

May 2, 2025

Via Electronic Mail (rule-comments@sec.gov)

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Notice of Filing of a Proposed Rule Change to Adopt FINRA Rule 6152 (Disclosure of Order Execution Information for NMS Stocks);¹ File No. SR-FINRA-2025-002

Dear Ms. Countryman:

The Healthy Markets Association² appreciates the opportunity to comment on FINRA's proposal to consolidate routing disclosure information on its website. HMA has advocated for well over a decade to require government agencies to consolidate and publish order execution quality information. Unfortunately, when the Securities and Exchange Commission adopted reforms to Rule 605,³ it acknowledged the robust commenter support for the creation of a consolidated database of the Rule 605 Reports,⁴ but nevertheless declined to adopt that as part of the final rule.

We appreciate FINRA stepping up to close that loop with this FINRA Proposal.

Rule 11Ac1-5, the predecessor to Rule 605, was adopted in 2000 because the Commission found that

most investors have few tools with which to assess the execution quality of different market centers and the order routing practices of different broker-dealers. Execution quality can, however, vary significantly across different market centers trading the same security. If improved disclosure

¹ *Notice of Filing of a Proposed Rule Change to Adopt FINRA Rule 6152 (Disclosure of Order Execution Information for NMS Stocks)*, SEC, Exch. Act Rel. No. 102781, available at <https://www.sec.gov/files/rules/sro/finra/2025/34-102781.pdf> and <https://www.sec.gov/files/rules/sro/finra/2025/34-102781-ex5.pdf> (the "FINRA Proposal").

² The Healthy Markets Association is a not-for-profit member organization focused on improving the transparency, efficiency, and fairness of the capital markets. Healthy Markets promotes these goals through education and advocacy to reduce conflicts of interest, improve timely access to market information, modernize the regulation of trading venues and funding markets, and promote robust public markets. Its members include public pension funds, investment advisers, broker-dealers, exchanges, and data firms. To learn about HMA or our members, please see our website at <http://healthymarkets.org>.

³ *Disclosure of Order Execution Information*, SEC, 89 Fed. Reg. 26428 (Apr. 15, 2024), available at <https://www.govinfo.gov/content/pkg/FR-2024-04-15/pdf/2024-05556.pdf> ("Revised Rule 605 Adopting Release").

⁴ Revised Rule 605 Adopting Release, at 26493 and 26494.



leads to the tightening of effective spreads across market centers, the savings to investors could be quite substantial.⁵

The point of Rule 605 is, simply put, to allow investors to compare the quality of trade executions across various venues.⁶ It aims to "establish a baseline level of disclosure in order to facilitate cross-market comparisons of execution quality."⁷

To some extent, this goal has been achieved. At the Healthy Markets Association, our members and subscribers routinely use and compare Rule 605 Reports.

As frequent users of these reports, we have identified several suggestions on how to enhance their usefulness. In fact, since the Healthy Markets Association was founded in 2015, we have consistently worked towards improving the quality and utility of Rule 605 Reports, and we believe that centralization is a key method for achieving this.

In August 2016, HMA Research Director and Board Member Chris Nagy explained to the SEC's Equity Market Structure Advisory Committee that:

Perhaps one of the greatest challenges to anyone seeking to analyze and review 606 and 605 data is the decentralized nature of the current disclosure requirement. The lack of a central repository for the data makes it all but impossible for investors and academics alike to scour websites to locate the data if they don't have a comprehensive understanding of the known universe. Even then, reports are often buried within a particular firm's website and difficult to locate. Furthermore, limited historical data is readily available.

...

Investors or other parties should not have to scour dozens, or even hundreds, of websites to find the information they need. Brokers, and increasingly investors, are likely to want to use this information as part of their best execution review practices. However, by leaving this information scattered to the corners of the internet, the laudable goal is rendered nearly impossible for all but the most well-resourced firms. If we go to the trouble of requiring reports, we should take the next step to make sure investors, brokers, academics, and the public can find and use them.

