

Exhibit 2b

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FINANCIAL INFORMATION FORUM

December 2, 2021

By electronic mail to pubcom@finra.org

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: Regulatory Notice 21-35: FINRA Requests Comment on Proposed Order Routing Disclosure Requirements for OTC Equity Securities and Potential Steps to Facilitate Investor Access to Current Order Routing Disclosures for NMS Securities

Dear Ms. Mitchell,

The Financial Information Forum (FIF)¹ appreciates the opportunity to comment on Regulatory Notice 21-35 (the Regulatory Notice) published by the Financial Industry Regulatory Authority (FINRA).² The Regulatory Notice solicits “comment on a proposal to require members to publish quarterly order routing disclosure reports for held orders in OTC Equity Securities.” “The proposed new quarterly reports would be similar to those required for NMS stocks” under Rule 606(a) of Regulation NMS adopted by the Securities and Exchange Commission (the Commission), “with certain modifications reflecting the different structure of the OTC market.” In the Regulatory Notice, “FINRA also requests input on possible steps to further facilitate investor access and understanding of current order routing disclosures for NMS securities.”³ In this letter, we refer to the proposed new quarterly reports for OTC Equity Securities as the “proposed OTC routing reports” or the “OTC routing reports”.

This comment letter does not express either support or opposition to the rule proposal as different FIF members have differing views about the advisability of the proposed routing disclosure reports. This comment letter is focused on achieving the most effective implementation of the new routing reports in the event that FINRA moves forward with this initiative.

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include broker-dealers, exchanges, back office service bureaus, and market data, regulatory reporting and other technology vendors in the securities industry. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

² FINRA Regulatory Notice 21-35 (October 6, 2021), available at <https://www.finra.org/sites/default/files/2021-10/Regulatory-Notice-21-35.pdf> (Regulatory Notice 21-35).

³ Regulatory Notice 21-35, p. 1.

In Section I of this comment letter we discuss the question of which entity should be reported when there are multiple levels of routing for an order. This is a fundamental issue that impacts many of the other issues raised by FINRA in the Regulatory Notice. In Section II of this comment letter we respond to the specific questions raised by FINRA in the Regulatory Notice.

I. Which entity should be reported

A fundamental question to consider for this type of report is the “venue” that should be reported. The Commission’s November 2018 Adopting Release titled “Disclosure of Order Handling Information” (the Rule 606 Amendments Adopting Release) amended Rules 600, 605 and 606 of the Commission’s Regulation NMS. The Rule 606 Amendments Adopting Release describes the purpose of Rule 606(a) as “providing enhanced transparency for financial inducements faced by broker-dealers when determining where to route held NMS stock order flow.”⁴

There are many scenarios where a customer-facing broker-dealer will route an OTC equity order to a second broker-dealer that is neither a market maker nor an alternative trading system. That second broker-dealer will then manage further routing and execution of the order. To understand the financial inducements faced by the customer-facing broker-dealer in this scenario, the relevant information is the payment received by the customer-facing broker-dealer from the second broker-dealer (or, as applicable, the payment made by the customer-facing broker-dealer to the second broker-dealer). Accordingly, to achieve the stated objective of Rule 606(a), as quoted above, it is important that the customer-facing broker-dealer report the second broker-dealer in this scenario.

If the customer-facing broker-dealer instead reports the venue to which the second broker-dealer further routes the customer’s order and the associated fee arrangement between the second broker-dealer and that downstream venue (referred to by industry members as “look-through reporting”), this obscures the financial inducements faced by the customer-facing broker-dealer. In particular, any payment for order flow made by the second broker-dealer to the customer-facing broker will not be disclosed. This is contrary to the stated objective of Rule 606, as quoted above.

The most significant problem with look-through reporting, as described above, is that it obscures the financial inducements faced by the broker-dealer providing the report, thereby negating the purpose for the report. The following are additional problems with look-through reporting:

- Look-through creates unnecessary complexity and confusion for the person reviewing the report because some of the data in the report does not reflect financial arrangements involving the customer-facing broker-dealer. While additional detail can be provided in footnotes, the integrity and comparability of the tabular data is compromised.
- Look-through for Rule 606(a) applies when an entity does not function as a “venue for execution”. Because there is often lack of clarity as to when an entity is functioning as a venue for execution, different broker-dealers take different interpretations as to when look-through applies. This leads to inconsistent reporting across reporting firms.

⁴ Exchange Act Release No. 84528 (Nov. 2, 2018), 83 FR 58338 (Nov. 19, 2018) (“Rule 606 Amendments Adopting Release”).

- Look-through requires a customer-facing broker-dealer to report on financial arrangements to which the customer-facing broker-dealer is not a party. As a general rule, if regulators require reporting about a financial arrangement, the regulators should require that this information be provided by the parties to the arrangement. It is generally problematic to require that a third-party report on financial arrangements involving two other parties because the third-party has limited ability to validate this data.
- Look-through added significantly to the initial implementation costs for broker-dealers in complying with Rule 606 and continues to add to the ongoing operational costs.

There are different ways that the wording proposed in the Regulatory Notice could be modified to address this issue. One approach would be to reference a “venue or broker” where a “venue” is currently referenced and to change “routed for execution” to “routed” or “routed for execution or further routing” or “routed for execution (by the recipient or another party)”.

II. Responses to specific questions from FINRA

In this section, FIF members respond to the specific questions presented by FINRA in the Regulatory Notice.

Question 1: Potential benefits of the report

As noted above, this comment letter does not express either support or opposition to the rule proposal as different FIF members have differing views about the advisability of the proposed routing disclosure reports.

Question 2: Potential costs; unintended consequences

Potential costs

The costs to implement the proposed OTC routing reports will depend on the details of the final rule that is adopted. In particular, if look-through is required, this will greatly increase the cost for the report as significant and ongoing coordination will be required among multiple layers of market participants. Look-through also raises numerous interpretive questions that add significant costs to implementation and ongoing compliance. If the recommendation above to exclude look-through reporting is adopted, this will significantly reduce the implementation and ongoing operational costs.

