



September 4, 2018

Mr. Brett Redfearn  
Director  
Division of Trading and Markets  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

File No. 4-657: National Market System Plan to Implement a Tick Size Pilot Program by BATS Exchange, Inc., BATS Y-Exchange, Inc., Chicago Stock Exchange, Inc., EDGA Exchange, Inc., EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., NASDAQ OMX BX, Inc., NASDAQ OMX PHLX LLC, The Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc.

Dear Mr. Redfearn:

The Security Traders Association, (“STA”)<sup>1</sup> offers comments on the Tick Size Pilot Program (“Pilot”, or “Plan”). STA’s comments on issues related to market structure come from our roles as practitioners in the markets. STA’s diverse membership, as measured by geography and business models, and long history of interacting with the Securities and Exchange Commission (“Commission”), offers a unique perspective on market structure issues. STA comments will focus on the joint assessment submitted by the Plan Participants and the Pilot’s scheduled termination date of October 2, 2018.

### ***Assessment Report***

Section VIII of the Pilot Plan required the Plan Participants to submit to the Commission and make publicly available a joint assessment of the impact of the Pilot. The Participants submitted the joint assessment<sup>2</sup> to the Commission on Tuesday, July 3, 2018 and a revised version on August 2, 2018. STA offers the following comments on the assessment.

STA believes adequate amounts of empirical data were captured in order for the Commission to make an informed long-term policy decision on whether any of the variables studied in the Pilot should be made permanent or terminated.

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<sup>1</sup> STA is a trade organization founded in 1934 for individual professionals in the securities industry. STA is comprised of 24 Affiliate organizations with 4,200 individual professionals, most of who are engaged in the buying, selling and trading of securities. The STA is committed to promoting goodwill and fostering high standards of integrity in accord with the Association’s founding principle, Dictum Meum Pactum – “My Word is My Bond”

<sup>2</sup> Assessment of the Plan to Implement a Tick Size Pilot Program <http://www.finra.org/sites/default/files/tick-size-pilot-assesment.pdf>



Based on the empirical data captured in the assessment and our members' experiences as practitioners, STA recommends that the Commission terminate the Pilot in its entirety and return all securities to their pre-Pilot trading regime.

### ***Termination Date***

The Pilot's termination or end date is scheduled to be Tuesday, October 2, 2018.<sup>3</sup> Should the Commission decide to terminate the Plan either partially or in its entirety on its scheduled date, the first post-Pilot trading day would be on Wednesday, October 3, 2018. STA has concerns with making mid-week system changes on this scale. Over the years, STA has worked with the Financial Information Forum ("FIF"),<sup>4</sup> an organization with expertise in industry implementations like the Pilot. STA supports FIF's letter<sup>5</sup> to the Commission dated August 28, 2018, which states, among things:

In FIF's view, terminating the Tick Size Pilot Program at the end of the trading on Friday, September 28, 2018 will provide adequate lead time (i.e. 65 hours) for Industry Members to test their systems and ensure that any impact resulting due to the migration to pre-pilot trading behavior will be minimized or eliminated prior to market open on Monday, October 2.

Accordingly, STA respectfully requests the Commission end the Pilot on a Friday, preferably Friday September 28, 2018 to provide additional time for market participants to properly implement the necessary systems and coding changes during the weekend.

### ***Conclusion***

STA appreciates the opportunity to offer these comments. We also wish to acknowledge and thank the Commission and all of the Commission staff who were associated with the Plan's design and operation

A handwritten signature in black ink that reads "James Toes". The signature is written in a cursive, flowing style.

James Toes  
President & CEO

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<sup>3</sup> <https://www.sec.gov/rules/exorders/2015/34-76382.pdf>

<sup>4</sup> FIF ([www.fif.com](http://www.fif.com)) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

<sup>5</sup> [FIF letter to Mr. David Shillman, Associate Director, Division of Trading and Markets, U.S. Securities and Exchange Commission dated August 28, 2018](#)



cc: The Honorable Jay Clayton, Chair  
The Honorable Kara M. Stein, Commissioner  
The Honorable Robert J. Jackson Jr., Commissioner  
The Honorable Hester M. Peirce, Commissioner  
David S. Shillman, Associate Director, Division of Trading and Markets  
John Roeser, Associate Director, Division of Trading and Markets