



Discussion Document – October 24, 2017

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Who We Are – STA

STA is a grass roots organization comprised of 24 affiliate organizations in the US and Canada. Our membership represents INDIVIDUALS who trade financial products from varying business models – buy-side, sell-side, hedge funds, exchange traders and market makers- dealing in equity and derivative trading. The STA provides members with educational content on industry issues, while also representing their interests with legislators, regulators and other industry organizations.

Specific Comments:

Consolidated Audit Trail – Recommendation for a Revised Implementation Plan

STA delivered a letter to Thesys CAT, LLC and the Operating Committee on the draft CAT Reporting Technical Specifications for Industry Members, distributed on September 7, 2017. In addition to representing the interests of our members on matters relating to the CAT NMS Plan, STA is also a member on the Financial Information Forum (“FIF”) Consolidated Audit Trail Working Group. STA and FIF recommend that the Operating Committee ***“request that schedule and content relief be granted by the SEC so that a revised implementation plan can be established.”*** STA believes that a revised and comprehensive implementation plan extending existing deadlines and phasing in other asset classes and certain types of information, such as Personal Identification Identifiers (“PIIs”), is a more effective strategy.

U.S. Department of the Treasury Oct. 2017 Report: “A Financial System That Creates Economic Opportunities” (“Report”) - STA was pleased to have engaged the U.S. Department of the Treasury on their report which was in response to core principles identified in Executive Order 13772 dated, February 3, 2017. STA agrees in particular with the Report’s observation that the ***“one-size-fits-all market structure is not working well for smaller companies that are currently experiencing limited liquidity for their shares”***. STA looks forward to continuing to work with the Department of Treasury and other regulatory agencies on recommendations and observations made in the Report, including the effect the supplementary leverage ratio may have on the options market.

Holistic review on the impact equity rules have on the trading of Exchange Traded Products (“ETPs”) - Exchange Traded Funds (“ETFs”) and Exchange Traded Notes (“ETNs”) are unique investment vehicles which offer investors exposure to the performance of indices or desired strategies. While ETFs and ETNs trade on equity exchanges their differences from publicly traded companies merit consideration of whether there should be different trading rules. STA is considering recommending a holistic review on the impact equity rules have on the trading and market making in ETPs and whether investors would be better served if new rules or exemptions to existing rules were implemented. STA believes evidence exists when the arbitrage, market making provision is encumbered, ETPs become inefficient.¹ Rules STA is reviewing include: Rule 5250, Payments for Market Making by ETP Sponsors; Unlisted Trading Privileges; special consideration, perhaps even exemptions from pilots, on publicly traded companies; and Regulation M, which is designed to prevent the manipulation by individuals with an interest in the outcome of an offering.

¹ August 24, 2015 – Stock market intraday plunge resulted in NYSE rule review and NMS Plan Limit Up/Limit down review.