



Discussion Document – May 2018

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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

Equity Market Structure Symposium - SEC Chairman Jay Clayton Keynote

In their addresses & Q&A at an April 10 STA event, SEC Chairman Jay Clayton and SEC Trading & Markets Division Director Brett Redfearn expressed general support for the US Treasury Department's Capital Markets Report and noted that the **SEC plans to hold three (3) roundtable** on specific equity market structure topics; market structure for thinly traded securities was held April 23rd; access to markets and market data and regulatory approaches to addressing retail fraud in particular as it pertains to digital assets and penny stocks.

Consolidated Audit Trail, "CAT" – Personal Identifiable Information, "PII"

The SROs have sent their recommended approach to the SEC. It is directionally aligned with the industry recommendation that focuses on identifying concerning behavior before seeking PII. Key to both the SRO and industry approaches is the elimination of the daily submission of all customer data in favor of a request/response system requesting customer information only when needed. Such an amendment to the Plan should be subject to notice and comment so differences between the industry and SRO approach can be resolved in a transparent manner.

Listed Options Market – First quarter of 2018 & February 5, 2018 activity

A record amount of contracts – nearly 1.4 billion - were cleared in the first of quarter of 2018. On Feb 5, the US stock market experienced its largest ever decline for a trading day with the CBOE Volatility Index, VIX closing at 37, up over 250% on the day. While STA continues to have concerns with certain elements within the options markets: calculation on RWAs; concentration of clearing brokers; fragmentation and potential over burdensome costs associated with CAT, we believe the operational performance of the markets was sound and impressive. We also believe the increase in volumes surpassed that of equities on a relative basis lending credence that investors are finding these products to be attractive instruments.

Tick Size Pilot

The Pilot is scheduled to conclude by October 2018. STA believes it is highly likely that a sufficient amount of data for a final determination will be captured in the July 2018 SRO Assessment report, thus making an expedited and informed final decision possible.

Access Fee Pilot

STA will be writing a comment letter on the proposed Transaction Fee Pilot, aka, "Access Fee Pilot" and looks forward to engaging the SEC on their proposal.



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