



Talking Points December 13, 2017

Chairman of the Board

JON SCHNEIDER

TMX Group
Kansas City, MO

President & CEO

JAMES TOES

Security Traders Association
New York, NY

Vice Chairman

MIKE RASK

Hodges Capital
Dallas, TX

Treasurer

DOUG CLARK

ITG Canada Corp
Toronto, Ontario CAN

Secretary

JODIE MROTEK

Geneva Capital Management
Milwaukee, WI

Past Chairman

JOHN RUSSELL

Franklin Templeton Investments
San Mateo, CA

GOVERNORS

LEN AMORUSO

Murphy & McGonigle
New York, NY

MARK CAMPBELL

Fidelity Capital Markets
Boston, MA

ANDREW D'AMORE

Virtu
Chicago, IL

ERIC EINFALT

XR Trading
Chicago, IL

CHRIS HALVERSON

CAPIS
Dallas, TX

JAMES HYDE

ICE-NYSE
New York, NY

ANDY NYBO

Burton-Taylor
Charleston, SC

CHRISTY OETH

Virtu
New York, NY

NICK OTTE

Scottrade
St. Louis, MO

ALEX PEREL

Toronto, Ontario CAN

Who We Are

STA is comprised of 24 affiliate organizations covering the entire US and Canada. The STA national board of governors is comprised of past presidents and industry specific leaders. Our membership represents INDIVIDUALS from varying business models – buy-side, sell-side, hedge funds, exchange traders and market makers- dealing in equity and derivative trading.

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 Personally Identifiable Information (“PII”), is a more effective strategy.

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 that when the arbitrage, market making provision is encumbered, ETPs become less efficient. Rules STA is reviewing include: Rule 5250, Payments for Market Making by ETP Sponsors; NSCC Proposed Rule Change to introduce two additional cycles during which ETF agents could submit creation and redemption instructions; NSCC SR-NSCC-2017-019; 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.

Tick Size Pilot Data (“Pilot”) – The Tick Size Pilot has been fully implemented for

over twelve (12) months and has produced much data as reported on and debated in the public domain by numerous firms and entities, including STA. Observations in critical data selection points such as spreads, displayed liquidity, average trade size, volatility and costs have been articulated and general consensus and conclusions are beginning to build. The NMS Plan which governs the Pilot recommends a two-year time frame followed by a period of time to analyze the data and make final decisions. STA recommends that a formal process on interpreting data generated from the Pilot begin January 2018. This process should be led by the SEC with industry participation and could take the form of an Open Roundtable or Working Group. We believe such an initiative will create efficiencies in the final determination on proceeding with any of the criteria found in the three (3) test groups.

BOSTON SECURITY TRADERS ASSOCIATION • CANADIAN SECURITY TRADERS ASSOCIATION • CAROLINA SECURITY TRADERS ASSOCIATION • SECURITY TRADERS ASSOCIATION OF CHICAGO
SECURITY TRADERS ASSOCIATION OF CONNECTICUT • DALLAS SECURITY TRADERS ASSOCIATION • DENVER SECURITY TRADERS ASSOCIATION • SECURITY TRADERS ASSOCIATION OF FLORIDA
GEORGIA SECURITIES ASSOCIATION • KANSAS CITY SECURITIES ASSOCIATION • SECURITY TRADERS ASSOCIATION OF LOS ANGELES • MID-ATLANTIC SECURITY TRADERS ASSOCIATION
MID-SOUTH SECURITY DEALERS ASSOCIATION • MINNESOTA SECURITY DEALERS ASSOCIATION • MONTREAL INSTITUTIONAL EQUITY TRADERS ASSOC. • SECURITY TRADERS ASSOCIATION OF NEW YORK
OHIO SECURITY TRADERS ASSOCIATION • INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA • PITTSBURGH STOCK & BOND ASSOCIATION • SECURITY TRADERS ASSOCIATION OF PORTLAND, OREGON
SAN FRANCISCO SECURITY TRADERS ASSOCIATION • SEATTLE SECURITY TRADERS ASSOCIATION • SECURITY TRADERS ASSOCIATION OF ST. LOUIS • INSTITUTIONAL EQUITY TRADERS ASSOCIATION OF TORONTO
VANCOUVER SECURITY TRADERS ASSOCIATION • SECURITY TRADERS ASSOCIATION OF WISCONSIN



BOSTON SECURITY TRADERS ASSOCIATION • CANADIAN SECURITY TRADERS ASSOCIATION • CAROLINA SECURITY TRADERS ASSOCIATION • SECURITY TRADERS ASSOCIATION OF CHICAGO
SECURITY TRADERS ASSOCIATION OF CONNECTICUT • DALLAS SECURITY TRADERS ASSOCIATION • DENVER SECURITY TRADERS ASSOCIATION • SECURITY TRADERS ASSOCIATION OF FLORIDA
GEORGIA SECURITIES ASSOCIATION • KANSAS CITY SECURITIES ASSOCIATION • SECURITY TRADERS ASSOCIATION OF LOS ANGELES • MID-ATLANTIC SECURITY TRADERS ASSOCIATION
MID-SOUTH SECURITY DEALERS ASSOCIATION • MINNESOTA SECURITY DEALERS ASSOCIATION • MONTREAL INSTITUTIONAL EQUITY TRADERS ASSOC. • SECURITY TRADERS ASSOCIATION OF NEW YORK
OHIO SECURITY TRADERS ASSOCIATION • INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA • PITTSBURGH STOCK & BOND ASSOCIATION • SECURITY TRADERS ASSOCIATION OF PORTLAND, OREGON
SAN FRANCISCO SECURITY TRADERS ASSOCIATION • SEATTLE SECURITY TRADERS ASSOCIATION • SECURITY TRADERS ASSOCIATION OF ST. LOUIS • INSTITUTIONAL EQUITY TRADERS ASSOCIATION OF TORONTO
VANCOUVER SECURITY TRADERS ASSOCIATION • SECURITY TRADERS ASSOCIATION OF WISCONSIN

1115 Broadway, Suite 1110 • New York, NY 10010 • tel (646)699-5995 • STA@securitytraders.org • www.securitytraders.org