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September 19, 2017

Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-0609

Re: The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change to  
Adopt the Midpoint Extended Life Order  
Release No. 34-81311; File No. SR-NASDAQ-2017-074

Dear Mr. Fields:

The FIA Principal Traders Group (“FIA PTG”)<sup>1</sup> appreciates the opportunity to comment in support of the letter filed by Citadel Securities (“Citadel”) on August 30, 2017 (the “Letter”),<sup>2</sup> in connection with the proposal by the Nasdaq Stock Market, LLC (“Nasdaq”) to create a new “Midpoint Extended Life Order” (a “MELO Order”) (the “Proposal”).<sup>3</sup>

In addition to expressing our support for the points and recommendations made by Citadel in their Letter, FIA PTG would like to briefly reiterate our concerns with the spiraling complexity of today’s equity market structure, both generally and specifically, in regard to new mechanisms that introduce latency or change matching prioritization based on latency. As we stated in our letters opposing Nasdaq’s proposed Extended Life Priority Order

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<sup>1</sup> FIA PTG is an association of more than 20 firms, many of whom are broker-dealers, who trade their own capital on exchanges in futures, options and equities markets worldwide. FIA PTG members engage in manual, automated and hybrid methods of trading, and they are active in a wide variety of asset classes, including equities, fixed income, foreign exchange and commodities. FIA PTG member firms serve as a critical source of liquidity, allowing those who use the markets, including individual investors, to manage their risks and invest effectively. The presence of competitive professional traders contributing to price discovery and the provision of liquidity is a hallmark of well-functioning markets. FIA PTG advocates for open access to markets, transparency and data-driven policy and has previously made recommendations about a variety of equity market structure issues, including Regulation NMS (See <https://ptg.fia.org/keywords/equity-market-structure>).

<sup>2</sup> <https://www.sec.gov/comments/sr-nasdaq-2017-074/nasdaq2017074-2262837-160958.pdf>

<sup>3</sup> <https://www.federalregister.gov/documents/2017/08/09/2017-16743/self-regulatory-organizations-the-nasdaq-stock-market-llc-notice-of-filing-of-proposed-rule-change>

Attribute (“ELO”),<sup>4</sup> both artificially introducing latency and revising order matching priority negatively impact the critical price discovery and formation functions of the exchange. Both ELO and MELO introduce latency by requiring orders to rest in the market for varying times before being executed. Moreover, whereas the recently approved ELO proposal fundamentally changes Nasdaq’s order book queue priority from a price/display/time priority to a price/display/ELO/time priority, MELO goes a step further and essentially creates a second, independent order book within the Nasdaq matching engine. At a time when the equity marketplace is already overly complex, we are concerned that the costs of approving mechanisms like ELO and MELO far outweigh the potential benefits.

In addition to our objections to this specific proposal, FIA PTG strongly reiterates our call for the Commission to impose a moratorium on exchange proposals like this one until it is able to complete a comprehensive review of equity market structure. We have been advocating for this comprehensive reform for years and have specifically called for a holistic review of Regulation NMS and its effects on markets since 2014.<sup>5</sup> While we recognize that this is a significant undertaking, we believe there are several broad goals for market reform that enjoy substantial support from a wide variety of market participants. Those goals include:

1. Reducing complexity, order type proliferation and fragmentation;
2. Enhancing true exchange competition;
3. Preserving the benefits of order protection for investors;
4. Enhancing the value of displayed quotes;
5. Enhancing competition between lit and dark venues; and
6. Improving transparency for investors.

We strongly support action by the Commission to address the fundamental complexity in equity market structure rather than taking a reactive and piecemeal approach to individual exchange proposals. Accordingly, we respectfully urge the Commission to reject this Proposal.

If you have any questions about these comments, or if we can provide further information, please do not hesitate to contact Joanna Mallers ([jmallers@fia.org](mailto:jmallers@fia.org)).

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<sup>4</sup> [https://ptg.fia.org/sites/default/files/content\\_attachments/2016-12-23\\_Nasdaq\\_ELO.pdf](https://ptg.fia.org/sites/default/files/content_attachments/2016-12-23_Nasdaq_ELO.pdf) and [https://ptg.fia.org/sites/default/files/content\\_attachments/2017-03-30\\_SEC\\_NASDAQ\\_ELO.pdf](https://ptg.fia.org/sites/default/files/content_attachments/2017-03-30_SEC_NASDAQ_ELO.pdf)

<sup>5</sup> See FIA PTG *Equity Market Structure Position Paper* (Sept. 30, 2014) available at [https://ptg.fia.org/sites/default/files/content\\_attachments/FIA%20PTG%20Equity%20Market%20Structure%20Position%20Paper%20-%20final.pdf](https://ptg.fia.org/sites/default/files/content_attachments/FIA%20PTG%20Equity%20Market%20Structure%20Position%20Paper%20-%20final.pdf) and *FIA PTG Position Paper on Simplifying U.S. Equity Market Structure* (Jan. 28, 2015) available at [https://ptg.fia.org/sites/default/files/content\\_attachments/FIA%20PTG%20Position%20-%20Simplifying%20US%20Equity%20Market%20Structure.pdf](https://ptg.fia.org/sites/default/files/content_attachments/FIA%20PTG%20Position%20-%20Simplifying%20US%20Equity%20Market%20Structure.pdf).

Brent J. Fields, U.S. Securities and Exchange Commission

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Respectfully,

FIA Principal Traders Group

A handwritten signature in blue ink that reads "Joanna Mallers".

Joanna Mallers

Secretary

cc:      Walter J. Clayton, Chairman  
            Michael S. Piwowar, Commissioner  
            Kara M. Stein, Commissioner