FINANCIAL INFORMATION FORUM

June 24, 2024

By electronic mail

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Attn: Kathleen Gross, Senior Special Counsel, Division of Trading and Markets
Lauren Yates, Senior Special Counsel, Division of Trading and Markets

Re: File Number S7-29-22: Disclosure of Order Execution Information

Dear Ms. Gross and Ms. Yates,

The Financial Information Forum ("FIF")[1] appreciates the opportunity to submit this letter to the Securities and Exchange Commission (the "Commission") relating to the amendments to Commission Rules 600 and 605 adopted by the Commission on March 6, 2024 (the "2024 amendments") and the associated adopting release (the "adopting release").[2] FIF members would like to thank the Commission for addressing in the final rule comments from FIF members and other market participants to enhance the quality of the reporting. Given the complexity of the Rule 605 reporting requirements and the complexity of order types and order handling processes in the market, FIF members have identified additional issues and scenarios where further clarification is required. These issues and questions are discussed in this letter. FIF members continue to focus on implementation of the Rule 605 amendments and could have further comments and questions at a future date.

[1] FIF (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 broker-dealers, exchanges, back office service bureaus, and market data, regulatory reporting and other technology vendors in the securities industry. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes. This is a list of FIF members.
[2] Securities Exchange Act Release No. 99679 (Mar. 6, 2024), 89 FR 26428 (Apr. 15, 2024) ("Rule 605 Amendments Adopting Release").

A. Amendments to the Rule 605 NMS Plan; implementation date

Rule 605 can only be implemented as designed if the Rule 605 NMS Plan Participants update the Rule 605 NMS Plan on a timely basis

Rule 605(a)(3) adopted by the Commission provides:

> (3) Every national securities exchange on which NMS stocks are traded and each national securities association shall act jointly in establishing procedures for market centers, brokers, and dealers to follow in making available to the public the reports required by this section in a uniform, readily accessible, and usable electronic form.[3]

Rule 605(a)(4) provides:

> (4) In the event there is no effective national market system plan establishing such procedures, market centers, brokers, and dealers shall prepare their reports in a consistent, usable, and machine-readable electronic format, in accordance with the requirements in paragraph (a)(1) of this section, and make such reports available for downloading from an internet website that is free and readily accessible to the public.[4]

If the Participants of the National Market System Plan Establishing Procedures Under Rule 605 of Regulation NMS (the "Rule 605 NMS Plan") do not update the current procedures document for Rule 605 reporting,[5] the objectives of the rule will not be achieved, as each firm will need to determine and implement its own technical requirements for Rule 605 reporting. As one of multiple examples that could be provided, the current Rule 605 NMS Plan provides the following guidance for reporting order types:

> (5) The next field in a file shall be the code for one of the five types of order by which the Rules requires a market center to categorize its report. The order type codes are as follows: market orders – "11"; marketable limit orders – "12"; inside-the-quote limit orders – "13"; at-the-quote limit orders – "14"; near-the-quote limit orders – "15".[6]

The 2024 amendments expand the number of order types from 5 to 10 and rename some of the existing order types.[7] Without an updated Rule 605 NMS Plan, there is no guidance for reporting firms on how to report the 10 order types. Absent this guidance, reporting firms would need to assign values to each of the order types. It is likely that these values would not be uniform across reporting firms. The "order type" field is one of multiple fields that could be highlighted where there would be inconsistency in reporting across firms.

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[3] 17 CFR §242.605(a)(3).
[4] 17 CFR §242.605(a)(4).
[5] Appendix A – Text of Proposed Plan, available at https://www.nasdaqtrader.com/content/MarketRegulation/SECRule605/appendixa1.pdf.
[6] Id. at 6.
[7] *See*, for example, 17 CFR §242.605(a)(1)(i).

More generally, each reporting firm would need to define its own file naming conventions, field delimiters, record delimiters, data format for each field, and the order in which the reporting firm reports each field within a record. Each reporting firm presumably would need to prepare and publicly disseminate a separate document that defines the firm's formatting decisions, though it is not clear whether this is required under the rule.

Rule 605(a)(4) requires firms to report in a "consistent" manner, but if different firms decide to adopt different technical standards for reporting, there is no way to determine which standard all firms are required to follow.

FIF members are currently engaged in discussions with members of the Rule 605 NMS Plan to provide input for the updating of the current procedures document for Rule 605 reporting. Proposed formatting requirements are discussed in further detail below.

B. Notional value orders

Reporting of the fractional-share component in a market center report

FIF members understand, based on the following statement from the adopting release, that a customer-facing broker-dealer would be required to separately report the fractional-share component of a notional value order in a separate market center report if the market center meets the definition of an "OTC market maker":

> A financial services firm requested clarification of whether a broker-dealer that principally facilitates the trading of fractional shares must publish a separate Rule 605 report as a market center. In response, the Commission clarifies that under the adopted amendments to Rule 605 a reporting entity must produce a separate Rule 605 report as a market center if it meets the definition of an "OTC market maker" and receives "covered orders" for execution in such capacity.[8]

FIF members request clarification on this guidance from the adopting release because the amended Rule 605 references the definition of "OTC market maker" in Rule 600(b)(64), and Rule 600(b)(64) does not provide clarity as to whether a broker-dealer's activity in handling the fractional-share portion of these notional value orders represents "OTC market making" activity under Rule 600(b)(64):

> (64) OTC market maker means any dealer that holds itself out as being willing to buy from and sell to its customers, or others, in the United States, an NMS stock for its own account on a regular or continuous basis otherwise than on a national securities exchange in amounts of less than block size.[9]

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[8] Rule 605 Amendments Adopting Release, at 89 FR 26442.
[9] 17 CFR §242.600(b)(47).

Unlike a traditional OTC market maker, a customer-facing broker-dealer, in the notional value order scenario above, is not posting quotes for the customer to execute against. The customer-facing broker-dealer also does not seek to profit from the bid-ask spread in executing the fractional share portion of a notional value order.

Broker-dealers that execute fractional share orders in limited circumstances

If the Commission intends to require a customer-facing broker-dealer to report the fractional-share component of notional value orders in a separate market center report, the Commission should provide an exception if the customer-facing broker-dealer only executes fractional share orders in the following limited circumstances:

- Scenario 1: A customer has a fractional share position resulting from the customer's participation in a dividend reinvestment program
- Scenario 2: A customer has a fractional share position resulting from a stock dividend with a fractional component received after the customer has sold the position or transferred its account to another broker-dealer.

