

MEMO# 30307

October 13, 2016

Draft ICI Comment Letter to SEC on Improving NMS Plan Governance and Transparency; Member Comments Requested By October 18

[30307]

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TO: EQUITY MARKETS ADVISORY COMMITTEE No. 41-16 RE: DRAFT ICI COMMENT LETTER TO SEC ON IMPROVING NMS PLAN GOVERNANCE AND TRANSPARENCY; MEMBER COMMENTS REQUESTED BY OCTOBER 18

The Securities and Exchange Commission (“SEC” or “Commission”) recently announced a review of its rules under the Regulatory Flexibility Act.^[1] In connection with this review, Commissioner Piwowar has called for the Commission to examine the operation of Regulation NMS in the context of the substantial changes in technology, economic conditions, and other factors in the decade since this rule’s adoption. We believe this review presents an opportunity for ICI to continue to advocate for improving the governance and transparency of national market system (“NMS”) plans.

ICI’s draft comment letter is attached for your review. If you have any comments on the draft letter, please send them to George Gilbert at george.gilbert@ici.org **by close of business on October 18.**

Our letter makes three points. First, we urge the SEC to replace the faulty governance model of NMS plans with governance provisions that require NMS plan operating committees to include representatives of registered funds and other non-SRO market participants. Second, the letter recommends that the Commission amend Regulation NMS to require complete transparency into any revenue generated by NMS plans, particularly those dealing with market data. Third, we suggest that the Commission extend the charter of the SEC Equity Market Advisory Committee (EMSAC) for another two-year term and consider making the EMSAC a permanent advisory committee.

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[Attachment](#)

endnotes

[1] See List of Rules to be Reviewed Pursuant to the Regulatory Flexibility Act, Securities Exchange Act Release No. 78845 (Sep. 15, 2016), 81 FR 64364 (Sep. 20, 2016), *available at* <https://www.gpo.gov/fdsys/pkg/FR-2016-09-20/pdf/2016-22563.pdf>.

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