

**MEMO# 11776**

April 4, 2000

## **INSTITUTE COMMENT LETTER ON OPTIONS MARKETS LINKAGES**

1 See Memorandum to Equity Markets Advisory Committee No. 14-00 and SEC Rules Committee No. 36-00, dated March 9, 2000. [11776] April 4, 2000 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 22-00 SEC RULES COMMITTEE No. 53-00 RE: INSTITUTE COMMENT LETTER ON OPTIONS MARKETS LINKAGES

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The Institute has filed a comment letter (attached) with the Securities and Exchange Commission supporting the proposed plans filed by the options exchanges to create and operate an inter-market options linkage.<sup>1</sup> The comment letter states that the Institute believes that inter-market linkages are essential to the effective functioning of the options markets, as they are in the equity markets, and that the establishment of inter-market linkages will further the goals of the Exchange Act. In addition, the comment letter states that inter-market linkages would benefit investors by helping to assure that an order gets the best price at the point of sale, even if the market where a broker routes an order may no longer be offering the best price by the time the order arrives. Inter-market linkages therefore assist brokers in fulfilling their responsibility to provide best execution for customer orders. Finally, the letter states that the Institute will examine in greater detail in its comment letter on the SEC's market fragmentation concept release whether linkages should require routing of orders based on price/time priority and who should have access to linkages. Ari Burstein Assistant Counsel Attachment

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