

April 21, 2022

Dear Operating Committee:

Thank you for the opportunity to comment on the CTA and UTP Operating Committee proposal to add Odd Lot quotations as ancillary information to the SIPs. Putting Odd Lot quotations on the tape is long overdue, there is a plan in place to do it now, and I strongly recommend that we not wait until the potential implementation of the Market Data Infrastructure Rule (MDIR).

Odd Lot trades have been on the tape since 2013. The CTA/UTP plans considered adding Odd Lot quotations in 2019 but that proposal was halted in early 2020 due to the MDIR. I wrote an article in 2021 on why Odd Lots should be on the tape¹. The article mentioned that some days as much as 75% of the daily trades were Odd Lots. Today, Odd Lot quotes are seen by firms who receive the more costly proprietary feeds.

Our world leading retail markets have over 7 million non-professionals who mostly receive commission free trading and free market data. The CTA/UTP proposal adds Odd Lot quotes at no charge, which is terrific.

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?

Assume the rationale for the question is why do this now if the MDIR is on the horizon. In other words, do we want Odd Lots at the beginning of 2023, or at some undefined later date? There are lawsuits seeking to halt the implementation of the MDIR, so it is difficult to assess an Odd Lot MDIR implementation date.

Let's look at three potential outcomes.

- If the Plaintiffs win the lawsuit, we are in status quo and since all SROs seem in favor of this change, let's do this now.
- If the decision is split where the Plaintiffs or the SEC win the MDIR lawsuit and the other party wins the Governance lawsuit, it is difficult to assess next steps except that moving forward on Odd Lot development will probably not be the highest priority. There will be more significant distractions.
- If the SEC wins the lawsuit, then the implementation of the rule starts subject to extensions, industry input etc. When will the industry have Odd Lot quotations on the tape if we assume a July 22 start?

¹ See "Game Stopped: Put Odd Lots on the Tape" (March 2021) available at:

<https://www.linkedin.com/pulse/game-stopped-put-odd-lots-tape-tom-jordan/>

Let me consider two approaches, comparison to a prior initiative and estimate of timelines as laid out in the rule.

Comparison:

MDIR is a significant industry project similar in complexity and industry involvement to CAT.

CAT was approved in July 2012 and OATS was retired in September of 2021.

MDIR was approved in December of 2020 so if we use CAT comparison as a model, we will have Odd Lot quotes on the tape at the end of the year in 2029.

Timeline:

Using the rule timeline is challenging because each step has ranges and we must consider extensions which have occurred on all major regulatory projects.

My estimate is, if we assume traditional delays, Odd Lots would be on the tape in the 4th quarter of 2024 or more likely when the exclusive SIPs are retired in the beginning of 2026.

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?

First as an advisor to the CTA/UTP Operating Committee and the Odd Lot Task Force, I have observed the planning work done by UTP which is run by NASDAQ and CTA which is run by NYSE. They have worked so well together to ensure any downstream work is consistent across feeds. They have also challenged the exchange business people to better define their needs and ensure consistency. The SIPs have created an approach that makes it easier for current users to accept the Odd Lots or ignore the optional data.

Regarding integrated or separate channels, the Odd Lot Task Force discussed these alternatives and decided to recommend the integrated feed. This approach was also presented at a FIF Data and Technology Committee meeting and there was no pushback. In discussing with internal J&J market data technology and broker technology staff, adding Odd Lots to an existing channel adds no additional complexity. If the Odd Lot quotes were put on a separate feed, synchronizing the two channels would be needed to combine them back into one flow, including examining timestamps to ensure a quote arriving on one channel has not jumped ahead. Not to mention that the Administration & Control messages would be duplicated and the potential implications if one channel is down. Separate channels are clearly more complicated therefore, my recommendation is to support as reflected in this proposal, a single feed.

In summary, the SIPs have the specifications and the staffing, and are ready to go. I recommend we move forward immediately with putting Odd Lot quotations on the tape. Odd Lot quotations are in the market but not on the more cost-effective SIP feeds that are used by retail. Do we want Odd Lot quotations available in 2023 or 2026? The answer is obvious.

Thank you for your consideration.

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