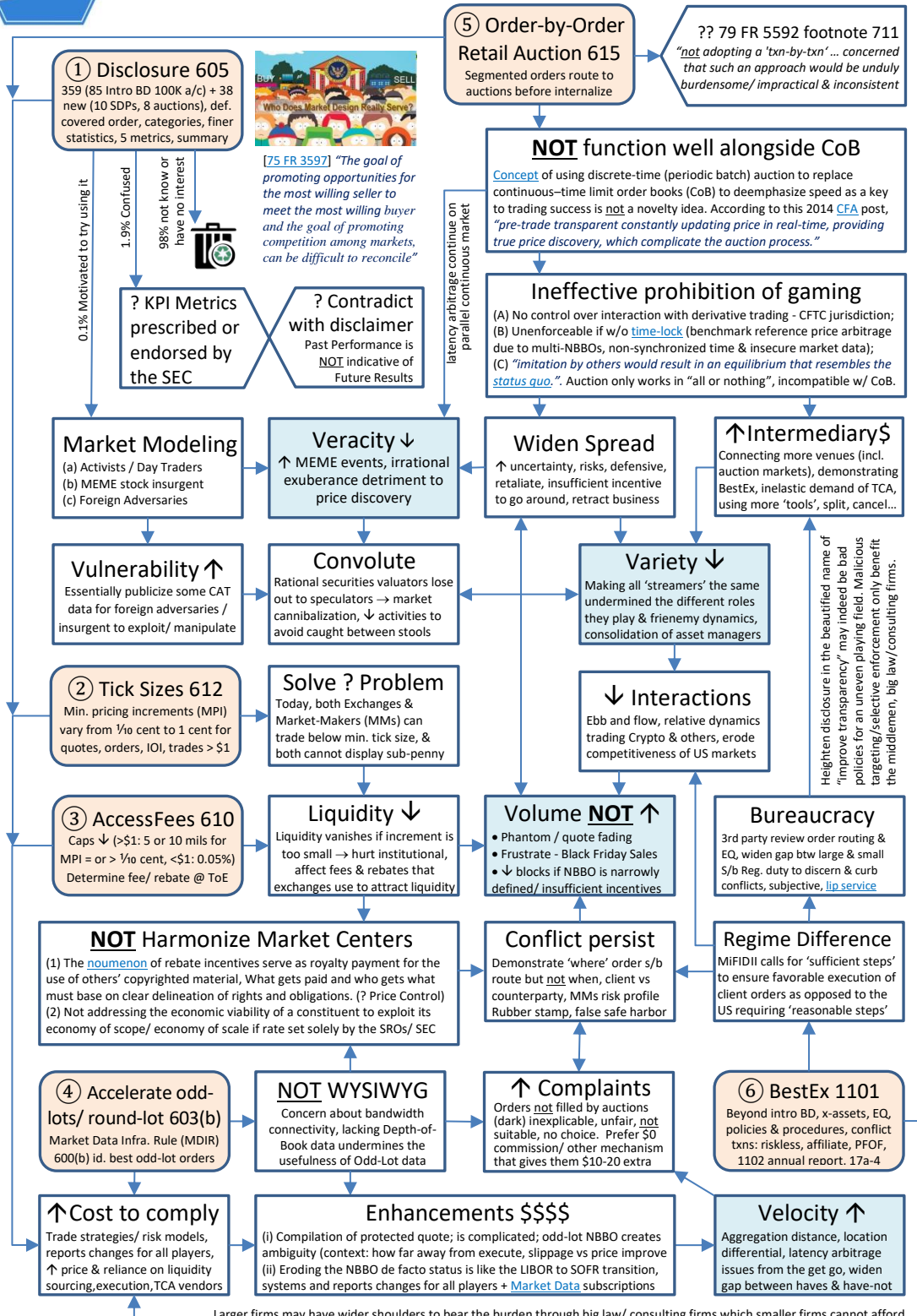


Value Chain Smile Curve Assessment



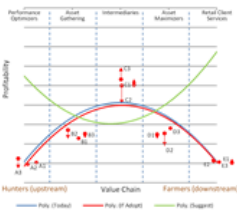
Larger firms may have wider shoulders to bear the burden through big law/ consulting firms which smaller firms cannot afford

