



**Andrew Oppenheimer**  
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Nasdaq Representative to the  
UTP/CTA Operating Committees  
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New York, NY 10036

**VIA ELECTRONIC MAIL**

April 27, 2022

Bob Books  
Chair  
UTP/CTA Operating Committees

Re: Proposal of the CTA and UTP Operating Committees Regarding Odd Lots on the SIPs (March 2022).

Dear Mr. Books:

The Nasdaq Stock Market LLC (“Nasdaq” or the “Exchange”) appreciates the opportunity to comment on the Proposal of the CTA and UTP Operating Committees (collectively, “UTP/CTA Plans” or “Operating Committee”) regarding odd lots on the SIPs.<sup>1</sup>

This is the second request for comment regarding the introduction of odd lots on the SIPs.<sup>2</sup> The first request solicited input on the concept in general. In response to that request, Nasdaq stated that it “support[ed] the concept of providing more transparency regarding the best prices available to the market, particularly in relation to higher priced stocks,”<sup>3</sup> but also noted that this is an “interim solution,” and that the industry as a whole should continue to work on a longer-term change.<sup>4</sup> These comments remain as relevant today as they were in 2019, and Nasdaq incorporates its first comment letter herein by reference.

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<sup>1</sup> See “Proposal of the CTA and UTP Operating Committees Regarding Odd Lots on the SIPs (March 2022), available at [https://www.utpplan.com/DOC/Odd\\_Lots\\_Proposal.pdf](https://www.utpplan.com/DOC/Odd_Lots_Proposal.pdf).

<sup>2</sup> See “Odd Lots Proposal” (October 2019), available at [https://www.ctaplan.com/publicdocs/CTA\\_Odd\\_Lots\\_Proposal.pdf](https://www.ctaplan.com/publicdocs/CTA_Odd_Lots_Proposal.pdf)

<sup>3</sup> See Letter from Jeffrey Kimsey, Vice President, Nasdaq, to Robert Books, Chair, UTP/CQ Plan Operating Committees re Odd Lot Proposal (November 15, 2019), available at <file:///I:/Nasdaq%20OGC/Cantu,%20Daniel/UTP/Miscellaneous/Nasdaq%20Comment%20Letter%20on%20Odd%20Lots.pdf>. (“First Nasdaq Comment Letter on Odd Lots”).

<sup>4</sup> See First Nasdaq Comment Letter on Odd Lots. The letter sought to open discussions with two proposals to increase market transparency and efficiency: (i) intelligent tick sizes, and (ii) quote protection based on quote value, rather than lot size.

This second request for comment presents two questions related to implementation of the proposal. We will address each in turn.

**1. Do data feed recipients want the current SIPs to proceed with adding Odd Lot Quotations in 2023 or instead wait for Odd Lot Quotations to be made available once the MDIR has been implemented?**

Nasdaq does not support waiting for implementation of the Market Data Infrastructure Rule (“MDIR”) to disseminate odd lot information. The MDIR is fundamentally flawed,<sup>5</sup> and is subject to a legal challenge currently pending before the D.C. Circuit Court of Appeals.<sup>6</sup> The dissemination of odd lot information will increase market transparency and better inform policy decisions, and can be implemented in 2023. We see no compelling reason to delay implementation, particularly in light of the ongoing uncertainty surrounding the implementation of MDIR.

**2. If adding Odd Lot Quotations to the existing SIPs is preferred, would data recipients prefer Odd Lot Quotations be disseminated through a single, integrated feed, as reflected in this proposal, or a channel separate from existing SIP data?**

Under the current proposal, all data feed recipients would be required to make “technological changes required to receive the Odd Lot Quotations, regardless of whether or not they choose to process and use the Odd Lot information.” Nasdaq believes that the proposal should be modified to allow odd lot information to be disseminated through a separate channel, so that only recipients that wish to use the new information would make the required technological changes.

This type of “channelization” is both fair and efficient. The cost of receiving and consuming odd lot information may be substantial; the SIP Processors project that the additional information may result in a 35% increase in the amount of quotation traffic sent to the SIPs each day, as well as a 35% increase in the quotation messages generated during peak periods. Because odd lot quotes are not protected, programming systems to receive such information is a “discretionary” expenditure that will be of interest to some, but not all, market data consumers. Channelization will allow market participants that wish to utilize odd lot information to do so, and allow those that have no use for such information to “opt out” and continue to use the current feed, thereby minimizing development work for the industry as a whole.<sup>7</sup> Nasdaq therefore believes that odd lot information should be disseminated via a separate, optional channel.

As Nasdaq has commented previously, adding odd lot information to the SIPs is an interim step, not a long-term solution. The round lot proposal set forth in the MDIR is one

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<sup>5</sup> See Letter from Erika Moore, Vice President and Corporate Secretary, Nasdaq, to Vanessa Countryman, Secretary, SEC, Re Proposed Fifty-Second Amendment to UTP Plan (December 17, 2021), available at <https://www.sec.gov/comments/sr-ctacq-2021-03/srctacq202103-20110029-264334.pdf>.

<sup>6</sup> See *The Nasdaq Stock Market LLC v. Securities and Exchange Commission*, Case No. 21-1100 (DC Cir.).

<sup>7</sup> The decision to opt out is reversible; a market participant may decide to opt out of the odd lot feed today, but reverse that decision and change their code to receive odd lot information at a later date.

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option for a longer-term solution, but not the best one. Indeed, Nasdaq has called for the elimination of the distinction between round lots and odd lots altogether.<sup>8</sup> While a full discussion of long-term solutions is beyond the scope of this comment, Nasdaq urges greater discussion of this topic.

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Thank you for this opportunity to comment. Publication of odd lots on the SIPs is a good first step to increasing market transparency, and allowing market participants to choose whether or not to consume such data is a fair and efficient way of implementing this proposal. Nasdaq looks forward to further industry discussion concerning more permanent methods of adding transparency to the SIPs.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Andrew Oppenheimer', with a long horizontal flourish extending to the right.

Andrew Oppenheimer  
Associate Vice President  
Nasdaq Representative to the UTP/CTA Operating  
Committees

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<sup>8</sup> See Nasdaq, “Optimizing Markets for Today and Tomorrow: A Framework for U.S. Equities Market Reform,” (March 2022), available at <https://www.nasdaq.com/docs/optimizing-markets-for-today-and-tomorrow>.