In these scenarios, the customer-facing broker does not appear to meet the definition of an "OTC market maker" as set forth in Commission Rule 600(b)(64).[10] In addition, in these scenarios, the customer is not actually submitting an order; instead, the broker-dealer is creating an order on behalf of the customer. Accordingly, the Commission should not require a separate "OTC market maker" report for these scenarios.

C. Rule 605 FAQs

Prior to the 2024 amendments, the Commission published a series of FAQs to provide guidance to firms for Rule 605 reporting. The Commission published a series of FAQs in 2001[11] and additional FAQs in 2013.[12] In the adopting release, the Commission states that Questions 19, 24 and 27 from the 2001 Rule 605 FAQs and Question 2 from the 2013 FAQs are superseded by the 2024 amendments.[13] FIF members agree with the Commission that these Questions are superseded by the 2024 amendments. FIF members have reviewed all of the 2001 and 2013 FAQs and have set forth our comments below for how each FAQ would be impacted by the 2024 amendments. As evidenced by the comments below, it will be necessary for the Commission to update most of these FAQs in light of the 2024 amendments. Given the number of FAQs that require updating, FIF members request that the Commission publish an updated set of FAQs that supersedes all of the prior FAQs. All of the applicable FAQs for Rule 605 should be published on a single page of the Commission's website. The presumption should be that any FAQ that is not published on this updated page is no longer valid. These steps are important to ensure that industry

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[10] 17 CFR §242.600(b)(64).
[11] Division of Market Regulation: Staff Legal Bulletin No. 12R (Revised), Frequently Asked Questions About Rule 11Ac1-5 (revised) (June 22, 2001) ("2001 FAQs"), available at https://www.sec.gov/interps/legal/slbim12a.htm.
[12] Responses to Frequently Asked Questions Concerning Rule 605 of Regulation NMS (Feb. 12, 2013) ("2013 FAQs"), available at https://www.sec.gov/divisions/marketreg/nmsfaq605.htm.
[13] Rule 605 Amendments Adopting Release, at 89 FR 26495.

members have clear guidelines on how to report and are reporting in a consistent manner. This will also enhance the overall quality of reporting.

The table below sets forth the comments of FIF members with respect to each existing FAQ. FIF members are available to discuss with Commission representatives any of the comments below with respect to specific FAQs.

Question Number	Title	FIF Member Comments
2001 FAQs		
Introduction	Introduction	The Commission should update the Introduction. For example, the Introduction references Commission Rule 11Ac1-5.
1	Format of Monthly Reports and Procedures for Making Reports Publicly Available	The Commission should update Question 1. For example, Question 1 references order types and order sizes that are no longer applicable.
2	Vendor or SRO Assistance in Making Reports Available	No changes required.
3	Definition of Market Center - Multiple Trading Venues	The Commission should update Question 3 to update the section references.
4	Integrated Broker-Dealer Firms - Orders Received as Market Center and Orders Received Solely as Agent for Routing	The Commission should update Question 4 based on the fact that reporting is no longer limited to market centers. For example, the following sentence should be updated: "Consequently, for orders in securities for which Firm X does not act as an OTC market maker, Firm X would not be acting as a market center in those securities and therefore need not report on orders in those securities that it receives as agent and routes elsewhere for execution."
5	Definition of Covered Order - Special Handling Exclusions	The Commission should update Question 5 to update the section reference.
6	Exemption for Manually-Received Orders	The Commission should update Question 6. For example, the footnote references the OATS reporting system.
7	Locked and Crossed Quotes	The Commission should update Question 7. For example, Question 7 references order types that are no longer applicable. It is also unclear how the guidance in Question 7 applies for the new order types and the new concept of "executability" introduced in the amended Rule 605. Given the potential complexity of applying the guidance in Question 7 to the new Rule 605 reporting, FIF members recommend a discussion between Commission representatives and industry members.

Question Number	Title	FIF Member Comments
8	Trading Halts	The Commission should update Question 8. Question 8 should clarify that, for orders that are not executable at the time of order receipt but subsequently become executable, the determinations should be made as of the time that the order becomes executable. For example, consider the following scenario: an order is received and is not executable at the time of order receipt; a trading halt occurs one minute after receipt of the order; the trading halt ends; the order subsequently becomes executable. In this scenario, the trading halt should not impact whether the order is reportable.
9	Activity Within the Intermarket Trading System ("ITS")	No changes required.
10	Activity within SuperSOES and SelectNet (modified)	The Commission should withdraw Question 10.
11	Partial Executions and/or Partial Cancellations	The Commission should update Question 11. For example, Question 11 references order sizes that are no longer applicable.
12	Orders Left Unexecuted and Uncancelled at End of Regular Trading Hours	The Commission should update Question 12. For example, Question 12 references an order type that is no longer applicable. It also appears that guidance in the proposing release for the 2024 amendments supersedes the guidance in Question 12. Please see the more detailed discussion below.
13	Establishing Time of Order Receipt	The Commission should update Question 13. For example, Question 13 references assigning a time of order receipt in seconds rather than milliseconds.
14	Orders Received in Same Second as a Quote Change	The Commission should update Question 14. For example, Question 14 references recording the time of order receipt "to the second". Please also see the more detailed discussion below.
15	Time of Execution for "Stopped" or "Guaranteed" Orders	FIF members recommend that the Commission withdraw Question 15.
16	Adjusted or Voided Order Executions	No changes required.
17	Calendar Month Reporting	No changes required.
18	Phase-In of Reporting	The Commission should withdraw Question 18 because it is no longer applicable.
19	Exemption for Orders Received Prior to Dissemination of Quotations by Primary Listing SRO (new)	FIF members agree with the Commission that Question 19 is superseded by the 2024 amendments.

