

**SIFMA Equity Market Structure Conference**  
**New York, NY**  
**April 18, 2018**

**Opening Remarks, as prepared for delivery**  
**Randy Snook**  
**Executive Vice President, Business Policies and Practices**

Good morning. Thank you for joining us at SIFMA's Equity Market Structure conference. SIFMA is pleased to provide this annual forum to take stock of equity market structure.

For many years, SIFMA and its members have been vocal advocates and thought leaders on equity market structure issues. The U.S. equity markets continue to be the deepest, most liquid and most efficient in the world, with investors enjoying extraordinarily low transaction costs, narrow spreads, and fast execution speeds.

The U.S. stock market is largest in the world – nearly two and a half times the next largest, the EU – and represents about 38% of the \$85 trillion in equities around the globe. On average, around 7.3 billion shares are traded on U.S. equity markets every day. This provides the U.S. with a competitive edge, as businesses choose to list here knowing they can be supported by the most robust secondary markets in the world. In this way, the U.S. equity markets are a fundamental driver of economic growth in this country. They provide all types of investors with financial opportunity and incentivize capital formation that spurs business innovation and job creation.

However, SIFMA also has been a leader in considering ways to enhance equity market structure. In 2014, SIFMA's Board of Directors convened a broad-based task force in 2014 of members from across the country and across the industry, including retail and institutional dealers and asset managers, to develop a series of tangible and actionable market structure reforms. Those recommendations have guided the public dialogue in this area.

Last year, SIFMA submitted to the SEC a set of recommendations for review of Regulation NMS. SIFMA's letter encouraged discussion between the SEC and market participants on key aspects of Regulation NMS, including the Order Protection Rule, Access Fees, Market Data, and NMS Plan Governance. We were pleased that the SEC's Equity Market Structure Advisory Committee – also known as EMSAC – thoughtfully considered topics in their recommendations to the SEC.

SIFMA's overarching goal is to promote market resilience and ensure the equity markets continues to benefit investors and play an essential role in capital formation. Efficient and resilient market structure is key to sustaining the investor confidence and participation that underpin the stock market. Investors should take for granted that markets are fair, resilient and transparent. As an industry, we must continuously ask ourselves – is market structure promoting a competitive marketplace and the key tenets of fairness, stability and transparency?

At the same time, it is important to recognize that the U.S. stock market is a unique ecosystem, where a variety of participants play important roles. In this ecosystem, a variety of trading venues provide critical execution services to a wide array of market participants and investors. Maintaining

the vitality of the U.S. equity markets depends on maintaining our uniquely innovative market structure.

Today's event comes at a time when we are seeing action in some of the areas where SIFMA has been active.

We were happy to see the SEC propose a transaction fee pilot last month. SIFMA has supported lowering the current cap on access fees, and the pilot would be a constructive way to gather evidence for the most optimal steps for reform in this area. We are examining the proposal and will be submitting comments to the SEC. I can say now that SIFMA will urge the SEC to set specific metrics for determining the pilot's success.

In addition, we welcome last week's announcement from SEC Chairman Jay Clayton about upcoming roundtables on low-volume securities, access to markets and market data, and combatting retail fraud. Looking at today's program, the upcoming April 23<sup>rd</sup> roundtable on low-volume securities is particularly relevant. We urge the SEC to carefully consider whether there are changes in equity market structure that could improve capital formation. And if there are structural changes to accomplish that goal, we should explore them.

But at the same time, any such exploration – whether through pilots or otherwise – should not lock the markets into a suboptimal solution.

SIFMA also welcomes the upcoming roundtable to address market data issues. Market data is a key part of successful markets, and we have consistently maintained that market data must be timely, comprehensive, non-discriminatory, and accessible to all market participants at a reasonable cost. The SEC's roundtable on this issue also will be a good place consider the NMS Plan structure used to operate the public market data feeds. We have repeatedly argued for governance reform in NMS Plans to include direct voting representation by industry representatives.

Of course, these issues are just a few of the ones where SIFMA is active. One more issue on our minds – and it will be discussed today – is the issue of SRO structure. We continue to believe that the role of exchanges as SROs needs to be modernized given the business and policy changes over that last 10-15 years. We urge all interested stakeholders, including legislators and regulators, to consider such critical issues as the appropriate scope of exchange SRO status and reasonable limits on exchanges' operational liability.

It is now my pleasure to introduce our first featured speaker, the Honorable Hester Peirce, Commissioner of the SEC.

Commissioner Peirce joined the SEC in 2018. Previously, she served as Senior Research Fellow and Director of the Financial Markets Working Group at the Mercatus Center at George Mason University. Commissioner Peirce co-edited two books, authored publications, testified before Congress, and served on the SEC's Investor Advisory Committee.

Before joining the Mercatus Center, Commissioner Peirce worked on Senator Richard Shelby's Committee on Banking, Housing, and Urban Affairs staff as Senior Counsel. In that position, she conducted oversight of the regulatory implementation of the Dodd-Frank Act.

Commissioner Peirce earlier worked as counsel to SEC Commissioner Paul S. Atkins and served as a Staff Attorney in the Division of Investment Management.

We're grateful she's here today to share her views. Please join me in welcoming Commissioner Peirce.