Unintended consequences

FINRA notes in the Regulatory Notice that “increased transparency into order routing practices in the market for NMS stocks may lead broker-dealers to change how they route held orders in ways that reflect positively on their routing decisions, but that may be suboptimal for customers on execution quality dimensions that are less easily observable.”⁵ FIF members agree with this concern. One approach

⁵ Regulatory Notice 21-35, p. 11.

to address this concern would be for FINRA, in connection with the adoption of an order routing disclosure requirement for OTC equities, to publish guidance to investors on the purpose and content, and potential limitations, of the OTC routing reports. A good example of this type of guidance is the Information Notice issued by FINRA on May 10, 2019 that provides helpful guidance to the public on “Understanding Short Sale Volume Data on FINRA’s Website.”⁶

As an example of guidance that could be provided by FINRA, FINRA could inform investors that there are a significant number of OTC stocks that have a limited number of available execution venues. In many cases, an OTC stock will only have one or two market makers. There is a potential risk that investors viewing the report would see a high percentage of order flow being routed to one or two venues without appropriate context of the limited choices available to the customer-facing broker-dealer. FINRA could identify this as a factor for investors to consider when reviewing a broker-dealer’s OTC routing report.

Question 3: Time period for implementation

The industry required significant time to implement the 2018 amendments to Rules 600, 605 and 606, resulting in the Commission granting an extension of the implementation dates that were provided for in the amendments.⁷ Two significant and related contributors to the implementation delay were the industry’s need for regulatory guidance relating to the amendments and the complexity of the look-through reporting requirements. It is critical that the implementation schedule for any rule change allow sufficient time for industry members to identify and obtain guidance from FINRA on applicable interpretive questions. It is also critical that the wording of the rule allow FINRA sufficient flexibility to address challenges that firms might identify during the implementation process.

Question 4: Reporting timeframe; centralized publication of routing reports

FIF members agree with FINRA’s proposal to maintain the same quarterly reporting timeframe as applies for Rule 606 reporting. FIF members support centralized publication of Rule 606 reports and the proposed OTC routing reports through the FINRA website or a third-party provider website in a manner that can be accessed by all market participants at no cost.

Question 5: Categories of OTC equity securities

FIF members believe that the reporting categories proposed by FINRA are appropriate. FIF members note that there are a significant number of OTC stocks that have a limited number of available execution venues, and that these stocks would not be reported separately based on FINRA’s proposed categories. This is an example where securities with different trading characteristics would be included in the same reporting category. Setting the reporting categories involves a trade-off between providing a report that is comprehensible for individual investors, on the one hand, and providing additional granularity and detail, on the other hand. On the whole, FIF members believe that it is important not to over-complicate the report for individual investors and support the categories proposed by FINRA.

⁶ Available at <https://www.finra.org/rules-guidance/notices/information-notice-051019>.

⁷ Exchange Act Release No. 85714 (Apr. 29, 2019), 84 FR 18136 (Apr. 30, 2019).

It is important that FINRA publish and maintain a file of which symbols are included in each OTC equity category and that this file be accessible to all industry members without charge. Making this file available on a quarterly basis will ensure consistent reporting among member firms.

Question 6: Grey market securities

FIF members agree with FINRA's decision not to provide a separate reporting category for grey market securities. While grey market securities often involve customized liquidity sourcing, the level of trading in grey market securities is de minimis relative to overall trading in OTC equity securities. This means that inclusion of grey market securities within the other proposed reporting categories should not impact the reported data in any meaningful way.

Question 7: Held and not held orders; Rule 606(b)(1)-type report

Held and not held orders

FIF members support FINRA's proposal to limit the OTC routing reports to held orders. The proposed OTC routing reports are intended for retail investors, and limiting the report to held orders is consistent with this objective. As stated by the Commission in the Rule 606 Amendments Adopting Release:

By contrast, the Commission's concern regarding how broker-dealers handle held orders is less about the difficulties posed by more automated, dispersed and complex order routing and execution practices. Rather, the Commission believes that enhanced disclosures for held orders should provide customers with more detailed information including with respect to the financial inducements that trading centers may provide to broker-dealers to attract immediately executable trading interest, as opposed to the different information geared towards not held NMS stock orders that is set forth in Rule 606(b)(3). As noted above and discussed below, the quarterly public disclosures required under Rule 606(a) are indeed being enhanced to provide more detail regarding financial inducements to broker-dealers, and the Commission believes that these disclosures are more appropriately tailored to the characteristics of held order flow and the needs of customers that use held orders.⁸

Rule 606(b)(1)-type report

FIF members support FINRA's proposed approach not to require a Rule 606(b)(1)-type report for OTC equities. FIF members believe that institutions, upon request, can obtain OTC routing information from broker-dealers that is equivalent to the information provided for in Rule 606(b)(1), even though it is not a legal requirement for broker-dealers to provide this information for OTC equities. Accordingly, FIF members do not believe that a separate Rule 606(b)(1)-type report for OTC equities should be required.

⁸ Rule 606 Amendments Adopting Release.

While FIF members do not believe that this should be required, FIF members note that it would not be a significant burden for firms to add OTC equities to the current Rule 606(b)(1) reports.

Question 8: Content of OTC routing reports

FIF members agree with the proposed content for the report subject to the comments set forth in the other sections of this letter. FIF members recommend that the FINRA order routing reports utilize a similar schema as is used for the existing Rule 606(a) reports, to the extent possible, but acknowledge that certain changes to the schema will be required to reflect that the Commission and FINRA reports will have some fields that are different. FIF members propose that the requirement to report on the number of directed orders be removed from the report because the routing decision in these cases is outside of the control of the broker-dealer.

Question 9: Break out by order type

FIF members support FINRA's approach of not breaking out the report by order type. Classifying a limit order as marketable or non-marketable is contingent on a national best bid and offer (NBBO) being available on a continuous basis. Since market makers are not mandated to provide continuous firm quotes for OTC equities, there is no certainty of a BBO being available on a continuous basis for any OTC equity. This means that classifying limit orders as marketable or non-marketable is not feasible. Further, since marketable limit orders share certain characteristics with marketable orders, differentiating between market and limit orders without separately differentiating between marketable and non-marketable limit orders could be misleading.

Question 10: Disclosing aggregate payments

FIF members agree with FINRA's proposal to require reporting of payments per executed order, as this is consistent with current industry practice.

Question 11: Reporting significant venues

Which entities should be reported

For the reasons discussed in detail in Section I of this letter, a customer-facing broker-dealer should report the broker or venue to which the customer-facing broker-dealer routes the customer's order.