Question Number	Title	FIF Member Comments
20	Filtering Potential Errors in Consolidated Best Bid and Offer (new)	The Commission should withdraw Question 20. The filtering requirement set forth in Question 20 involves significant overhead for firms and given market changes over the past 20 years, is rarely, if ever applied.
21	Time of Consolidated Best Bid and Offer (new)	No changes required.
22	Rounding of Statistics (new)	The Commission should update Question 22. For example, Question 22 references Commission Rule 11Ac1-5.
23	Modified Orders (new)	The Commission should update Question 23. For example, Question 23 should address modifications that occur prior to an order becoming executable. In this scenario, the modification that is closest in time prior to the order becoming executable should be the reportable order.
24	Riskless Principal Orders (new)	FIF members agree with the Commission that Question 24 is superseded by the 2024 amendments.
25	Exemption for Inactively Traded Securities (new)	No changes required.
26	Exemption for Small Market Centers (new)	No changes required.
27	Exemption for Block Orders (new)	FIF members agree with the Commission that Question 27 is superseded by the 2024 amendments.
Appendix A	Joint-SRO Plan	The Rule 605 NMS Plan Participants should update the Rule 605 NMS Plan (see discussion above).
Appendix B	Table with Rule 11Ac1-5 Sample Statistics	The Commission should update this table to conform to the 2024 amendments.
2013 FAQs		
Introduction	Introduction	The Commission should update the Introduction. For example, the Introduction provides that only market centers are required to prepare Rule 605 reports.
1	Rule 611 and Rule 605 – Special Handling of Certain ISOs	The Commission should update Question 1 to update the section reference.
2	Rule 605 and Non-Exempt Short Sales	FIF members agree with the Commission that Question 2 is superseded by the 2024 amendments.
3	Rule 605 and the Limit Up - Limit Down Plan	The Commission should update Question 3 to reflect that there are scenarios where the executability of an order is determined subsequent to the time of order receipt. Please also see the further discussion below with respect to scenarios that involve a straddle state.

D. Conditions for a stop order to become executable

Rule 600(b)(39) defines “executable” as follows:

> … for any non-marketable buy order (excluding orders submitted with stop prices), that the limit price is equal to or greater than the national best bid during regular trading hours and after the primary listing market has disseminated its first firm, uncrossed quotations in the security, and, for any non-marketable sell order (excluding orders submitted with stop prices), that the limit price is equal to or less than the national best offer during regular trading hours and after the primary listing market has disseminated its first firm, uncrossed quotations in the security. Executable means, for any order submitted with a stop price, that the stop price has been triggered during regular trading hours and after the primary listing market has disseminated its first firm, uncrossed quotations in the security.[14]

FIF members have a concern with this definition as it relates to stop orders. As currently drafted, a stop order could become executable and, at the time it becomes executable, have a limit price that would not allow for execution within the current NBBO.

FIF members request that the Commission clarify that a stop limit order would only become executable upon both of the following conditions occurring:

- The triggering of the order
- The order otherwise being executable as defined in the first sentence of the definition of "executable".

In other words, the 2nd sentence of the definition of "executable" (relating to stop orders) should be interpreted as describing an additional condition required for a stop order to become executable (in addition to the condition set forth in the first sentence of the definition of "executable").

E. Stop orders where the triggering occurs at a downstream broker-dealer

There are certain scenarios where a customer-facing broker-dealer (Broker A) receives a stop order from a customer and routes the stop order to a downstream broker-dealer (Broker B) with instructions for the triggering of the stop order. In this scenario, it is not standard market practice for Broker B to communicate to Broker A the time that the stop order has been triggered. Accordingly, FIF members recommend for this scenario that Broker B should include this order in its Rule 605 report, and Broker A should exclude this order from its Rule 605 report. More generally, only the broker-dealer that triggers a stop order should report the stop order.

F. Midpoint-or-better limit orders

Orders received when an NBBO is not being disseminated

Rule 600(b)(57), which defines "midpoint-or-better limit order" ("MOBLO"), includes the following:

[14] 17 CFR §242.600(b)(39).

> Midpoint-or-better limit order means … with respect to an order received at a time when a national best bid and national best offer is not being disseminated, any non-marketable buy order with a limit price that is equal to or higher than the midpoint of the national best bid and national best offer at the time that the national best bid and national best offer is first disseminated after the time of order receipt, or any non-marketable sell order with a limit price that is equal to or lower than the midpoint of the national best bid and national best offer at the time that the national best bid and national best offer is first disseminated after the time of order receipt.[15]

FIF members believe an order received at a time when an NBBO is not being disseminated could not be a MOBLO. If an order is received at a time when an NBBO is not being disseminated, there are three possible scenarios at the time that the NBBO is first disseminated after the time of order receipt:

- The limit price of the order is better than any other same-side order: in this scenario, the order becomes the NBB (for a buy order) or NBO (for a sell order) and would not be a MOBLO
- The limit price of the order is worse than at least one other same-side order: in this scenario, the order would not be executable and also would not be a MOBLO
- The limit price of the order is the same as at least one other same-side order and there is no better same-side order: in this scenario, the order could become part of the NBB or NBO, as applicable, and would not be a MOBLO.

Average effective spread, average quoted spread and best available displayed price as applied to MOBLOs

The definition of "average effective spread" in Rule 600(b)(8) includes the following sentence: "For order executions of midpoint-or-better limit orders, average effective spread shall be calculated from the time such orders first become executable rather than the time of order receipt."[16] Rule 600(b)(12) similarly defines "average quoted spread" for order executions of midpoint-or-better limit orders as "… the difference between the national best offer and the national best bid at the time such orders first become executable."[17] Rule 600(b)(14) similarly provides that, "With respect to a midpoint-or-better limit order, the best available displayed price shall be determined at the time such order becomes executable rather than the time of order receipt."[18]

FIF members believe that a MOBLO received during market hours would, by definition, always become executable at the time of order receipt because MOBLO orders are a subset of executable orders. Interestingly, in the adopting release, the Commission appears to make the same point with respect to inside-the-quote non-marketable limit orders.[19] Further, as discussed in the preceding sub-section, FIF members do not believe that an order received pre-open could be a MOBLO. Accordingly, FIF members

[15] 17 CFR §242.600(b)(57).
[16] 17 CFR §242.600(b)(8).
[17] 17 CFR §242.600(b)(12).
[18] 17 CFR §242.600(b)(14).
[19] Rule 605 Amendments Adopting Release, at 89 FR 26567-26568.

are concerned that the sentence quoted above could mistakenly imply that the time a MOBLO becomes executable could be different from the order receipt time. FIF members recommend that the Commission either clarify this point through an FAQ (or similar written guidance) or identify a scenario where the time a MOBLO becomes executable could be different from the order receipt time. More specifically, the Commission should either clarify that a MOBLO always becomes executable at the time of order receipt or identify a scenario where a MOBLO would not be executable at the time of order receipt.

G. Marketability of orders received prior to the primary listing market disseminating its first firm, uncrossed quotations in the security

Based on the revised rule, an order can only be "executable" after "… the primary listing market has disseminated its first firm, uncrossed quotations in the security."[20] In contrast, the marketability of a limit order received pre-open is determined at the time that the first NBBO is disseminated, while the marketability of a limit order received between the time that the first NBBO is disseminated and the time that the primary listing market has disseminated its first firm, uncrossed quotation in the security is determined at the time that the primary listing market has disseminated its first firm, uncrossed quotation in the security.[21] FIF members believe that the marketability of a limit order received pre-open should be determined at the time that the primary listing market has disseminated its first firm, uncrossed quotation and not at the time that the first NBBO is disseminated.