One possibility could be to centralize reporting in a manner similar to how FINRA recently began publishing ATS and OTC statistics. We believe the rule should require mandatory reporting to a centralized database. This

⁵ *Disclosure of Order Execution and Routing Practices*, SEC, 65 Fed. Reg. 75414, 75416 (Dec. 1, 2000), available at <https://www.govinfo.gov/content/pkg/FR-2000-12-01/pdf/00-30131.pdf>.

⁶ Revised Rule 605 Adopting Release, at 26429.

⁷ Revised Rule 605 Adopting Release, at 26429.



would aid consumers, researchers and academics. We believe that with centralized reporting, many problems such as incorrect or missing data would be easily spotted and corrected.⁸

We welcomed the Commission's recent updates to Rule 605,⁹ and look forward to their continuing implementation. However, the Commission's updates to Rule 605 didn't include mandatory centralization of reports. But it was considered.

The Commission initially proposed two alternative mechanisms for centralization, which were either:

1. "to require that the Plan Participants establish procedures pursuant to the Rule 605 NMS Plan to provide for the creation and maintenance of a centralized electronic system to serve as a repository for Rule 605 reports and make such reports available for viewing and downloading in a manner that is free and readily accessible to the public;"¹⁰ or
2. "to require that reporting entities disclose Rule 605 information directly to the Commission through the Commission's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system, with the Commission subsequently making the information publicly available on EDGAR."¹¹

While centralized reporting is a good idea, the two proposed mechanisms were not.

HMA commented that centralization "should be done within a public database maintained by the Financial Industry Regulatory Authority (FINRA)."¹² We further noted that "[a]ny firm that will be reporting to Rule 605 is a FINRA member, and FINRA has long had reporting systems for many such metrics."¹³

Unfortunately, despite receiving robust support for centralizing the reports and acknowledging that centralizing the reports "could help to make it easier for market participants to access and evaluate Rule 605 reports,"¹⁴ the Commission declined to mandate it.¹⁵ In doing so, the Commission appeared to be concerned with the obvious

⁸ Statement of Christopher Nagy Before the Equity Market Structure Advisory Committee of the Securities and Exchange Commission, SEC, (Aug. 2, 2016), *available at* <https://www.sec.gov/comments/265-29/26529-80.pdf>.

⁹ Letter from Tyler Gellasch, HMA, to Vanessa Countryman, SEC, at 16, Mar. 31, 2023, *available at* <https://healthymarkets.org/wp-content/uploads/2023/03/Market-Structure-Comment-Ltr-to-SEC-3-31-23-Final.pdf> ("HMA Comment Letter").

¹⁰ Revised Rule 605 Adopting Release, at 26493.

¹¹ *Id.*

¹² HMA Comment Letter, at 16.

¹³ HMA Comment Letter, at 16.

¹⁴ Revised Rule 605 Adopting Release, at 26494.

¹⁵ Revised Rule 605 Adopting Release.



flaws of the two mechanisms it had proposed, including potential resource expenditures and delays.¹⁶

The FINRA Proposal would require each member that is required to publish reports pursuant to SEC Rule 605 to provide the reports to FINRA, within the same time and in the same formats that such reports are required to be made publicly available pursuant to SEC Rule 605.

FINRA's initiative to publish these reports on their website, free of charge and without usage restrictions, is precisely the direction we have hoped the Commission would take for the past decade.¹⁷ This will undoubtedly bring greater utility to the reports and transparency to the investing public.

We urge the Commission to promptly approve the FINRA Proposal without delay. If you have any questions, please contact me at (202) 909-6138 or ty@healthymarkets.org or my colleague, Chris Nagy at (402) 312-7918 or chris@healthymarkets.org.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ty Dellasech', written in a cursive style.

President and CEO

¹⁶ Revised Rule 605 Adopting Release, at 26494.

¹⁷ In theory, we would prefer the Commission itself own and operate this governmental tool, but recognize the practical and political challenges facing the Commission, including budget and technological resource constraints, make that – at least for the immediate future – impracticable. Even though the repository would be operated by FINRA, it should remain free of charges and usage restrictions.