

# FINANCIAL INFORMATION FORUM

February 26, 2025

**By electronic mail**

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
Attn: David Saltiel, Acting Director, Division of Trading and Markets

Financial Industry Regulatory Authority, Inc.  
1735 K Street, NW  
Washington, DC 20006-1596  
Attn: Robert McNamee, Associate General Counsel, Office of General Counsel

**Re: Request for the Commission and FINRA to Provide Written Interpretive Guidance Prior to the Implementation of FINRA Rule 6470 (Disclosure of Order Routing Information for OTC Equity Securities)**

Dear Mr. Saltiel and Mr. McNamee,

Financial Information Forum (“FIF”) is writing on behalf of the members of FIF as a follow-up to: (i) the letter that FIF submitted to the Financial Industry Regulatory Authority (“FINRA”) on September 7, 2023 relating to the implementation of FINRA Rules 6151 and 6470;<sup>1</sup> and (ii) the letter that FIF submitted to the Securities and Exchange Commission (the “Commission”) on August 21, 2024 requesting that the Commission provide written guidance on how firms should report pursuant to Commission Rule 606(a)<sup>2</sup> in the common scenario where a reporting firm routes a customer order to multiple venues.<sup>3</sup>

This letter is primarily focused on a fundamental issue that impacts reporting under Commission Rule 606(a) and the implementation of FINRA Rule 6470: how firms should report in the common scenario where a reporting firm routes a customer order to multiple venues. The Commission has not provided

---

<sup>1</sup> Available at <https://fif.com/index.php/working-groups/category/271-comment-letters?download=2774:fif-letter-to-finra-with-comments-and-questions-on-finra-rules-6151-and-6470-disclosure-of-order-routing-information-for-firms-securities-and-otc-equity-securities&start=60&view=category>.

<sup>2</sup> 17 CFR §242.606(a).

<sup>3</sup> Available at <https://fif.com/index.php/working-groups/category/271-comment-letters?download=2988:fif-letter-to-the-sec-relating-to-calculating-and-reporting-the-percentage-of-orders-routed-to-different-venues-for-rule-606-a-reporting&start=20&view=category>.

clear written guidance on this question. As a result, firms are reporting this common scenario inconsistently in their Rule 606(a) reporting. This defeats a fundamental objective of Rule 606(a), which is to allow for a fair comparison of brokers. This same concern will apply for Rule 6470 reporting given the similarity of the two reporting requirements.

In this letter we also discuss other issues of concern relating to Rule 606(a) that will extend to FINRA Rule 6470, including the problem of look-through and the need for additional FAQ guidance.

Based on the above concerns, FIF members request that FINRA hold-off on any steps towards the implementation of FINRA Rule 6470 until (i) the Commission has provided written guidance on how firms should report in the common scenario where a reporting firm routes a customer order to multiple venues and (ii) the Commission has properly addressed the other issues raised in this letter.

This letter also reflects a more general concern of FIF members across various reporting requirements that it is important for the Commission, when adopting complex reporting requirements, to provide written guidance on common reporting scenarios. This written guidance also is necessary to achieve the Commission's objectives in adopting these reporting requirements, as the Commission's objectives can only be achieved if firms are reporting in a consistent manner.

FIF members request a call with Commission and FINRA representatives to discuss in further detail the issues raised in this letter.

### **Reporting when an order is routed to multiple venues: the need for written guidance from the Commission and FINRA**

Some FIF members have received informal guidance from FINRA examination personnel on how to report for Rule 606(a) when an order is routed to multiple venues. This guidance runs contrary to how most firms are currently reporting on Rule 606(a), and firms are reluctant to change their reporting based on verbal guidance. The only way to address this situation is through clear written guidance that is publicly communicated.

On September 30, 2024, I participated on a call with Commission representatives to discuss the August 2024 FIF letter, which requested written guidance from the Commission on how to report for the common scenario where an order is routed to multiple venues. The Commission representatives specifically requested that FIF members not participate on this call. During this call, Commission representatives provided verbal guidance in response to the August 2024 FIF letter. The following were some of the concerns expressed by FIF members when I relayed this verbal guidance to the FIF Rule 606 Working Group:

- The guidance would result in misleading and inconsistent reporting for the scenarios where an order is routed to multiple venues and (i) the order is not executed, (ii) the order is executed by one venue, or (iii) the order is executed by multiple venues.
- FIF members would need significant time and would need to incur significant costs to conform their reporting to the Commission's guidance.

- FIF members are concerned about incurring these significant costs without clear written guidance from the Commission.
- Without clear written guidance, some firms will implement this guidance and other firms will not. This will lead to inconsistent reporting across firms.
- One part of the Commission’s guidance is based on a footnote to the adopting release for the original Rules 605 and 606<sup>4</sup> that is not reflected in the text of the rule or published FAQs (or equivalent published guidance) on an issue that is fundamental to Rule 606(a) reporting.
- Another part of the Commission’s guidance is based on the “Frequently Asked Questions (“FAQs”) About Rule 11Ac1-6” published by the Commission in 2001 (the “2001 FAQs”).<sup>5</sup> There is a lack of clarity as to how the 2018 amendments to Rule 606 impacted the 2001 FAQs. For example, Question 1 from the 2001 FAQs sets forth a format for the Rule 606(a) report that is no longer applicable,<sup>6</sup> but FIF members are not aware of the Commission expressly rescinding this FAQ. Stated more generally, FIF members are not aware of any guidance from the Commission as to which of the 2001 FAQs are still valid. Given the fact that the Commission has not rescinded certain FAQs that are clearly no longer applicable, firms cannot assume that any of the prior FAQs are still applicable absent written clarity from the Commission as to which of the prior FAQs are still in effect.
- Some FIF members noted that the Commission’s guidance was inconsistent with historical guidance provided by FINRA examiners.