Orders executed through OTC Link

There are various order handling scenarios involving OTC Link that will require guidance from FINRA. For example, how should a firm report if it receives a held order from a customer and negotiates that order with one or more market makers through OTC Link? One potential approach in this scenario is for the firm to report any OTC Link market maker that it executes against. FIF members propose that FINRA, prior to the adoption of any final rule, meet with industry members to identify the potential OTC Link scenarios and discuss how they should be reported.

Routes to brokers and venues outside the US

FIF members have two different views about reporting routes to brokers and venues outside the US. FIF proposes that either approach should be permitted and that the reporting firm should indicate on its webpage accompanying the routing reports which approach it has adopted. The following are the two approaches:

- Some FIF members believe that reporting in these scenarios should be consistent with CAT. If a reporting broker-dealer receives a customer order and knows that the order can only be executed outside the US, the broker-dealer should not include that order in its order routing report. This applies even if the foreign issuer has sponsored or unsponsored F shares in the US. If the reporting broker-dealer knows that the order will be executed in the US or is not certain whether the order will be executed in the US or in a foreign country, the broker-dealer should include the order in its order routing report. Consistent with the discussion in Section I of this comment letter, the reporting broker-dealer should report the broker or venue to which the reporting broker-dealer routes the customer order.
- Some FIF members believe that it will be a challenge to identify and filter those scenarios where an order can only be executed outside the US. These FIF members propose that all orders for F shares should be reportable, even if the reporting broker-dealer knows that the order will be executed outside the US. Consistent with the discussion in Section I of this comment letter, the reporting broker-dealer should report the broker or venue to which the reporting broker-dealer routes the customer order.

Under either approach, if a foreign issuer does not have F shares in the US, the order would not be reportable. The discussion above does not address securities that are inter-listed on a US exchange, as those securities would be covered under Rule 606(a), including any applicable exemptions under that rule.

Exemption for venues that receive less than 5% of non-directed orders

The Commission has exempted firms from including on their Rule 606 reports venues that receive less than 5% of a firm's non-directed orders as long as the firm has disclosed on the report venues that have received at least 90% of the firm's total non-directed orders for the applicable section. The Commission has provided the following background relating to this exemption:

Where, however, a broker-dealer routes the great majority of its orders for a section of the report to only a few venues, it also might route orders to other venues that fall within the top ten, but actually receive only a small number of orders. The inclusion of these venues in quarterly reports would not provide materially more useful information to investors, yet could impose a significantly higher compliance burden. Consequently, the Commission has exempted broker-dealers from the disclosure requirements of paragraph (b)(1)(ii) of the Rule with respect to execution venues that receive only a small percentage of the non-directed orders. Under the exemption, a broker-dealer is

not required to identify execution venues that received less than 5% of non-directed orders for a section of the broker-dealer's quarterly report, as long as it has identified the top execution venues that in the aggregate received at least 90% of the broker-dealer's total non-directed orders for the relevant section.⁹

FIF members recommend that FINRA provide this same exemption for the proposed OTC routing reports and that this exemption be incorporated explicitly within the applicable FINRA rule.

Question 12: Material aspects disclosure

FIF members request that FINRA provide additional guidance on the level of detail that would be required for the material aspects disclosure. For example, would the guidance in footnote 397 of the Rule 606 Amendments Adopting Release apply?

Question 13: Rule 606(b)(3) and Rule 605-type disclosures

Rule 606(b)(3)

As discussed in the response to Question 9, market makers are not mandated to provide continuous firm quotes for OTC equities. This means there is no certainty of a BBO being available on a continuous basis for any OTC equity. Since Rule 606(b)(3) execution quality data is based on the NBBO as a benchmark, Rule 606(b)(3) as currently designed would not work for OTC equities.

In addition, FIF members spent significant resources to comply with Rule 606(b)(3), and FIF members are not aware of any demand from customers for a similar-type report for OTC equities. Implementation of the Rule 606(b)(3) look-through requirements has been very challenging for FIF members. Look-through for OTC equities would present the additional challenge of how to report the various OTC negotiation workflows on a look-through basis, including scenarios where a customer-facing broker-dealer engages in negotiation with multiple market makers through the OTC Link ATS. As a potential alternative (as discussed above in the response to Question 7 above), it would not be a significant burden for firms to add OTC equities to the current Rule 606(b)(1) reports.

Rule 605

As discussed in the response to Question 9, market makers are not mandated to provide continuous firm quotes for OTC equities. This means there is no certainty of a BBO being available on a continuous basis for any OTC equity. Since Rule 605 execution quality data is based on the NBBO as a benchmark, Rule 605 as currently designed would not work for OTC equities.

⁹ Division of Market Regulation: Staff Legal Bulletin No. 13, "Frequently Asked Questions About Rule 11Ac1-6", available at <https://www.sec.gov/interps/legal/mrslb13.htm#q2>.

Question 14: Facilitating investor access and understanding of existing Rule 606(a) disclosures

FIF members support centralized publication of Rule 606 reports through the FINRA website or a third-party provider website in a manner that can be accessed by all market participants at no cost. This would provide a significant benefit to the public and industry members.

More generally, FIF members recommend that the SEC, FINRA, the other SROs and FINRA CAT consider how current reporting systems such as the Consolidated Audit Trail can be leveraged to reduce the general reporting burden for firms. In particular, if data is available to the regulators through one reporting system, firms should be relieved of the responsibility to report the same data through another reporting system. One example of FINRA leveraging existing data for reporting purposes is FINRA's weekly reporting of trading information for OTC transactions in NMS stocks and trading information for OTC equity securities executed outside of alternative trading systems, as set forth in FINRA Rules 6110 and 6610.

FIF members recommend that FINRA, in connection with the adoption of an order routing disclosure requirement for OTC equities, provide guidance to investors on the purpose and content, and potential limitations, of the OTC routing reports. A good example of this type of guidance is the Information Notice issued by FINRA on May 10, 2019 that provides helpful guidance to the public on "Understanding Short Sale Volume Data on FINRA's Website."¹⁰

FIF appreciates the opportunity to comment on Regulatory Notice 21-35. If you would like clarification on any of the items discussed in this letter or would like to discuss further, please contact me at howard.meyerson@fif.com.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson¹¹
Managing Director, Financial Information Forum

¹⁰ Available at <https://www.finra.org/rules-guidance/notices/information-notice-051019>.

