

## STA Open Call – May 8, 2018 – Call Notes<sup>1</sup>

### Access Fee Pilot – Buy Side

Presenter: Adam Sussman, Liquidnet Head of Market Structure

Presentation [here](#).

#### Opening Remarks – Jim Toes, STA

**Washington DC meetings:** STA has held several meetings in Washington DC with: Senate Banking staff; US Department of Treasury and FINRA. Topics of conversation include: CAT; Tick Size and Access Fee pilots; and recent activity in listed options. Discussion Document [here](#).

**Buy Side Roundtable:** STA will be holding a Buy Side Roundtable in Washington DC on the Wednesday, October 3 date of our annual market structure conference. We will be announcing additional details in the coming weeks.

**Upcoming Affiliate Events:** A lot of STA Affiliate events coming up: Kansas City; Boston; San Francisco; St Louis & Ohio. These events have different attendee demographics with education & opportunities to network, please support them.

#### Summary Remarks

- March 14, the SEC voted unanimously to “propose a rule under Regulation NMS to conduct a [transaction fee pilot](#) for NMS stocks.
- The fee pilot, was first proposed in July 2016 by the SEC EMSAC with broad support from buy side firms to access fee caps and reduce the conflicts of interest in order routing.
- Hopefully, data from the Pilot gives a better understanding of the interplay of competition among exchanges, PFOF arrangements and ATSS.
- During the Reg NMS proposal process (circa 2005), the primary rationale for the access fee cap was to prevent market centers from abusing the protected quote status to extract high fees.
- Today, the concerns are around maker-taker spreads & the associated role of rebates in that spread. The primary belief behind lowering access fee caps is to reduce the conflicts of interest in order routing.
- The question is not whether 30mils is still the right number. We know its not.

#### Helpful links

- Proposed Rule on SEC Transaction Fee Pilot for NMS Securities [LINK](#)
- Comment letters on SEC Proposal [LINK](#)

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<sup>1</sup> This brief is meant for informational purposes only and therefore should not be considered legal advice. STA’s goal is to raise awareness on industry developments and encourage dialogue.

