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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2025 - * 002

Amendment No. (req. for Amendments *)

Filing by Financial Industry Regulatory Authority

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change to Adopt FINRA Rule 6152 (Disclosure of Order Execution Information for NMS Stocks)

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Kirill Last Name * Kan

Title * Associate General Counsel

E-mail * kirill.kan@finra.org

Telephone * (201) 839-4015 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Financial Industry Regulatory Authority has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 04/02/2025 (Title *)

By Robert McNamee Vice President & Associate General Counsel
(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Robert McNamee
Digitally signed by Robert McNamee
Date: 2025.04.02 14:42:51 -04'00'

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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FINRA-2025-002 Exhibit 1.docx

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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FINRA-2025-002 Exhibit 2a.pdf
FINRA-2025-002 Exhibit 2b.pdf

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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FINRA-2025-002 Exhibit 5.docx

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ the Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to adopt FINRA Rule 6152 (Disclosure of Order Execution Information for NMS Stocks) to require members to submit their order execution reports for NMS stocks to FINRA for publication on the FINRA website.

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable

2. Procedures of the Self-Regulatory Organization

The FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

If the Commission approves the proposed rule change, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

¹ 15 U.S.C. 78s(b)(1).

Background

Rule 605 of Regulation NMS² (“SEC Rule 605”) requires specified entities to publish monthly reports of statistical information concerning their order executions in NMS stocks.³ The execution quality reports required under SEC Rule 605 (“Rule 605 Reports”) are intended to “provide awareness about how broker-dealers responded to trade-offs between price and other factors, such as speed or reliability, and establish a baseline level of disclosure in order to facilitate cross-market comparisons of execution quality”⁴ and, together with order routing disclosures required to be published by broker-dealers under Rule 606 of Regulation NMS (“SEC Rule 606”),⁵ provide an opportunity for “investors to evaluate what happens to their orders after investors submit their orders to a broker-dealer for execution.”⁶

On March 6, 2024, the Commission adopted amendments to SEC Rule 605 that, among other things, expand the scope of reporting entities subject to SEC Rule 605 to include, in addition to market centers,⁷ broker-dealers that introduce or carry 100,000 or

² 17 CFR 242.605.

³ Generally, “NMS securities” include listed stocks and options, and “NMS stocks” means any NMS security other than an option. See 17 CFR 242.600(b).

⁴ See Rule 605 Amendments Release, infra note 9, 89 FR 26428, 26429.

⁵ 17 CFR 242.606.

⁶ See Rule 605 Amendments Release, infra note 9, 89 FR 26428, 26512.

⁷ Under Regulation NMS, a “market center” means any exchange market maker, OTC market maker, alternative trading system, national securities exchange, or national securities association. See 17 CFR 242.600(b)(55). FINRA believes that, other than national securities exchanges, all market centers are FINRA members. FINRA itself does not operate a market.

more customer accounts (referred to as “larger broker-dealers”⁸).⁹ The amendments to SEC Rule 605 also require broker-dealers operating single dealer platforms (“SDPs”) to prepare a separate report for activity specific to those platforms;¹⁰ expand the scope of covered orders subject to SEC Rule 605 disclosures; modify the categorization and content of order information required to be reported under SEC Rule 605; and require reporting entities to produce a new summary report of execution quality.¹¹ These amendments to Rule 605 reflect the Commission’s endeavors to “ensure that investors are provided with timely and accurate information needed to make informed investment decisions,” reflecting the Commission’s “ongoing commitment to enhance transparency for investors” by “[f]acilitating the ability of the public to compare and evaluate execution quality among different market centers, brokers, and dealers[.]”¹² The

⁸ FINRA believes that all larger broker-dealers subject to SEC Rule 605 are FINRA members.

⁹ See Securities Exchange Act Release No. 99679 (March 6, 2024), 89 FR 26428, 26429 (April 15, 2024) (Disclosure of Order Execution Information; Final Rule) (“Rule 605 Amendments Release”).

¹⁰ FINRA believes that all broker-dealers operating SDPs subject to separate reporting under SEC Rule 605 are FINRA members.

¹¹ See generally Rule 605 Amendments Release, supra note 9. The amendments to SEC Rule 605 also necessitate updates to the Plan Establishing Procedures Under Rule 605 of Regulation NMS (“Rule 605 NMS Plan”) to incorporate references to larger broker-dealers and to account for the summary reports and new data fields required under the amendments. See Rule 605 Amendments Release, supra note 9, 89 FR 26428, 26492.

¹² See Rule 605 Amendments Release, supra note 9, 89 FR 26428, 26435.

amendments to SEC Rule 605 became effective on June 14, 2024 and the compliance date is December 14, 2025.¹³

Reporting entities must make their Rule 605 Reports available to the public in a uniform, readily accessible, and usable electronic format,¹⁴ in accordance with the procedures established under the Rule 605 NMS Plan,¹⁵ within one month after the end of the month addressed in the report.¹⁶ The Rule 605 NMS Plan further requires each market center to make arrangements with a single self-regulatory organization (“SRO”) to act as its “Designated Participant,” and to provide its Designated Participant with a hyperlink to the website where the market center’s Rule 605 Reports can be downloaded.¹⁷ Each SRO participant in the Rule 605 NMS Plan, in turn, maintains a

¹³ See Rule 605 Amendments Release, supra note 9, 89 FR 26428, 26496.