¹¹ The signatory to this comment letter, prior to his current position at FIF, participated as an industry representative on a FINRA Subcommittee on Possible Order Execution and Routing Disclosures in the OTC Marketplace. The views expressed in this letter do not represent the views of FINRA or any FINRA Committee or Subcommittee.



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December 6, 2021

Via email at pubcom@finra.org

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Re: Regulatory Notice 21-35 Order Routing Disclosures for OTC Equity Securities

Dear Ms. Mitchell,

Fidelity Investments¹ appreciates the opportunity to provide comments on FINRA’s proposal to require member firms to make publicly available, for each calendar quarter, a report on their routing of non-directed orders in over-the-counter (“OTC”) Equity Securities that are submitted on a held basis. The proposed new quarterly reports would be similar to those required for NMS securities under the Securities and Exchange Commission’s (“SEC”) Rule 606(a) of Regulation NMS, with certain modifications to reflect the different structure of the OTC market. FINRA also requests comment on possible steps to further facilitate investor access and understanding of current order routing disclosures for NMS securities (collectively, the “Proposed OTC Reports” or the “Proposal”).²

Fidelity supports FINRA efforts to provide transparency into broker routing and economic practices in OTC Equity Securities, an asset class that has experienced significant growth but remains opaque. Standardized information about the way brokers handle OTC orders can help investors evaluate broker routing decisions, potential conflicts of interest, and the quality of trade executions. Fidelity has repeatedly supported SEC efforts to enhance

¹ Fidelity and its affiliates are leading providers of mutual fund management and distribution, securities brokerage, and retirement recordkeeping services, among other businesses. Fidelity submits this letter on behalf of National Financial Services LLC (“NFS”), a Fidelity Investments company, a SEC registered broker-dealer clearing firm and FINRA member and Fidelity Brokerage Services LLC (“FBS”), a SEC registered introducing broker-dealer, FINRA member, and affiliate of NFS. Fidelity generally agrees with the views expressed by the Financial Industry Forum (“FIF”) in their comment letter and we submit this letter to supplement the FIF letters on specific issues.

² *Order Routing Disclosures for OTC Equity Securities*, FINRA Regulatory Notice 21-35 (October 6, 2021) (“Regulatory Notice”), available at: [Regulatory Notice 21-35 | FINRA.org](https://www.finra.org/regulatory-notice/21-35) Capitalized terms have the meanings ascribed to them in the Regulatory Notice.

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transparency of broker order handling and routing practices.³ Securities regulators should be empowering investors to make good trading decisions by creating more transparency around broker executions and execution quality statistics. While the Proposal largely accomplishes these goals, we offer the following recommendations to enhance its effectiveness:

- FINRA and the SEC should consider how various order routing disclosure reports are used in the marketplace and/or could be used together. FINRA and the SEC should coordinate their oversight of order routing reports to ensure consistency in process and interpretation;
- FINRA should make publicly available a list of OTC Equity Securities appearing in each section of the Proposed OTC Reports, and provide further clarity concerning the definition of market center and fees to be disclosed;
- FINRA should consider whether all, or part, of the Proposed OTC Reports could be populated by CAT data; and
- FINRA should work to consolidate all order routing reports on a centralized website and make this content available without cost.

Each of these points is discussed further below.

FINRA and the SEC should consider how various order routing disclosure reports are used in the marketplace and/or could be used together. FINRA and the SEC should coordinate their oversight of order routing reports to ensure consistency in process and interpretation.

SEC Rule 605 currently requires market centers that trade NMS equity securities to make available monthly reports containing statistical information about covered order executions. These reports provide information about each market center's: (i) execution quality on a stock-by-stock basis, including how market orders of various sizes are executed relative to the public quotes; (ii) effective spreads; and (iii) executions at prices better than the public quotes to investors using limit orders. The rule requires, among other items, that the reports are prepared in a consistent, usable, and machine-readable electronic format, and made available for downloading from a website that is free and readily accessible to the public.

Similarly, SEC Rule 606(a) requires broker-dealers that route held, non-directed customer orders in Regulation NMS stocks and listed options to prepare quarterly reports that disclose specific information about their order routing practices. These reports include a discussion of the material aspects of the member's relationship with each identified venue,

³ See Securities and Exchange Commission, Proposed Rule, *Disclosure of Order Handling Information*, Exchange Act Release No. 78309, 81 FR 49432 (July 27, 2016). Fidelity comments available at: <https://www.sec.gov/comments/s7-14-16/s71416-26.pdf>. Securities and Exchange Commission, Proposed Rule, *Regulation of NMS Stock Alternative Trading Systems ("ATS")*, Exchange Act Release No. 76474, 80 FR 80998 (Dec. 28, 2015). Fidelity comments available at: <https://www.sec.gov/comments/s7-23-15/s72315-22.pdf>

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including a description of any arrangement for payment for order flow and any profit-sharing relationship and a description of any terms of such arrangement, written or oral, that may influence a member's order routing decision. The reports are required to be posted on a website that is free and readily accessible to the public for a period of three years from the initial date of posting on the website.

To ensure the Proposed OTC Reports serve their intended audience and meet intended regulatory goals, FINRA and the SEC should consider how various order routing disclosure reports are used in the marketplace and/or could be used together.⁴ It would be good to determine, perhaps through investor testing or outreach, whether investors find the reports useful. For example, Rule 605 reports may not be as helpful to retail investors making broker decisions because they do not contain metrics from the perspective of the retail broker. FINRA might also review how broker-dealers use data from the reports for purposes of meeting their best execution obligations. Similarly, regulators might consider how Rule 605, Rule 606 and the Proposed OTC Reports could be used together, identifying any modifications that might be needed to accommodate that result.

FINRA and the SEC should also coordinate their oversight of order routing reports to ensure consistency in process and interpretation. Although the SEC has historically promulgated order routing disclosures under Rules 605 and 606, we do not object to FINRA promulgating rules regarding order routing disclosures for OTC Equity Securities given FINRA's previous work in the OTC market. However, this course of action will result in broker-dealers creating similar reports for two different regulators.

We would expect that the reporting framework across all three reports – Rule 605 reports, Rule 606 reports, and the Proposed OTC Reports to be consistent. Broker-dealers should not need to create duplicative reporting systems to accommodate similar FINRA and SEC requirements. Similarly, if broker-dealers undertake a new FINRA order routing report framework for OTC securities, regulatory interpretations governing that framework should be consistent, to the extent possible, with SEC interpretations regarding the Rule 605 and 606 reports.