The Commission explains as following in the adopting release:

> In addition, the Commission is revising the proposed definition of "marketable limit order" so that, with respect to an order received at a time when the NBBO is being disseminated but before the primary listing market has disseminated its first firm, uncrossed quotations in the security (i.e., during the interim opening period), whether the order is a marketable limit order will be determined from the time that the primary listing market disseminates its first firm, uncrossed quotations in the security. This change will move the determination of whether an order is a marketable limit order or a NMLO to a time when the NBBO is more representative of the security's price than may be the case during the interim opening period.[22]

This same reasoning by the Commission should apply to orders received pre-open.

The following scenario illustrates this issue. Assume the following events occur in the sequence indicated:

- Time 0: A broker-dealer receives a buy order from Customer A pre-open; the buy order has a limit price of $20.05
- Time 1: The NBBO is first disseminated; at this time, the NBBO is $20.02 - $20.10

[20] 17 CFR §242.600(b)(39).
[21] 17 CFR §242.600(b)(56).
[22] Rule 605 Amendments Adopting Release, at 89 FR 26449.

- Time 2: A broker-dealer receives a buy order from Customer B; the buy order has a limit price of $20.05
- Time 3: The primary listing market disseminates its first quotation; at this time, the NBBO narrows to $20.03 - $20.05.

Under the current wording of the rule, the Customer B order becomes executable at Time 3, and its marketability is determined at Time 3, "when the NBBO is more representative of the security's price." More specifically, the Customer B order is classified as a marketable limit order and thereby excluded from reporting. FIF members consider this to be the correct result. In contrast, the Customer A order becomes executable at Time 3, but its marketability is determined at Time 1. More specifically, the Customer A order is classified as a non-marketable limit order. FIF members have two concerns with this result: first, the Customer A order should be classified as a marketable limit order because at Time 3 the limit price of the Customer A order is equal to the NBO; second, applying different treatment to the Customer A and Customer B orders means that different reporting is applied to two scenarios that should be treated the same.

The following table illustrates this scenario.

	Pre-open	**NBBO first disseminated ($10.02-$10.10)**	**Interim period**	**Primary market disseminates first firm, uncrossed quotations ($10.03-$10.05)**
Customer A Order (buy limit: $10.05)	Received	Classified as non-marketable		Becomes executable
Customer B Order (buy limit: $10.05)			Received	Becomes executable; classified as marketable

For the reasons discussed above (and consistent with the Commission's statement in the adopting release that it is important to move "… the determination of whether an order is a marketable limit order or a NMLO to a time when the NBBO is more representative of the security's price than may be the case during the interim opening period"),[23] FIF members believe that the same classification should be applied to the Customer A and Customer B orders. More specifically, both orders should be classified as marketable and thereby excluded from reporting.

H. Scenario where primary market publishes quote prior to the opening auction

There are scenarios where a primary market can publish a quote prior to the opening auction. In these scenarios, referencing this quote might not be representative of the security's price. Accordingly, FIF members request that the Commission clarify that, if an opening auction occurs in a stock, marketability would not be determined, and executability would not be evaluated, until after the opening auction.

[23] Ibid.

I. Orders partially executed pre-market or during an auction

FIF members request that the Commission provide guidance on reporting for an order that is partially (but not fully) executed prior to the open, during an open auction, during a re-open auction or during the period between the open and the primary market disseminating its first uncrossed quotation. One potential approach would be to include these orders as covered orders but only for the quantity that remains unexecuted after any partial execution prior to the open, during an open or re-open auction or during the period between the open and the primary market disseminating its first uncrossed quotation.

J. Average midpoint

Rule 600(b)(9) defines "average midpoint" as

> … the share-weighted average of the midpoint of the national best bid and national best offer at the time of order receipt or, for non-marketable limit orders, midpoint-or-better limit orders, and orders submitted with stop prices, at the time such orders first become executable.[24]

FIF members request that the Commission provide written clarification that this share-weighting is based on the number of shares executed. As an example, consider the following scenario where a firm has two trade executions for a specific row of the Rule 605 report:

- Trade execution 1
  - NBB0 at time of order receipt: $20.00 - $20.04
  - Shares executed: 300
- Trade execution 2
  - NBBO at time of order receipt: $25.00-$25.04
  - Shares executed: 100.

In this scenario, the average midpoint would be $21.27, computed as follows:

$$\frac{(\$20.02 * 300) + (\$25.02 * 100)}{400} = \$21.27$$

FIF members further request that the Commission clarify that average midpoint only applies for orders that are executed in whole or in part.

FIF members request that the Commission provide the same clarification for the definitions of average effective spread, average quoted spread and average realized spread.

K. Share-weighted average price improvement

Under Rule 605(a)(2)(vi), firms are required to disclose the following on the summary report:

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[24] 17 CFR §242.600(b)(9).

> For executions of covered orders, the share-weighted average percentage price improvement, calculated as the cumulative amount that prices were improved less the cumulative amount that prices were executed outside the quote divided by sum of the average midpoint times the number of shares executed….[25]

Rule 600(b)(9) defines "average midpoint" as

> … the share-weighted average of the midpoint of the national best bid and national best offer at the time of order receipt or, for non-marketable limit orders, midpoint-or-better limit orders, and orders submitted with stop prices, at the time such orders first become executable.[26]

FIF members request confirmation of the following points:

- The "sum" referred to above modifies the phrase "average midpoint times the number of shares executed" and does not just modify "the average midpoint"
- The order of operations is to (i) calculate the net price improvement (i.e., amount that prices were improved less amount that prices were outside the quote), (ii) calculate (for each execution) the product of the average midpoint and the number of shares executed, (iii) sum these products, and (iv) divide (i) by (iii).

To address any potential misunderstanding by industry members, FIF members request that the Commission publish an FAQ that provides an example of how this amount should be calculated. The example should reflect the following formula for this calculation:

$$\frac{\begin{array}{c}\mathit{Cumulative\ amount\ that\ prices\ were\ improved} - \mathit{cumulative\ amount} \\ \mathit{that\ prices\ were\ executed\ outside\ the\ quote}\end{array}}{\sum\ (\mathit{average\ midpoint} * \mathit{number\ of\ shares\ executed})}$$

L. GTC orders

Rule 600(b)(27) defines a "covered order" to mean,

> any market order or any limit order (including immediate-or cancel orders) received by a market center, broker, or dealer during regular trading hours at a time when a national best bid and national best offer is being disseminated and after the primary listing market has disseminated its first firm, uncrossed quotations in the security, ***and, if executed, is executed during regular trading hours*** [emphasis added]; or any non-marketable limit order (including an order submitted with a stop price) received by a market center, broker, or dealer outside of regular trading hours, or at a time before the primary listing market has disseminated its first firm, uncrossed quotations in the

[25] 17 CFR §242.605(a)(2)(vi).

