[redacted]

On behalf of SRT Securities LLC ("SRT") I am submitting this comment letter on the proposed rule change by NYSECHX set forth in Release No.34-96849, File No. SR-NYSECHX-2022-31 (the "Proposed Rule Change"). For the reasons set forth below, SRT opposes the Proposed Rule Change and requests that the SEC not approve it.

The Proposed Rule Change seeks to amend Article 17, Rule 5 of NYSECHX (the "Exchange") to change how Qualified Contingent Trade ("QCT") Cross Orders are handled in the Exchange's Brokerplex order management system. The Proposed Rule Change would require that all QCT Cross Orders entered in Brokerplex be initially sent to execute on the Exchange. This is a radical change from the current scenario. Currently, Introducing Broker Representatives ("IBRs") who utilize Brokerplex to receive, transmit and allocate orders for their customers can seek execution of those orders on either the Exchange or the NYSE TRF (both NYSE venues). In fact, as noted in the Release No.34-96849 (the "Release") that sets forth the proposed rule change, at page 4, QCT Cross Orders are usually executed at venues away from the Exchange (NYSE TRF).

There is a reason why the typical QCT Cross Order entered in Brokerplex is executed at venues away from the Exchange: quite simply, cost. Exchange rules require that any order executed on the Exchange must be cleared on the Exchange, thus incurring a fee. The current Exchange fee is 0.003/share capped at $75 per side, whereas the NYSE TRF's cost is so minimal these fees are often absorbed by the IBRs. In addition, there is an increasing number of clients who are not Exchange members; thus, their trades cannot be cleared on the Exchange. While an IBR may attempt to pass through Exchange fees, since these customers are not Exchange members, there is no guarantee they will pay the fees. This makes it more expensive for an IBR to conduct business on the Exchange. Last, SRT has received feedback from some of its customers that are Exchange members that they too prefer executing their QTC Cross Orders away from the Exchange.

We also note that it is not the Exchange that is executing these orders or choosing the venue, it is the IBR who receives the order flow. While the order(s) are being transmitted via Brokerplex, a facility provided by the Exchange, the customers are directing their orders to the IBRs, not the Exchange. The intent of the customers is to let the IBRs direct or route their orders. This Proposed Rule Change would frustrate that intent. SRT sees the Proposed Rule change as simply a way for the Exchange to increase its revenues, at the expense of customers and IBRs. In the Release on page 7 the Exchange says the proposed rule change would enhance the likelihood of QCT Cross Orders executing on the Exchange. It claims that this will enable the Exchange to better compete with other trading centers. We submit that forcing IBRs to execute on a venue that is less favorable to both the IBRs, and their customers does not "promote just and equitable principles of trade and protect investors" (Release p.6) but is simply an attempt by the Exchange to increase revenue. The Proposed Rule Change will not benefit the markets, the customers nor the IBRs, but only the Exchange. If the Exchange truly wishes to better compete, it would lower its fees to a level more competitive with other venues.

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Finally, it should be noted that the increased cost may have other negative effects. As mentioned above, under the current rules many customers prefer to execute their QTC Cross Orders away from the Exchange. The Proposed Rule Change, if adopted, may well cause these and other customers to forego utilizing IBRs and instead choose venues other than the Exchange to execute, thus, avoiding the Exchange and depriving it of any increase in revenue expected from the Proposed Rule Change. In addition, to the extent customers may continue to send their QTC Cross Orders to IBRs through Brokerplex, they may be unwilling to accept the higher costs, forcing the IBRs to cover the fees and cut into already-thin profit margins.

All the above is anticompetitive and not in the best interest of the marketplace and therefore the SEC should reject the Proposed Rule Change.

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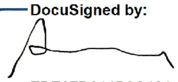

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Stephen Tobias
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