FINRA should make publicly available a list of OTC Equity Securities appearing in each section of the Proposed OTC Reports, and provide further clarity concerning the definition of market center and fees to be disclosed.

The Proposed OTC Reports would be separated into three sections for: (i) domestic OTC Equity Securities; (ii) American Depositary Receipts (ADRs) and foreign ordinaries that are

⁴ The SEC's Spring 2021 Regulatory Agenda notes under the category of Market Structure Modernization, that the Division of Trading and Markets "is considering recommending that the Commission propose rule amendments to modernize rules related to equity market structure such as payment for order flow, best execution (amendments to Rule 605), market concentration, and certain other practices." This proposed rule amendment provides regulators an opportunity to consider how Rule 605, Rule 606 and the Proposed OTC Reports are currently used and could be used together.

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OTC Equity Securities; and (iii) Canadian-listed securities trading in the United States as OTC Equity Securities. FINRA notes that for purposes of these sections, securities would be delineated based on the market where such securities trade, rather than on the location of the issuer.

We generally agree with the proposed three categories of OTC securities, however OTC Equity Securities are not as clearly defined as NMS securities and different firms may make different decisions regarding the reporting section in which they place an OTC Equity Security. To alleviate confusion and promote consistency in reporting, FINRA should make publicly available for free on its website a list of those OTC Equity Securities appearing in each of the proposed categories above, adjusting for ticker symbol changes and relevant corporate actions. By providing a “golden copy” of securities to be placed in each section, FINRA would promote consistency in reporting among member firms, making the reporting more useful to the marketplace. Moreover, this course of action is consistent with previous regulatory requests to report securities in specific categories, such as in the case of the SEC’s Tick Size Pilot.⁵

FINRA should also clearly define what is considered a “market center” for purposes of the Proposed OTC Reports. Consistent with the SEC’s approach to Rule 606, FINRA intends that a “venue” for purposes of the proposed OTC Reports would be broadly defined to cover any market centers or any other person or entity to which a member routes orders for execution. Although Regulation NMS defines the term “market center” in the context of NMS securities, FINRA should consider whether this definition is appropriate for OTC Equity Securities. The OTC market is a decentralized dealer-to-dealer market that has a different market structure than NMS securities and these differences, in the context of what is considered a market center, should be further discussed and evaluated.

Similarly, FINRA should provide further clarity on the types of fees that should be included in the Proposed OTC Reports. While retail broker economic relationships with wholesalers are straightforward, the OTC market has a variety of fees and it is not clear what other types of fees FINRA would expect to be included in the Proposed OTC Reports. For example, it is not clear how OTC quote access fees should be treated for purposes of the Proposed OTC Reports. Further guidance on fees would promote consistency in reporting and make the reports more useful to the marketplace.

Use of Consolidated Audit Trail (“CAT”) data.

Broker-dealers are currently required to report to the CAT all orders or quotes in NMS equity securities, OTC equity securities and listed options. FINRA should explore obtaining data for all, or part, of the Proposed OTC Reports from broker-dealer CAT submissions.

⁵ For the SEC’s Tick Size Pilot, FINRA produced a Pilot Securities Daily List each day, identifying the securities included in the Tick Size Pilot, and the pilot group for each security. Additionally, FINRA produced a Pilot Securities Change List, identifying any changes made to the securities included in the pilot. Changes included name changes, symbol changes, movements from one pilot group to another, or removal from the Tick Size Pilot. See Securities Exchange Act Release No. 34-74892, 80 FR 27515 (May 6, 2015) available at: <https://www.govinfo.gov/content/pkg/FR-2015-05-13/pdf/2015-11425.pdf>

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While certain data fields in the Proposed OTC Reports, such as the proposed requirement to disclose the material aspects of the member's relationship with each venue identified and the specific economics of order routing, would not be information currently available in the CAT, order routing information is information currently reported to the CAT that could be used to populate the Proposed OTC Reports. Given the time and expense that member firms, FINRA, the SEC and the national securities exchanges have dedicated to the CAT, we believe that this potential alternative to broker-dealers creating the Proposed OTC Reports merits further regulatory exploration. To this end, we encourage FINRA to work with the industry to determine the feasibility of deriving all, or part, of the data for the Proposed OTC Reports from the CAT.

FINRA should work to consolidate all order routing reports on a centralized website and make this content available without cost.

FINRA is interested in public feedback on any steps FINRA could take to facilitate investor access to, and understanding of, the existing order handling disclosures for NMS securities required by Rule 606. Today, Rule 606 and 605 reports are generally only posted on individual websites. Accessing, aggregating, and using these reports to draw meaningful conclusions is a time-consuming process. We agree that it would help customers, market participants and researchers to have these available and accessible in a central location.

We recommend that FINRA work with the SEC to consolidate Rule 605 reports, Rule 606 reports and the Proposed OTC Reports in a central location, potentially on the FINRA website. This proposed practice would be analogous to FINRA's current practice of posting different statistics on their website today.⁶ We believe that consolidating all order handling information in one location on the FINRA website will make it easier for market participants to find and view this data and for investors to access and understand the reports.

Importantly, FINRA should provide the reports on this site free of charge. Allowing retail investors to access this data on a no-fee basis will provide investors insight into broker-dealers order handling practices that allows them to make better trading decisions. Broker-dealers who are required by regulation to provide OTC order routing information to FINRA should not have to pay FINRA to receive this information in return.

#

⁶ For example, today FINRA publishes over-the-counter (OTC) trading information on a delayed basis for each alternative trading system (ATS) and member firm with a trade reporting obligation under FINRA rules. The trading information is derived directly from OTC trades that ATSS/member firms report to FINRA's equity trade reporting facilities. See <https://otctransparency.finra.org/otctransparency/AtsIssueData>. We suggest that FINRA follow a similar publication construct for order routing reports.

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Fidelity would be pleased to provide further information and to participate in any direct outreach efforts FINRA undertakes regarding the proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read "Derrick Chan".

Derrick Chan

December 6, 2021

Submitted electronically to pubcom@finra.org

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street NW
Washington, DC 20006-1506

RE: FINRA Regulatory Notice 21-35, FINRA Requests Comment on Proposed Order Routing Disclosure Requirements for OTC Equity Securities and Potential Steps to Facilitate Investor Access to Current Order Routing Disclosures for NMS Securities

Dear Ms. Mitchell:

On behalf of LPL Financial (“LPL”), I am pleased to offer our comments in response to the Financial Industry Regulatory Authority (“FINRA”) Regulatory Notice 21-35¹. LPL commends FINRA for seeking feedback from member firms on the potential order, which would require quarterly reports for OTC equity securities.