[26] 17 CFR §242.600(b)(9).

> security, or at a time when a national best bid and national best offer is not being disseminated ***and, if executed, is executed during regular trading hours*** [emphasis added].[27]

A GTC (good until cancelled) order is not cancelled at the close of trading on the date of the order if there are remaining shares unexecuted on the order. Instead, the order carries over to the next trading day. Some firms refresh GTC orders at the start of each trading day (i.e., treat them as new orders); other firms maintain the same GTC order over multiple trading days.

The Commission provided the following guidance in Question 12 of the 2001 FAQs:

> Orders left unexecuted and uncancelled, in whole or in part, at the end of regular trading hours on the day of order receipt should be reflected in the market center's monthly report as having been received. No further information, however, should be reported concerning the unexecuted part of such orders, regardless of whether they are executed or cancelled in the hours, days, or weeks after the end of regular trading hours on the day of order receipt. In other words, a market center's statistical report should reflect the disposition of orders solely during regular trading hours on the day of order receipt, and each day begins with a clean slate of orders.[28]

The Commission's proposing release for the 2024 amendments appears to supersede this approach, at least under certain conditions:

> As a result of the proposed inclusion of limit orders submitted after closing and the proposed changes to the categorization of NMLOs described in section IV.B.2, limit orders could be received for execution and fall within the scope of Rule 605 on a day other than the day of order receipt. Under current Rule 605(a)(1), a reporter must prepare a monthly report on the covered orders in NMS stocks that it received for execution from any person. In order to address this scenario, the Commission proposes that a covered order would be required to be included in the report for the month in which it becomes executable if the day of receipt and the day it initially becomes executable occur in different calendar months. Therefore, the Commission proposes to amend Rule 605(a)(1) to require a market center, broker, or dealer to include in its monthly report, in addition to the covered orders in NMS stocks that it received for execution from any person, those covered orders in NMS stocks that it received for execution in a prior calendar month but which remained open.[29]

FIF members request clarification on whether and, if so, how the statements above from the proposing release have been incorporated into Rule 605. FIF members also request clarification on the following questions:

[27] 17 CFR §242.600(b)(27).
[28] 2001 FAQs, Question 12.
[29] Securities Exchange Act Release No. 96493 (Dec. 14, 2022), 88 FR 3786 (Jan. 20, 2023), at 88 FR 3805.

- FIF members understand, based on the passage above, that if a GTC order is non-executable on the date of receipt and becomes executable on a subsequent date, the order would be considered a covered order as of the date that it become executable and included within the monthly report that includes the date that the order becomes executable.
- If a GTC order is not executed in full on the date that it becomes executable, would the order still be reported as one covered order with all execution activity for that day and any subsequent day included in the firm's Rule 605 report for that individual GTC order? If so, how would time to execution be calculated for shares executed on a subsequent day (i.e., would elapsed periods outside regular trading hours add to the time of execution)?
- How should a firm report if the GTC order described in the preceding bullet is not executed in full during the calendar month that it becomes executable? Should the firm ignore activity in the order during the following month? Alternatively, should the firm create a new GTC order for the following month based on the remaining unexecuted quantity at the start of the month?
- If a firm refreshes GTC orders at the start of each trading day, should the firm report a new order received for each trading day (assuming the order becomes executable at some point during the trading day)?
- Does "executable" status carryover from one trading day to the next for a GTC order? In other words, if a GTC order becomes executable on the date of receipt and is not executed in full on that date, is the GTC considered executable for all subsequent days even if the GTC order is no longer executable based on the NBBO for a subsequent day?
- Assume that a GTC order is not marketable at the time of order receipt and does not become executable during the date of order receipt. For the next day, should the determination of executability commence as of the time that the primary market publishes its first firm uncrossed quotations in the security? This approach would appear to be the most consistent with the Commission's approach for pre-open orders.
- A GTC order could remain non-executable for a significant period of time. Is there any time limit for the requirement to track a GTC order that has not yet become executable?
- If a GTC order is received during a trading day and executed in full after the close (either on that same trading day after the close or on a subsequent trading day after the close), is the order excluded from the definition of covered order?
- If a GTC order is received during a trading day during a month and remains unexecuted despite becoming executable during the month, the firm would report that order in its Rule 605 report for the month. FIF members request confirmation that if the GTC order is executed after the close during the following month, the reporting firm would not be required to amend its Rule 605 report for the prior month to remove the order.
- The definition of "covered order" provides the following condition for an order to be a covered order: "if executed, is executed during regular trading hours." One potential ambiguity results from the fact that an order could have multiple executions. Does this condition require that all shares executed are executed during regular trading hours or that only some shares executed are executed during regular trading hours? For example, if a firm partially executes a GTC order during the trading day on the date of order receipt and partially executes the GTC order after the close of trading on that day, is the firm required to report all activity for the order?
- Similarly, if a firm receives a GTC order during the trading day, does not execute the order during the trading day on the date of order receipt, partially executes the order after the close

of trading on the date of order receipt, and partially executes the order during the following trading day, is the firm required to report all activity for the order?

M. Covered orders

Order that is not fully or partially executed

FIF members request confirmation that an order can be a covered order even if it is not fully or partially executed.

Directed orders

FIF members request that the Commission provide additional clarification, through an FAQ or other written guidance, with respect to the classification and reporting of directed orders under Rule 605. FIF members assume as a general rule that a broker-dealer receiving a directed order from a customer would exclude that order from its Rule 605 report. FIF members further assume that if the broker-dealer routes that order to an exchange, ATS, market maker or other execution venue directed by the customer, the execution venue would not exclude that order based on the order being a directed order (since that venue would not be aware that it was a directed order. FIF members request clarification on these points.

Short sale price test restriction

In the adopting release, the Commission adopts "… the position that non-exempt short sale orders will not be considered special handling orders unless a price test restriction is in effect for the security…."[30] FIF members request clarification on how firms should report for the scenario where a price test restriction is not in effect for an order at the time of order receipt but goes into effect after the time of order receipt and prior to full execution (or cancellation) of the order. FIF members recommend that these orders be excluded from Rule 605 reporting (i.e., that these orders should be excluded from the definition of "covered order").

