

Response to dissent by Commissioner Hester Peirce,

As a household (retail) investor, I disagree fundamentally with the dissent provided by Commissioner Peirce. To begin, the mandate of an annual report is no rigorous or over-demanding principle, but is common sense to maintain good business practices, regardless of a rule requirement. Furthermore, I disagree with her apparent sentiment that retail investors do not know enough to decide for themselves if they wish to be involved in things such as PFOF or considering material potential liquidity sources and various potential market opportunities.

As it stands now, retail has far too little control over how our orders are executed and how they affect our overall investments. What we need—what we want—is greater freedom of execution, more transparency in market participants, and more control over own investments. We are tired of having big market participants tell us what's best for us or regulators claiming practices such as PFOF are "for our own good." We can decide that for ourselves, thank you.

While we recognize and support rules and regulation that protect retail investors from an overly complex and opaque market system, the SEC should not assume our comments are based in ignorance. Even just the ability to opt out of market components such as PFOF would go a long way with increasing ordinary investors' trust in the markets.

Commissioner Peirce's assertion that broker-dealers will be too concerned with a "checklist" is little more than conjecture and seems to suggest that market participants will be too inept to handle a simple set of standards for best execution by looking at the broader market, rather than being hyper-focused on the few wholesalers that currently corner the majority of trades. I have every confidence that the experienced market participants will be more than able to create and apply the best practices established by the proposed rule, which offers suggestions and not any rigorous "checklist."

The proposed rule also provides an abundance of language for exemptions and concessions for the complexity of the market structure that will allow broker-dealers to comply with the best execution requirements without being overly burdensome to their normal operations. For example, negating compliance of the rule for introductory brokers who hand off trades to another broker for execution—so long as they are following best practices in choosing said executing broker—and instead rightfully placing the burden of the rule on only the executing party (pg.150-153). This rule proposal does not place shackles on broker-dealers, but rather encourages best practices that will benefit all legitimate market participants.

It is rather strange that a commissioner of the SEC is willing to sign a formal dissent without offering any material evidence as to how the rule proposal actually fails, how it could be improved, or how they believe the concerns the proposal addresses are already managed with current rules and policies. Equally strange are comments of dissent from members of Congress who concentrate on the SEC's current rule-maker experience, rather than any material objection with the current proposals themselves. If Congress is concerned with the SEC's ability to carry out their designated function, perhaps they could see to assigning more resources?

To attack the credibility of the speaker, rather than the fundamentals of the argument itself, is a disingenuous method of argument. Since it seems that neither Commissioner Peirce or the dissenting members of Congress have the knowledge or the desire to argue the fundamentals, one must presume that their dissent comes from ulterior motives. What these motives may be, I cannot say, but it certainly does not seem to be concern for a fair and stable market that benefits all legitimate participants.

Sincere regards,  
Nellie Bly