I. Overview of LPL

LPL is a leading retail investment advisory firm, independent broker-dealer and registered investment advisor custodian. We serve more than 19,000 independent financial professionals and over 800 financial institutions by providing them with the technology, research, clearing and compliance services, and practice management programs they need to create and grow thriving practices. LPL enables them to provide guidance to millions of American families seeking wealth management, retirement planning, financial planning and asset management solutions.

II. Comments in Response to Regulatory Notice 21-35

Regulatory Notice 21-35 asks for comment on requiring routing information for held orders in OTC equity securities through quarterly reports. While LPL supports efforts to provide greater transparency as to the handling of orders, this proposal would impose a significant burden on firms without providing useful information to investors. Additionally, the proposed rule should have an exemption for firms that do not receive payment for order flow (PFOF) in order to minimize unnecessary business expenses that could discourage firms from taking orders for OTC equity securities in general.

Limited Benefits

The proposed order would require quarterly public reports with four disclosures intended to increase transparency and make information more accessible to investors. Often, investors are only aware of direct trading costs like commissions and do not have greater insight into other fees. We understand FINRA’s desire to provide more insight into costs incurred by the end investor. However, when combined with the existing disclosure rules, this proposal will not lead to additional information for OTC equity securities being made easily accessible to consumers in the same way that it’s accessible for NMS securities.

¹ See FINRA Regulatory Notice 21-35 available at: <https://www.finra.org/rules-guidance/notices/21-35>

For NMS securities, the routing disclosure required by SEC Rule 606(a)² can provide investors with useful information because it can be combined with order execution information available pursuant to SEC Rule 605. However, the disclosures proposed by FINRA would not have a parallel provision for disclosure of execution quality. This ultimately means that less information would be available to investors. The proposal would give information about only one aspect of order execution: the amount of PFOF received by the routing firm.³ While relevant, PFOF is not the equivalent of the robust discourse provided by Rule 605⁴. Further, if firms do not receive PFOF then the information disclosed will be limited and not useful.

Increased Burden on Firms

The proposed disclosures would subject firms who take orders for OTC equity securities to additional and costly obligations. These burdens would include internal technology costs to identify and gather the needed data, vendor costs to prepare quarterly reports, and employee time to implement and supervise the disclosure. LPL expects that the initial costs to implement the proposed rule would be similar to the cost of complying with recent amendments to Rule 606.⁵

- When revisions to Rule 606 were enacted in 2018, LPL spent more than \$100,000 on internal technology changes to gather and transmit the needed data.
- Employees from trading, compliance, technology and legal spent hundreds of hours to meet the requirements of amended Rule 606.
- Overall, it took LPL more than a year to come into compliance with Rule 606.
- Our current cost for vendor support for Rule 606 disclosure is \$6,200 per year.

While the proposed rule might entail a smaller effort than Rule 606, the burden would still be significant and increase the cost of doing business. OTC equities are a very small part of LPL's core business; LPL does not allow the purchase of OTC securities classified as Limited Information, No Information, Grey Market or Caveat Emptor and generally prohibits transfers of many OTC equities into LPL accounts. If these disclosures are required, additional burdens for this limited business may have a chilling effect and cause firms to stop accepting orders for OTC equities.

Exemption

Although there has been a lot of recent attention paid to firms that receive PFOF, there are a number of firms that do not receive PFOF, including LPL. Furthermore, LPL does not engage in proprietary trading of OTC equities, except for trade corrections. Imposing the added costs of this proposed disclosure on firms that do not receive PFOF would be both unfair and unproductive. The premise of the proposed rule seems to be to allow investors to judge how PFOF is influencing the routing decisions of the member. Current disclosures inform investors with adequate disclosure that a firm does or does not receive PFOF. If adopted, we ask FINRA to amend the proposed rule to include an exemption from the reporting described Attachment A for firms that do not receive PFOF.

Conclusion

Disclosures are an important way to increase transparency in the markets and provide investors with more information. LPL supports transparency in this area, but we are concerned that the proposed rule would not provide investors with any material information if a firm does not receive PFOF. We urge

² See SEC Rule 606(a) of Regulation NMS, available at: <https://www.sec.gov/rules/final/2018/34-84528.pdf>

³ See Request for Comment #1.

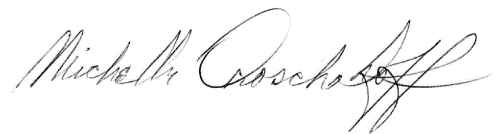
⁴ See SEC Rule 605 of Regulation NMS, available at: <https://www.sec.gov/interps/legal/slbim12a.htm>

⁵ See Request for Comment #2.

FINRA to provide an exemption in the order for firms that do not receive PFOF in order to ease the burden on firms and prevent a chilling effect on the OTC equities market.

Thank you for your consideration of this letter. If you have any questions, please contact Richard Wallace at Richard.Wallace@lplfinancial.com.

Sincerely,

A handwritten signature in black ink, reading "Michelle Oroschakoff". The signature is written in a cursive style with a large, looping initial "M".

Michelle Bryan Oroschakoff
Chief Legal Officer

December 6, 2021

By email to pubcom@finra.org

Jennifer Piorko Mitchell
Office of the Corporate Secretary
Financial Industry Regulatory Authority, Inc.
1735 K Street, NW
Washington, DC 20006

RE: Regulatory Notice 21-35: Order Routing Disclosures for OTC Equity Securities and Potential Steps to Facilitate Access to Order Routing Disclosures for NMS Securities

Dear Ms. Mitchell:

I am writing on behalf of the North American Securities Administrators Association, Inc. (“NASAA”)¹ in response to Financial Industry Regulatory Authority (“FINRA”) *Regulatory Notice 21-35: Order Routing Disclosures for OTC Equity Securities and Potential Steps to Facilitate Access to Order Routing Disclosures for NMS Securities* (the “Proposal”),² which would require firms to disclose routing activities for held OTC Equity Securities³ orders in a manner similar to that required for securities subject to Regulation NMS. NASAA supports the Proposal and encourages FINRA to publish order routing reports on its website and provide education to help investors make use of them.