### **OTC Link reporting workflows: the need for written guidance from FINRA**

In the September 2023 FIF letter to FINRA, FIF described various workflows involving participation by reporting firms on the OTC Link ATS and requested guidance on how firms should report these workflows. The September 2023 letter proposed an approach for how each of these workflows could be reported. Absent written guidance from FINRA, there are multiple ways that these workflows could be reported. If firms adopt different approaches for reporting these workflows, this will result in inconsistent reporting, thereby defeating the purpose of Rule 6470.

FIF presented eight workflows in the September 2023 letter. Some of these workflows involve a route to multiple parties. The approach for reporting these workflows proposed by FIF in the September 2023 letter must now be reconsidered in light of verbal guidance provided by Commission and FINRA representatives subsequent to September 2023, as described above. FINRA should not proceed with the implementation of Rule 6470 until FINRA has provided clear written guidance for how these scenarios should be reported. Guidance from FINRA on these scenarios, in turn, will be dependent on the Commission providing written guidance to firms on how to report for the common scenario where an order is routed to multiple venues.

---

<sup>4</sup> Securities Exchange Act Release No. 43590 (Nov. 17, 2000), 65 FR 75414 (Dec. 1, 2000), at 65 FR 75427, n. 65.

<sup>5</sup> Securities and Exchange Commission, Division of Market Regulation: Staff Legal Bulletin No. 13, "Frequently Asked Questions About Rule 11Ac1-6", available at <https://www.sec.gov/interps/legal/mrslb13.htm>, at Question 10. Rule 11Ac1-6 is the predecessor rule to Rule 606.

<sup>6</sup> Id. at Question 1.

## Look-through

FIF members have expressed concerns regarding the look-through requirement for Rule 606(a) reporting in multiple letters to the Commission and FINRA.<sup>7</sup> The Commission should also address the look-through issue at this time. As discussed in a series of letters previously submitted by FIF to the Commission: (i) look-through results in misleading data being disseminated to the public; (ii) look-through was never proposed or contemplated as part of the 2018 amendments to Rule 606(a) (and, accordingly, the Commission never conducted a cost-benefit analysis for look-through); and (iii) look-through has instead been “implemented” through the examination process with different examiners often providing inconsistent guidance to different industry members.<sup>8</sup> As further discussed in prior FIF letters, the Commission can easily address the look-through issue by simply clarifying that a routing-only broker receives orders “for execution” for purposes of Rule 606(a).<sup>9</sup> This requested clarification by FIF members is fully in-line with the definition of “order receipt” in the Commission’s 2024 amendments to Rule 605, which makes clear that all brokers, including routing-only brokers, receive orders “for execution”.<sup>10</sup> In other words, the Commission’s position on look-through for Rule 606(a) reporting (that routing-only brokers **do not receive** orders for execution) is inconsistent with the definition of “order receipt” that the Commission adopted in connection with the 2024 amendments to Rule 605 (which assume that routing-only brokers **do receive** orders for execution).<sup>11</sup>

## Rule 606 FAQs

As discussed above, it is not clear which of the Rule 606 FAQs are still valid. The Commission should update the current Rule 606 FAQs to expressly incorporate any of the 2001 FAQs that are still valid.

## Conclusion

The issue of how to report when an order is routed to multiple venues is a complex issue that is fundamental to Rule 606(a) reporting. It is in the mutual interest of the Commission and reporting firms for the Commission to provide clear written guidance on how firms should report these scenarios. FIF members can provide valuable input on approaches that would be most meaningful to investors, allow for a fair comparison across brokers, and best achieve the objectives of the Commission and FINRA in adopting Rules 606 and 6470. Moving forward with the implementation of Rule 6470 while these fundamental reporting issues remain unresolved is contrary to the interests of the regulators, market participants and, most importantly, the investing public.

\* \* \* \* \*

---

<sup>7</sup> See, for example, FIF letter to the Commission (Dec. 20, 2022), available at <https://www.sec.gov/comments/sr-finra-2022-031/srfinra2022031-20153223-320697.pdf>.

<sup>8</sup> Id. at 2-4.

<sup>9</sup> Id. at 5.

<sup>10</sup> 17 CFR §242.600(b)(103).

<sup>11</sup> Ibid.

Please contact me at [howard.meyerson@fif.com](mailto:howard.meyerson@fif.com) after you and your colleagues have had the opportunity to review the comments and questions set forth in this letter.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson  
Managing Director, Financial Information Forum

Cc: Sarah Albertson, Division of Trading and Markets, Securities and Exchange Commission  
David Chapman, Financial Industry Regulatory Authority  
Commissioner Caroline A. Crenshaw, Securities and Exchange Commission  
Andrew Durand, Counsel to Commissioner Hester M. Peirce, Securities and Exchange Commission  
Alexander Ellenberg, Financial Industry Regulatory Authority  
Richard Gabbert, Counsel to Commissioner Hester M. Peirce, Securities and Exchange Commission  
Daniel M. Gray, Division of Trading and Markets, Securities and Exchange Commission  
Kirill Kan, Financial Industry Regulatory Authority  
Commissioner Hester M. Peirce, Securities and Exchange Commission  
Kelsey Pristach, Counsel to Acting Chair Mark T. Uyeda, Securities and Exchange Commission  
Racquel Russell, Financial Industry Regulatory Authority  
Acting Chair Mark T. Uyeda, Securities and Exchange Commission  
Theodore S. Venuti, Division of Trading and Markets, Securities and Exchange Commission