

MEMO# 12620

September 13, 2000

DRAFT COMMENT LETTER ON PROPOSED DISCLOSURE RULES RELATING TO ORDER ROUTING AND EXECUTION PRACTICES

[12620] September 13, 2000 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 49-00 RE: DRAFT COMMENT LETTER ON PROPOSED DISCLOSURE RULES RELATING TO ORDER ROUTING AND EXECUTION PRACTICES Attached is a draft comment letter on the SEC's proposed rules relating to the disclosure of order routing and execution practices.¹ We have flagged a number of issues in the letter on which we are seeking your input. The letter generally expresses support for the proposals, but urges the SEC to make other changes necessary to strengthen price competition within existing market structures. The letter recommends several changes to the proposed execution practices disclosure rule to, among other things, require disclosure of information regarding market opening orders as well as data regarding orders executed prior to the open, revise the calculation for "average realized spread" to shorten the proposed 30-minute delay for comparing the execution price to the midpoint of the consolidated BBO, and require disclosure regarding market center systems outages. With respect to the broker-dealer order routing disclosure proposal, the letter recommends that large customer orders (i.e., orders for a quantity of a security having a market value of at least \$200,000) be covered by the rule. As proposed, the rule would exclude them. Finally, the letter recommends that the SEC adopt a trade-through disclosure rule for the equity markets, similar to the rule proposed for the options markets. Comments are due to the SEC on the proposed rules by September 22, 2000. Please provide your comments on the draft letter to me by September 19, 2000. I can be reached by telephone at 202/326-5824, by email at amy@ici.org and by fax at 202/326-5827. Amy B.R. Lancellotta Senior Counsel Attachment 1 See Memorandum to Equity Markets Advisory Committee No. 43-00, dated August 10, 2000. 2Attachment (in .pdf format)