I. The Proposed Reports Would Provide Useful Information and Promote Efficiencies in the Capital Markets.

NASAA believes the Proposal is appropriately tailored to reveal potential conflicts of interest arising from payment for order flow (“PFOF”), profit sharing agreements, transaction rebates and other features of order routing arrangements. We agree with FINRA that the Proposal “would represent an important first step toward increasing transparency around order routing

¹ Organized in 1919, NASAA is the oldest international organization devoted to investor protection. NASAA’s membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, Mexico, Puerto Rico, and the U.S. Virgin Islands. NASAA is the voice of securities agencies responsible for grass-roots investor protection and efficient capital formation.

² The Proposal is available at <https://www.finra.org/sites/default/files/2021-10/Regulatory-Notice-21-35.pdf>.

³ Capitalized terms not defined in this letter are defined in the Proposal.

practices in the OTC market.”⁴ The logic of importing Regulation NMS disclosure requirements into the OTC market is sound given that OTC trading is less transparent than trading conducted on national exchanges. NASAA therefore also supports FINRA’s plan to “consider whether other types of disclosures under Regulation NMS may also be appropriate to apply to OTC Equity Securities.”⁵

As we have commented before Congress and the Securities and Exchange Commission (“SEC”), NASAA is concerned that incentives in certain order routing arrangements, particularly those associated with zero commission trading applications marketed to retail investors, can undermine best execution and the broker-dealer’s duty to act in the best interests of its customers.⁶ FINRA has expressed similar concerns.⁷ NASAA is particularly concerned with the potential for misalignments of interest between broker-dealers and their clients. Because the profitability of PFOF arrangements depends on the volume of trading, broker-dealers may urge investors to make inadvisable trades and build poor investing habits.⁸ Given the increased prevalence of PFOF and

⁴ Proposal at 4.

⁵ *Id.*

⁶ See Letter from Lisa Hopkins, NASAA President, to Hon. Maxine Waters and Patrick McHenry, House Committee on Financial Services, *Re: H.R. 4617 – Order Flow Improvement Act* (July 27, 2021) at 2-3, available at <https://www.nasaa.org/wp-content/uploads/2021/07/NASAA-Letter-to-HFSC-Re-7.28.21-Full-Committee-Markup-Final-in-PDF.pdf>; Letter from Lisa Hopkins, NASAA President, to Vanessa A. Countryman, U.S. Securities and Exchange Commission, *Re: File No. S7-10-21: Request for Information and Comments on Broker-Dealer and Investment Adviser Digital Engagement Practices, Related Tools and Methods, and Regulatory Considerations and Potential Approaches; Information and Comments on Investment Adviser Use of Technology to Develop and Provide Investment Advice* (Oct. 1, 2021) (the “NASAA DEP Comment Letter”) at 3-4, available at <https://www.nasaa.org/wp-content/uploads/2021/10/NASAA-Comment-Letter-for-File-No-S7-10-21-Digital-Engagement-Practices-and-Investment-Adviser-Technologies.pdf>; Letter from Michael Peciak, NASAA President, to Brent J. Fields, U.S. Securities and Exchange Commission, *Re: Supplemental Comment Letter to NASAA’s 2018 Consolidated Comments to SEC Proposed Rulemakings: Regulation Best Interest (File No. S7-07-18), Form CRS Relationship Summary, Amendments to Form ADV, Required Disclosures, and Restrictions on the Use of Certain Names or Titles (File No. S7-08-18), and Standards of Conduct for Investment Advisers (File No. S7-09-18)* (Feb. 19, 2019) at 4-5, available at <https://www.nasaa.org/wp-content/uploads/2019/12/NASAA-Reg-BI-Supplemental-Comment-Letter-021919.pdf>. Indeed, NASAA and our members have commented on these practices and voiced concerns over inadequate disclosure and representations to investors for more than two decades. See Testimony of Mark J. Griffin, NASAA President, before the Subcommittee on Finance and Hazardous Materials of the Committee on Commerce, *Re: H.R. 1053 – the Common Cents Stock Pricing Act of 1997* (April 16, 1997) available at <https://www.nasaa.org/938/nasaa-testimony-on-h-r-1053-the-common-cents-stock-pricing-act-of-1997/>; Letter from Bradley Skolnik, NASAA President, to Jonathan Katz, U.S. Securities and Exchange Commission, *Re: Commission Request for Comment on Issues Relating to Market Fragmentation; Release No. 34-42450* (May 12, 2000), available at <https://www.sec.gov/rules/sro/ny9948/skolnik1.htm>.

⁷ See *FINRA Reg. Notice 21-23: FINRA Reminds Member Firms of Requirements Concerning Best Execution and Payment for Order Flow*, (June 23, 2021), available at <https://www.finra.org/sites/default/files/2021-06/Regulatory-Notice-21-23.pdf>. FINRA’s guidance makes clear that member firms may not let PFOF interfere with their duty of best execution. While NASAA takes no position on the guidance itself, NASAA believes it was important for FINRA to make its position clear and it will be important for FINRA to enforce its best execution rules vigorously going forward.

⁸ NASAA DEP Comment Letter at 5.

related arrangements in retail brokerage accounts – along with increased SEC and state regulatory scrutiny of digital engagement practices⁹ – NASAA believes that the Proposal comes at the right time and would bring additional transparency to trading practices in the OTC market.

II. FINRA Should Publish Order Routing Reports on Its Website.

The Proposal asks whether FINRA should “consider requiring centralized reporting and dissemination of ordering routing reports, such as through the FINRA website.”¹⁰ The most important use of these reports – for investors, regulators, industry and FINRA itself – is to make comparisons among multiple firms to gain a clearer picture of their ordering and trading practices. NASAA therefore believes that consolidating order routing reports on FINRA’s website would serve all stakeholders.¹¹

First, centralization would allow investors to make comparisons easily. The Proposal specifies the contents of the proposed reports and it contemplates uniform XML and PDF formatting,¹² both of which would facilitate comparisons, but only when multiple reports are gathered. Centralization would eliminate that burden. On the other hand, allowing firms to publish their reports separately on various websites increases burdens on investors seeking to make comparisons. FINRA should also be concerned about the possibility that firms might bury the reports on their websites to obfuscate the data, although technically complying with letter of the regulation to be “free and readily accessible.” If one of the goals of the Proposal and Regulation NMS Rule 606 is to allow “customers – and retail investors in particular” to “be better able to assess the quality of order handling services provided by their broker-dealers and whether their broker-dealers are effectively managing potential conflicts of interest,”¹³ then the Proposal should be crafted in a way that allows retail investors to access the information easily.