Pegged and other orders

FIF members request that the Commission provide guidance as to whether the following orders would be covered orders and, if so, how they should be classified:

- A mid-peg Day order (or other non-IOC order) without a limit price
- A mid-peg Day order (or other non-IOC order) with a limit price
- A mid-peg IOC order without a limit price
- A mid-peg IOC order with a limit price

[30] Rule 605 Amendments Adopting Release, at 89 FR 26453.

FIF members also request that the Commission provide similar guidance for other types of pegged orders, including market-peg and primary-peg orders. FIF members also request guidance for the following exchange order types: discretionary orders; and slide orders.

Each of these order types could have multiple permutations. For example, an order could have an additional parameter (such as a minimum quantity or an add liquidity only parameter) that restricts the order from executing immediately. Certain order conditions could prevent a market-peg order from being marketable. A pegged order also could have an offset or discretionary functionality. FIF members have a general concern with reporting orders with distinct characteristics if those orders do not have distinct reporting classifications. Given the number and complexity of these order types, FIF members recommend a discussion among Commission representatives and industry members as to potential approaches for how these orders should be classified and, if applicable, reported.

Not held IOC orders received by an ATS

FIF members request that the Commission provide written guidance as to whether a firm is permitted to exclude from its Rule 605 reports an IOC order that is transmitted to an ATS with a not held order instruction (for example, FIX Tag 18 (ExecInst) = 1 (Not held)). FIF notes that excluding these orders could mean that certain ATS's would be excluding all, or a significant portion of, their order flow from Rule 605 reporting.

An IOC order routed to an ATS could be considered not held from the perspective of the ATS because, if the ATS does not have a matching opposite-side order, the ATS might not route that order to another market to execute.

Orders submitted with a stop price

Under Rule 600(b)(27),

> Covered order means any market order or any limit order (including immediate-or cancel orders) received by a market center, broker, or dealer during regular trading hours at a time when a national best bid and national best offer is being disseminated and after the primary listing market has disseminated its first firm, uncrossed quotations in the security, and, if executed, is executed during regular trading hours; or any non-marketable limit order (including an order submitted with a stop price) received by a market center, broker, or dealer outside of regular trading hours, or at a time before the primary listing market has disseminated its first firm, uncrossed quotations in the security, or at a time when a national best bid and national best offer is not being disseminated and, if executed, is executed during regular trading hours.[31]

FIF members note that the parenthetical phrase "including an order submitted with a stop price" is included in the second part of this sentence but not in the first part of this sentence. FIF members

[31] 17 CFR §242.600(b)(27).

believe that this parenthetical phrase should apply to both parts of this sentence since orders with a stop price received during regular trading hours could be covered orders. FIF members request that the Commission provide written clarification on this point.

N. Scenario where security is in a straddle state

The Commission provides guidance in the adopting release that "… for purposes of determining when an order first became executable, an order generally should not become executable during a time when the underlying security is in a Straddle State."[32] FIF members request confirmation that this applies only to an order that is on the opposite side of a quote that triggers the straddle state. For example, if a straddle state is triggered because the NBO is above the applicable upper price band, a buy order would not be executable at that time, but a sell order at that time could be executable.

O. Multiple quotes within the same time increment

Rule 605, as amended, requires a firm to reference the NBBO in various circumstances, including to determine whether and when an order is executable, to determine whether an order is marketable, to determine how an order should be classified in the report, and to compute execution quality statistics in the report.

The Commission provided the following guidance in Question 14 of the 2001 FAQs:

> A market center may use any neutral algorithm to assign a Consolidated BBO to orders that are received during the same second as one or more quote changes. An algorithm is neutral if it chooses the quote in a consistent manner without reference to its impact on the market center's statistics. For example, it would not be appropriate for a market center to adopt an algorithm that assigns the intra-second Consolidated BBO with the highest offer to market orders to buy and the Consolidated BBO with the lowest bid to market orders to sell.[33]

As noted above, the Commission should update this FAQ to reflect the fact that, under the 2024 amendments, the time of order receipt, the time that an order becomes executable, and the execution times for an order must be determined based on millisecond or finer granularity.

FIF members further recommend that the Commission provide guidance that a firm should always reference the quote that was in effect at the start of the applicable time increment. For example: if a firm reports in milliseconds, the firm would reference the quote that was in effect at the start of the applicable millisecond; if a firm reports in nanoseconds, the firm would reference the quote that was in effect at the start of the applicable nanosecond. If a firm references a quote that is subsequent to its own order (even within the same time increment), the referenced quote could reflect price impact resulting from the firm's own order. Thus, it could be advantageous for a firm to reference a later quote as the baseline as it could lower the adverse price impact that is reported. It could also be advantageous

[32] Rule 605 Amendments Adopting Release, at 89 FR 26462.
[33] 2001 FAQs, Question 14.

for a firm to report in milliseconds as opposed to a more granular time increment as there could be greater price impact over a less granular (i.e., longer) time period. To address these concerns, the most equitable approach would be to require firms to reference the quote that was in effect at the start of the applicable time increment.

P. Best available displayed price

The adopting release provides that

> … Rule 605's price improvement statistics that are relative to the best available displayed price will not be required to be reported until six months after odd-lot order information needed to calculate the best available displayed price is made available pursuant to an effective national market system plan.[34]

FIF members are concerned about this approach because it will require all firms to reformat their reports six months after odd-lot order information is made available as part of the SIP data. FIF members recommend as an alternative that all fields relating to the best available displayed price be reportable initially.

Rule 600(b)(14) defines "best available displayed price" as

> … with respect to an order to buy, the lower of: the national best offer at the time of order receipt or the price of the best odd-lot order to sell at the time of order receipt as disseminated pursuant to an effective transaction reporting plan or effective national market system plan; and, with respect to an order to sell, the higher of: the national best bid at the time of order receipt or the price of the best odd-lot order to buy at the time of order receipt as disseminated pursuant to an effective transaction reporting plan or effective national market system plan.[35]

Applying this definition, prior to odd-lot order information being made available as part of the SIP data, a reporting firm should use the NBO (for a buy order) or the NBB (for a sell order) as the best available displayed price, and report on that basis.

