order competition rule & the best execution rule. The order competition rule provides the greatest novel protection to investors whilst affecting the least number of market participants. The best execution rule is such a fundamental rule that it should have been implemented decades ago, thus should also not be further delayed. The other remaining rule though beneficial are better candidates for delays. The order execution information rule adds to disclosures that are already there but would increase transparency to retail. The tick size rule however seems to be the largest fundamental change to the markets since the implementation of the penny tick size cap. This would affect all market participants & investors current & future with minimal economically viable improvement for most participants. If any rule needs care consideration & optimisation of data it will be the tick size rule.

What changes or improvements can be made to this proposal?

- *Reduce exemptions to 'Introducing' brokers*
 - The best execution policies should apply in principle to all broker-dealers interacting with clients orders. Even if not directly executing orders, introducing brokers can still influence clients against their best interests such as with gamification or provision of incentives towards broker-dealers positions. I believe including these brokers to the regulation will strengthen the overall effect of best execution.
- *Ensure harsh penalties apply for broker-dealers wilfully utilising conflicted transactions without benefitting client or active disclosure*
 - This should help deter bad actors & overall improve the integrity of the market. It will provide confidence to investors that the SEC is actively regulating the market effectively.

Final thoughts

As a conclusion to this letter I would like to clearly state that I strongly support the SEC's rule proposal on 'Best execution' (S7-32-22) & truly appreciate the effort, diligence and time spent on this proposal. This is a fundamental rule to markets that should be governed by the SEC – the main regulatory & enforcement body of the US stock market – not by self-regulatory bodies with prominent conflicts of interest.

I hope you take my full comments into consideration & consider some of the suggestions I have proposed. I also hope you have an opportunity to read the comments I have also provided on the other 3 rule proposals (S7-29-22, S7-30-22 & S7-31-22).

Thank you for looking out for retail / individual investors & considering our opinions.

Kind regards,

Aswin Joy
Retail / Individual Investor