⁹ Securities and Exchange Commission, *Release No. 34-92766 – Request for Information and Comments on Broker-Dealer and Investment Adviser Digital Engagement Practices, Related Tools and Methods, and Regulatory Considerations and Potential Approaches; Information and Comments on Investment Adviser Use of Technology to Develop and Provide Investment Advice* (Sept. 1, 2021), available at <https://www.sec.gov/rules/other/2021/34-92766.pdf>; Avi Salzman, *SEC Chairman says Banning Payment for Order Flow Is ‘On the Table,’* *Barron’s* (Aug. 30, 2021), available at <https://www.barrons.com/articles/sec-chairman-says-banning-payment-for-order-is-on-the-table-51630350595>; Melanie Lubin, NASAA President, *2021 NASAA Presidential Address* (Sept. 21, 2021), available at <https://www.nasaa.org/58820/2021-nasaa-presidential-address-melanie-senter-lubin-maryland-securities-commissioner/>.

¹⁰ Proposal at 11.

¹¹ While NASAA makes this comment with respect to the proposed reports as requested in the Proposal, the same reasoning would apply to consolidating reports required under Regulation NMS Rule 606(a). NASAA asks FINRA to consider whether those reports should be consolidated as well.

¹² See Proposal at 3 n. 12.

¹³ Proposal at 3 and n. 7 (quoting Exchange Act Rel. No. 84528 (Nov. 2, 2018); 83 F.R. 58338 (Nov. 19, 2018) at 58371).

Centralization would also help inform and facilitate regulatory decisions. Both legislators and regulators have focused recently on potential conflicts of interest arising from PFOF arrangements, and the effect of those arrangements on the quality of order execution.¹⁴ Centralized reporting would help regulators study these issues, which would help determine whether rulemaking is needed and the components of any such rules.

Centralization could also have positive “self-regulatory” effects by causing firms to align their order routing practices. For instance, side-by-side comparisons of disclosures would reveal whether certain firms have reached extraordinary arrangements with venues or whether they have made extraordinary concessions in order to receive payments or rebates. Such insights could cause some firms to bargain for better arrangements, abandon outlier practices that visibly benefit firms over customers, or advertise to customers that they provide better value over other firms. Put another way, the ability of firms to make easy comparisons could enhance competition and ultimately customer value.¹⁵

Finally, centralization would help FINRA analyze compliance with the proposed rule, discover best reporting practices to share with its members, perform comparisons to facilitate risk-based examination selections, and determine whether disclosures give rise to the need for investigation. Centralization would also help FINRA determine how effective the proposed reports are in enhancing competition for order flow and lowering transaction costs (in part by analyzing how disclosures change over time). This in turn would provide FINRA with the data it needs to determine whether further rules are necessary.

¹⁴ Order Flow Improvement Act, H.R. 4617, 117th Cong. (July 22, 2021), *available at* <https://www.congress.gov/bill/117th-congress/house-bill/4617/text>; Chair Gary Gensler, U.S. Securities and Exchange Commission, *Testimony before the House Committee on Financial Services* (Oct. 5, 2021), *available at* <https://www.sec.gov/news/testimony/gensler-testimony-20210505>.

¹⁵ The Proposal asks commenters to consider whether transparency could cause firms to change their behavior in “ways that reflect positively on their routing decisions, but that may be suboptimal for customers on execution quality dimensions that are less easily observable.” Proposal at 11. The Proposal suggests that changes in order routing practices could result in “wider bid-ask spreads, smaller realized spreads, lower fill rates, slower execution or more adverse selection.” *Id.* at 10. The Proposal does not offer data to support this concern, and its logic is uncertain. If current order routing practices provide these benefits to customers and are at the same time more lucrative to firms, it does not make sense that firms would walk away from them for the sake of appearances. If these “less easily observable ... execution quality dimensions” exist, firms are more likely to explain and quantify them with adequate disclosures than to leave money on the table. NASAA is more inclined to believe that increased transparency would drive competition and benefit investors.

III. FINRA Should Provide Education to Help Investors Use Order Routing Reports.

The Proposal seeks comment on how FINRA can facilitate investor access to and understanding of Regulation NMS and the proposed disclosure requirements.¹⁶ NASAA believes investor education is necessary to make these reports useful. This is especially true given that a stated purpose of both the Proposal and Regulation NMS Rule 606 is to empower retail investors to make informed decisions about firm order routing practices. Accordingly, should FINRA decide to require firms to publish the information in a centralized location, FINRA could develop and post information for investors on how to read and interpret the data. If FINRA elects to allow firms to publish the information on their own websites, FINRA should develop standard educational materials that firms can either link to or be required to make available with the reports.¹⁷ Given the rising number of retail investors who are entering the market through zero commission trading applications, we believe it is important for investors to understand these arrangements. NASAA and FINRA frequently collaborate on training initiatives, and we would welcome the opportunity to do so here as well.

Conclusion

For the reasons discussed above, NASAA supports the Proposal and encourages FINRA to centralize order routing reports and teach investors how to use them. We look forward to the rulemaking contemplated by the Proposal, and we encourage FINRA to continue its deliberations into whether further integration of Regulation NMS requirements over OTC market securities is appropriate. If you have any questions or would like additional information, please do not hesitate to contact the undersigned or NASAA's General Counsel, Vince Martinez, at (202) 737-0900.

Sincerely,



Melanie Senter Lubin
NASAA President
Maryland Securities Commissioner

¹⁶ Proposal at 5.

¹⁷ NASAA anticipates that both new and experienced investors would benefit from education. New investors should understand that zero commission trading still entails costs, and that different trades provide differing levels of benefits to broker-dealers. It would be especially useful for investors to discern that an individual firm's PFOF and related arrangements can compel it to suggest products that yield higher compensation for the firm. They should also understand how routing decisions can actually cost them money through relatively poor execution. Education that helps make these analyses clear would facilitate informed decision making. Further, more experienced investors may benefit from understanding that trading with multiple firms does not necessarily reduce counterparty risk if those firms all have arrangements with the same or a limited number of market venues.