Good afternoon,

Below are high level notes from our meetings last week at the SEC. Please feel free to contact me directly with any questions.

Also, on behalf of the STA Board, we offer a sincere thank you to this group for all your assistance in 2019. Your input and engagement greatly helps identify the most relevant issues impacting our industry and thus contributes to the content seen in our panel discussions and everything under the broad umbrella of STA News (comment letters; Open Calls; Talking Points, Lighthouse articles, etc.).

This will be the last of the 32 MSAC emails sent this year, so we’d like to take this opportunity to wish you all a happy and healthy holiday season and we look forward to working with you in 2020.

Take care.

**STA initiated topics**

*Access Fee Pilot*
No updates to provide. Limited to no conversation or remarks on the topic by any SEC staff.

*Thinly Traded/UTP*
General consensus that while suspending UTP may allow for innovative solutions, there is little appetite to approve a suspension filing unless the solution which requires it is identified first.

*FINRA Continuing Education*
Regarding the timing on expected reforms to CE, there is a disconnect between what has been described to us by FINRA (by year end) and what was communicated to us in our meetings. We will be following up with FINRA in the near future.

*LOMSWG/Proliferation of Strikes in Options Markets*
We expressed appreciation for the creation of LOMSWG and also discussed the lack of progress in creating an intelligent strike listing program. We highlighted the amount of message traffic generated from options as compared to equities, as well the differences in the makeup (ratio of quote updates/trades) We stressed the importance of correcting this situation before a fee structure on CAT is filed.

**SEC initiated topics**

*Central Risk Books*
We fielded several questions on this topic and it’s safe to say that it’s an area that the SEC is interested in. In particular; how firms are using them and are conflicts being disclosure.
Hello Advisory Committees,

Attached is a revised draft of the Talking Points we’ll be using in our meetings with the SEC.

Also, earlier today SEC Commissioner Jay Clayton testified before a Senate Banking Committee hearing. CAT was among the topics discussed, in particular, disagreements on the limited liability agreement between the industry and the CAT reporter (FINRA CAT and the SROs). Chairman Clayton said he was aware of the issue with the potential allocation of liability and noted that he would be meeting tomorrow with representatives of the SROs and the dealer community on this issue.

Attached is a Williams & Jensen report. Excerpts can be forwarded if attribution is provided.

Have a good night.

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From: Jim Toes <jtoes@securitytraders.org>
Sent: Monday, December 9, 2019 5:41 PM
To: Jim Toes <jtoes@securitytraders.org>
Cc: Chris Halverson <chalverson@capis.com>; Mike Rask <mrask@hodgescapital.com>; Doug Clark <dougclark1968@gmail.com>; Andrew D’Amore <adamore@virtu.com>; Ryan Kwiatkowski <ryan@intltrading.com>
Subject: SEC Meetings - Please Read
Importance: High

Hello Advisory Committees,

We have a five (5) meetings at the Commission this Wednesday & Thursday. Attached is a DRAFT of our Talking Points and
below is our itinerary along with the issues we plan on covering in each meeting.

All the opinions we plan to express are existing ones, so we envision receiving mostly updates. That said, feel free to provide input and if you’d like us to ask any specific questions send them over.

Also attached is a Williams & Jensen report on a recent House AI Task Force Hearing. As we’ve highlighted in the past, this Task Force is chaired by Rep Bill Foster (D IL) a physicist who possesses an in-depth knowledge on this subject matter.

Excerpts can be forwarded if attribution to W&J is provided.

**Itinerary**

- **Brett Redfearn**, Director of Trading & Markets – UTP/Thinly Traded Securities and proliferation of strikes in the options markets
- **David Saltiel**, Head of Office of Analytics, “OAR” - Access Fee Pilot and other issues related to the Office of Analytics.
- **Commissioner Elad Roisman** – Proliferation of strikes in the options markets; Order Protection Rule and other issues raised in his September 2019 speech which addressed: best execution and new roles performed by OMS’ that used to be performed by SEC regulated entities like BDs; ATSS and Exchanges.
- **Commissioner Allison Lee** – This is our first meeting with Commissioner Lee so we’re envisioning a more holistic conversation
- **Ed Schellhorn**, Special Counsel Division of Trading & Markets – FINRA Continuing Education.

We’re also attending an event with Senator Sasse where we believe the topic of CAT may come up.

**Williams & Jensen Report**

On Dec. 6th, the House Fin’l Services Task Force on AI held a hearing titled; “Robots on Wall Street: The Impact of AI on Capital Markets and Jobs in the Financial Services Industry.” Topics discussed included: (1) Data; (2) Consolidation; (3) Cybersecurity; (4) Jobs and Training; (5) Short Selling; (6) Regulatory Capacity; (7) Transparency; (8) Inclusion; and (9) Future of AI.

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**Save the Date**  
**87th Annual Mkt Structure Conference**  
JW Marriott, Washington D.C., Oct 7-9, 2020