Q. Size improvement

The adopting release provides the following example relating to size improvement:

> For example, assume that a market center receives a 500-share marketable limit order when there are 300 shares available at the NBBO. The market center executes 300 of the 500 shares against the available depth and posts the remaining 200 shares to the limit order book, which becomes the new NBBO. A market order subsequently executes against those 200 shares. Since size improvement is based on order receipt time, the

[34] Rule 605 Amendments Adopting Release, at 89 FR 26482.
[35] 17 CFR §242.600(b)(14).

> market center would record an order size benchmark of 300, 500 shares executed at the NBBO or better, and thus a size-improved outsized share count of 200 shares.[36]

FIF members believe that no size improvement is provided in this scenario. Size improvement should only take into account executions that occur while an order remains marketable. In this scenario, only 300 shares were executed while the order remained marketable; since 300 shares were available at the NBBO at the time of order receipt, no size improvement was provided in this scenario. FIF members request that the Commission provide clarification on this point through an FAQ or other documented guidance. Specifically, the Commission should provide guidance that once a firm displays all or any part of an order, any subsequent executions of the order are not considered for determining size improvement. It is important that the Commission provide this guidance to ensure that all reporting firms are reporting size improvement in a consistent manner.

R. Notional value of marketable limit orders

The adopting release provides the following guidance for reporting the notional value of orders:

> Reporting entities generally should calculate a limit order's notional value by multiplying the number of shares by the order's limit price. In addition, reporting entities generally should calculate a market order to buy's notional value by multiplying the number of shares by the national best offer at the time of order receipt and a market order to sell's notional value by multiplying the number of shares by the national best bid at the time of order receipt.[37]

FIF members agree that a firm should calculate a market order's notional value based on the opposite-side NBB or NBO (as applicable) at the time of order receipt. FIF members also agree that a firm should calculate the notional value of a non-marketable limit order based on the limit price of the order. FIF members believe that the notional value of a marketable limit order should be based on the opposite-side NBB or NBO (as applicable) at the time of order receipt and not based on the limit price of the order. It would be inconsistent to assign a higher notional value to a marketable limit order as compared to a market order. For example, if the NBBO is $10.00-$10.05, it would be inconsistent to assign a higher notional value to a buy marketable limit order with a limit price of $10.10 as compared to a buy market order received at the same time. This inconsistency becomes more apparent if the limit price of an order is far from the NBBO. For example, assume the NBBO is $10.00-$10.05. If the customer enters a buy order with a limit price of $20.00, the notional value of the limit order would be approximately twice the notional value of a market order received at the same time. This would be inappropriate given that the two orders are functionally equivalent.

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[36] Rule 605 Amendments Adopting Release, at 89 FR 26569.
[37] Id. at 89 FR 26456.

S. Determining the shares executed regular way at prices that could have filled the order while the order was in force

Under Rule 605(a)(1)(iii)(B), a firm is required to report "The cumulative number of shares executed regular way at prices that could have filled the order while the order was in force, as reported pursuant to an effective transaction reporting plan or effective national market system plan."[38] Under Rule 605(a)(1)(iii)(C), a firm is required to report,

> The cumulative number of shares executed regular way on any national securities exchange at prices that could have filled the order while the order was in force, as reported pursuant to an effective transaction reporting plan or effective national market system plan.[39]

If there are multiple executions in a stock for the same price and quantity and within the same time increment as the firm's execution that completes the customer's order, there is no systematic way for the reporting firm to determine which execution within the time increment represents the reporting firm's execution. Accordingly, a reporting firm cannot determine with certainty the number of shares executed in the market while the reporting firm's order was in effect. Instead, the reporting firm must establish a convention or policy for whether to count shares executed within the same time increment as the last time increment during which the order was in force. It would be to a firm's disadvantage to count shares executed within the same time increment as such last time increment. To ensure consistent reporting across firms, FIF members recommend for the Commission to provide guidance that a firm should not include in this statistic shares executed within the same time increment as the last time increment during which the order was in force. The same challenge applies for the time increment during which the order was created. FIF members recommend for the Commission to provide guidance that a firm should include all executions that occurred during the time increment in which the order was created.

The following real-world trading activity in Google (GOOG) on June 11, 2024 illustrates this issue:

Trade	15:29:30.827	95	177.76	177.76	177.77	NASD
Trade	15:29:30.827	5	177.76	177.76	177.77	NASD
Trade	15:29:30.827	18	177.76	177.76	177.77	NASD
Trade	15:29:30.827	77	177.76	177.76	177.77	NASD
Trade	15:29:30.827	5	177.76	177.76	177.77	NASD
Trade	15:29:30.827	100	177.76	177.76	177.77	NASD
Trade	15:29:30.827	100	177.76	177.76	177.77	NASD
Trade	15:29:30.827	100	177.76	177.76	177.77	NASD
Trade	15:29:30.827	100	177.76	177.76	177.77	NASD
Trade	15:29:30.827	5	177.76	177.76	177.77	NASD
Trade	15:29:30.827	79	177.76	177.76	177.77	NASD
Trade	15:29:30.827	16	177.76	177.76	177.77	NASD

[38] 17 CFR §242.605(a)(1)(iii)(B).
[39] 17 CFR §242.605(a)(1)(iii)(C).

Trade	15:29:30.827	5	177.76	177.76	177.77	NASD
Trade	15:29:30.827	95	177.76	177.76	177.77	NASD
Trade	15:29:30.827	100	177.76	177.76	177.77	NASD
Trade	15:29:30.827	10	177.76	177.76	177.77	NASD
Trade	15:29:30.827	99	177.76	177.765	177.77	EDGX
Trade	15:29:30.827	90	177.76	177.76	177.77	NASD
Trade	15:29:30.827	100	177.76	177.76	177.77	NASD
Trade	15:29:30.827	10	177.76	177.76	177.77	BATS
Trade	15:29:30.827	17	177.75	177.76	177.77	ARCA
Trade	15:29:30.827	12	177.75	177.76	177.77	ARCA
Trade	15:29:30.827	100	177.75	177.76	177.77	ARCA
Trade	15:29:30.827	53	177.75	177.765	177.76	NASDD
Trade	15:29:30.827	26	177.75	177.765	177.76	NASDD
Trade	15:29:30.827	100	177.75	177.75	177.76	NYSE

As the table above illustrates, there were eight 100-share trades in GOOG during this millisecond, and six of the trades were executed on Nasdaq. If a firm executed 100 shares of GOOG on Nasdaq during this millisecond, the firm does not know which of these six prints represents the firm's execution. Accordingly, if the firm's 100-share trade during this millisecond completed execution of a customer order, it is unclear whether the firm should include any or all of these shares when reporting the number of shares that "could have filled the order while the order was in force." To ensure consistency across reporting firms, FIF members recommend that the Commission provide guidance that a firm should not include trade executions that occurred during the same time increment as the execution that completes the firm's execution of its customer order as shares that "could have filled the order while the order was in force". The customer order also could have been cancelled during this millisecond, raising the same challenge. More generally, the Commission should provide guidance that a firm should not include trade executions that occurred during the last time increment during which an order was in force as shares that "could have filled the order while the order was in force".