Enthralling Things⁺

- ① Pg. 86 "NMLOs received... at a time when an NBBO is not being disseminated could be considered covered orders... even though... before the primary listing market has disseminated its first quotation", footnote 236 "... when the consolidated BBO reflects a spread that > \$1 + 5% of the midpoint could be the result of potentially erroneous quotes or of abnormal trading conditions... inclusion affect the comparability & reliability of EQ."
 - ② Pg. 34, 66, 188 Table 8 "identified 1,337 NMS stocks ... considered tick-constrained" ... "Avg. Quoted Spread < \$0.04, # of stocks 1,707 + 2,648 = 4,355"; "are tick-constrained, or near... designed... with a range of price points (4 to 8)"; footnote 217 "if spread ... wider than the avg. quoted spread used to determine the minimum pricing increment there would be more than 4 price levels"
 - ③ Pg. 99, 101, 106 "\$0.0005 cap for NMS stocks so that the cap does not exceed half the minimum increment, which could disrupt quote priority & result in unintended market distortions. For > 0.001, the \$0.001 cap avoid interference with existing agency market business models.", footnote 305 "bring ... fees exchanges charge for removing liquidity in line with ... ATSS", "all fees & rebates determinable at the Time of Execution (ToE)"
 - ④ Pg. 129-130 "requiring the existing exclusive SIPs ... will prevent the imposition of unnecessary costs... on... SIPs immediately prior to their retirement"... "in light of the delay... the costs imposed on the exclusive SIPs by this requirement would not rep. 'unnecessary costs' on the exclusive SIPs"
 - ⑤ Pg. 88, 97 "absence of a threshold could result in... substantial increase of connectivity costs & complexity... detract from the level of competition", "attracted a wide range of market participants... avoid... fragmentation"
 - ⑥ Pg. 43 "require broker-dealers that have certain conflicts of interest to establish additional policies & procedures... enforce ... comply ... best execution standard"
- "Internal Hours ... Outside Costs... Attorney \$401,417,462,483; C.M. \$298,310,344,359"
- Remarks: Enthralling Things⁺ ≠ agree or disagree, like or unlike.

Things to improve

- ① Customers do not need better assess of BDs' potential conflicts, the SEC is. Public relies on market regulators & SROs to assure that they are not scammed in open market. If 605 is for retail, approach such as the red/green boxes (payments/receipts) has merits. If any constituents, incl. regulators, want to have comprehensive metrics produce, let's vendors compete for their business.
- ② Half cent may be more reasonable, yet the only way to truly "harmonize" across market centers is by implementing a Copyright Licensing Mechanism
- ③ Noumenon of rebate incentives serve as royalty payment for the use of others' copyrighted material. The orderly function of any market requires ample liquidity from diversified sources. Suggest tweaking incentives (green) causing it to be not viable for a constituent to exploit its econ of scope, scale, or engage in other misbehavior acts.
- ④ Realize the gap between MDIR & where market data and market structure reforms should go. Right from the start, it has always been about aggregation distance/ location differential issues. See this
- ⑤ Joint force w/ CFTC to set e.g. 11: Xam ET for periodic auction (mutually exclusive, no CoB); i/o 1% SCI threshold, open bids for 2-4 licenses to design &/operate qualified auction + use of time-lock encryption
- ⑥ 'Most favorable price' <> 'willing buyers sellers standard', should consider Four-Part Test. See Appendix 2 for our suggestion to curb misbehaviors, modernize the outdated design of CAT, save \$, & better intelligence.



P.S. Why reform the NMS amid the digital asset crash & impending recession, unless it is about a better way to delineate rights & obligations (who owns the data).