The Commission should also clarify that a firm should not include executions of the firm's own order in this calculation.

T. Inconsistency between Rule 605 and the Commission's interpretation of Rule 606

The 2024 amendments provide the following definition of "order receipt":

> … the time (at a minimum to the millisecond) that an order was received by a market center ***for execution*** [emphasis added], or in the case of a broker or dealer that is not acting as a market center, the time (at a minimum to the millisecond) that an order was received by the broker or dealer ***for execution*** [emphasis added].[40]

[40] 17 CFR §242.600(b)(103).

Presumably, the phrase “for execution” in the 2024 amendments includes a non-executing broker (i.e., a broker that does not trade as principal or execute agency crosses) because otherwise the rule would not be providing guidance to non-executing brokers as to how to determine the time of order receipt.

With respect to Rule 606, the Commission has previously taken the position that a non-executing broker is not receiving an order “for execution”. For example, the Commission has written:

> Staff observed issues in how firms identified venues, classified orders, and calculated aggregate net rebates in reports required by Rule 606(a)(1). For example, the Staff observed the following deficiencies with respect to firms’ quantifiable disclosures:
>
> ….
>
> Improperly identifying routing firms rather than the venues to which they routed orders “for execution” as required by Rule 606(a)(1)(ii). For example, identifying a routing only broker-dealer as a venue per Rule 606(a)(1)(ii) on the 606 reports and omitting the names of the actual venues to which the routing-only broker-dealer relayed orders for execution.[41]

FIF members request that the Commission explain why, for purposes of Rule 605, the Commission interprets the words “for execution” to include a non-executing broker, but, for purposes of Rule 606, the Commission interprets the words “for execution” to exclude a non-executing broker.

U. Formatting for detailed and summary reports

Order types for detailed report

FIF members propose that the order type for the detailed report be reported as five columns instead of one. This would make it easier for market participants and other parties (including regulatory personnel, firms that analyze best execution and academics) to generate and analyze reports and statistics based on order type groupings. The table below identifies the proposed columns and values and how each order type set forth in the rule maps to the proposed values for each column:

[41] Securities and Exchange Commission, Division of Examinations, Risk Alert, Observations Related to Regulation NMS Rule 606 Disclosures (Nov. 10, 2022), available at https://www.sec.gov/files/reg-nms-rule-606-disclosures-risk-alert.pdf, at 3.

	Market / Limit	Marketable	Midpoint-or-Better	Immediate-or-Cancel	Stop
Market Orders	**M**			**N**	**N**
Marketable Limit Orders	**L**	**Y**	**N**	**N**	**N**
Marketable Immediate-or-Cancel Orders	**L**	**Y**	**N**	**Y**	**N**
Midpoint-or-Better Limit Orders	**L**	**N**	**Y**	**N**	**N**
Midpoint-or-Better Limit Orders that are Immediate-or-Cancel	**L**	**N**	**Y**	**Y**	**N**
Executable Non-Marketable Limit Orders	**L**	**N**	**N**	**N**	**N**
Executable Non-Marketable Limit Orders that are Immediate-or-cancel	**L**	**N**	**N**	**Y**	**N**
Executable Market Orders Submitted with Stop Prices	**M**			**N**	**Y**
Executable Stop Marketable Limit Orders	**L**	**Y**	**N**	**N**	**Y**
Executable Stop Non-Marketable Limit Orders	**L**	**N**	**N**	**N**	**Y**

FIF members will seek feedback on this proposal from Commission representatives and the Rule 605 NMS Plan Participants.

Formatting for detailed and summary reports

This section discusses proposed formatting for the detailed and summary reports. FIF members will seek to engage in direct discussions with the Rule 605 NMS Plan Participants regarding the formatting for these reports. The following are specific areas where guidance will be required:

- The appropriate unit for reporting the following types of values:
    - Dollar values (ex: cumulative notional value of covered orders; and average midpoint)
    - Shares (ex: cumulative number of shares of covered orders)
    - Spreads (ex: average realized spread 1 second after execution)
    - Percentages (ex: average percentage realized spread 1 second after execution)
    - Share numbers (ex: cumulative number of shares executed with price improvement)
    - Amounts per share (ex: share-weighted average amount per share that prices were improved)
    - Time periods (ex: for shares executed, share-weighted average period from time order becomes executable to time of order execution)
- The maximum number of digits after the decimal that can be reported for each type of value
- Any maximum number of characters that can be reported for a field
- Whether trailing zeroes are required
- Whether it is mandatory to report a value of zero, if applicable

- Whether reporting firms should round or truncate beyond the required number of decimal places.

FIF members expect that different formatting requirements would apply for the detailed and summary reports given the different purposes of the two types of reports. For example, FIF members expect that, in certain cases, the summary report would provide reporting that is less granular (i.e., fewer digits after the decimal) as compared to the detailed report.

V. Implementation period

FIF members request that the implementation date for Rule 605 reporting be set as the later of the following two dates:

- January 1, 2026
- One year from the date that the Commission provides guidance in response to the comments and questions set forth in this letter.

Given the complexity of Rule 605 reporting, FIF members believe it is necessary for the Commission to provide industry members a minimum implementation period of one year from the date that the Commission has provided written guidance in response to the issues and questions set forth in this letter (and in response to other issues and questions raised by industry members on a timely basis).

Based on the Commission's guidance in the adopting release, the currently scheduled implementation date for the Rule 605 amendments is December 14, 2025.[42] FIF members recommend that the Commission implement the new Rule 605 reporting requirements as of the first day of a calendar month (for example, as of January 1, 2026). If firms were required to generate a partial month report for December 2025 (for both the current and new Rule 605 reports), this would involve significant development and implementation work for firms that would only be used for this one month. Accordingly, FIF members recommend that the earliest date for the new reporting requirement should be January 1, 2026; more specifically, firms would be required to generate a report by the end of February 2026 for activity that occurred during January 2026.

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[42] Rule 605 Amendments Adopting Release, at 89 FR 26496.

If you would like clarification on any of the items discussed in this letter or would like to discuss further, please contact me at howard.meyerson@fif.com.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson
Managing Director, Financial Information Forum

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