¹⁴ See 17 CFR 242.605(a)(3). All citations to SEC Rule 605 in this proposed rule change are to the currently effective version of the rule, which reflects the amendments adopted in the Rule 605 Amendments Release.

¹⁵ See Securities Exchange Act Release No. 44177 (April 12, 2001), 66 FR 19814 (April 17, 2001) (Joint Industry Plan; Order Approving Plan Establishing Procedures Under Rule 11Ac1-5 by the American Stock Exchange, Boston Stock Exchange, Chicago Stock Exchange, Cincinnati Stock Exchange, National Association of Securities Dealers, New York Stock Exchange, Pacific Exchange, and Philadelphia Stock Exchange) (“Rule 605 NMS Plan Release”). Among other things, the Rule 605 NMS Plan specifies the electronic file formats and other technical information for publication of Rule 605 Reports. The national securities exchanges and FINRA are participants in the Rule 605 NMS Plan.

¹⁶ See 17 CFR 242.605(a)(6). Rule 605 Reports must be posted on an internet website that is free and readily accessible to the public for a period of three years from the initial date of posting. See also 17 CFR 242.605(a)(5).

¹⁷ See Rule 605 NMS Plan Release, supra note 15, 66 FR 19814, 19815 (defining “Designated Participant”) and 19816 (requiring each market center to arrange with a single Participant to act as the market center’s Designated Participant). As noted above, the amendments to SEC Rule 605 will require updates to the Rule

website that includes a list of links where the Rule 605 Reports can be obtained for all market centers for which the SRO participant functions as a Designated Participant.¹⁸ FINRA acts as the Designated Participant under the Rule 605 NMS Plan for all non-exchange market centers and includes on the FINRA website links to such market centers' Rule 605 Reports.¹⁹ However, users seeking to analyze and compare Rule 605 Reports must still navigate to the separate websites that house each individual market center's Rule 605 Reports.

Proposed Rule Change

To make Rule 605 Reports more accessible for regulators, investors, and others seeking to analyze and compare the data, FINRA is proposing to require that members provide their Rule 605 Reports to FINRA for central publication on the FINRA website. Specifically, new Rule 6152, entitled "Disclosure of Order Execution Information for NMS Stocks," would require each member that is required to publish reports pursuant to SEC Rule 605 to provide the reports to FINRA, in the manner prescribed by 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 (i.e., within one month after the end of the month addressed in the report).²⁰

605 NMS Plan to, among other things, incorporate references to larger broker-dealers, in addition to market centers.

¹⁸ See Rule 605 NMS Plan Release, supra note 15, 66 FR 19814, 19815.

¹⁹ FINRA's market centers website can be accessed here: <https://www.finra.org/filing-reporting/regulation-nms/market-centers>. See also supra note 7.

²⁰ FINRA would specify details regarding the manner of submission of the reports to FINRA in a Regulatory Notice or similar publication. Members would be

FINRA would publish the Rule 605 Reports it receives in a centralized location on the FINRA website, free of charge and with no restrictions on use of the data.²¹

FINRA believes that, similar to the recently approved FINRA Rule 6151 that requires members to submit their SEC Rule 606 order routing disclosures to FINRA for centralized publication,²² the proposed rule change would enhance public access to Rule 605 Reports by centralizing the data files in a single location for download.²³

permitted to use a third-party vendor to assist with transmission to FINRA. However, the member would remain responsible for submission of the reports in all respects, including the timeliness of the submissions to FINRA. Accordingly, a member would be required to submit a restated or corrected report to FINRA promptly in the event the member publishes a restated or corrected report pursuant to SEC Rule 605.

As stated above, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice. FINRA expects that the effective date of the proposed rule change will be no earlier than the compliance date established by the Commission for the Rule 605 amendments (currently set for December 14, 2025) and no later than 12 months following publication of the Regulatory Notice announcing Commission approval of the proposed rule change.

²¹ As it currently does for SEC Rule 606 reports under FINRA Rule 6151, FINRA anticipates that Rule 605 Reports submitted to FINRA pursuant to proposed FINRA Rule 6152 would be posted to the FINRA website as soon as practicable following acceptance of the file submission, in most cases on the same day as submission. FINRA would maintain the Rule 605 Report on its website for at least three years from the initial date of posting.

²² See Securities Exchange Act Release No. 98047 (August 2, 2023), 88 FR 53560 (August 8, 2023) (Order Approving File No. SR-FINRA-2022-031); see also Regulatory Notice 24-05 (February 2024) (announcing June 30, 2024 as the effective date of SR-FINRA-2022-031).

²³ As discussed above, the Commission has adopted amendments to SEC Rule 605 that, among other things, expand the scope of reporting entities under SEC Rule 605 and require the publication of new summary reports, in addition to modifying the content of the currently required detailed reports. See supra note 11 and accompanying text. FINRA notes that, under the proposed rule change, new Rule 6152 would automatically incorporate these amendments to SEC Rule 605 since, on an ongoing basis, members would be required to submit to FINRA the same

As noted in Item 2 of this filing, if the Commission approves the proposed rule change, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act, which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and national market system, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers or dealers.²⁴

FINRA believes that the proposed requirement for members to send their Rule 605 Reports to FINRA for centralized publication on the FINRA website will make this important order execution quality information more readily accessible for regulators, investors, academics, and others seeking to analyze and compare the data, particularly across firms, and would facilitate the ability of FINRA and the SEC to review the data for regulatory purposes. Further, FINRA believes the proposed rule change is not unfairly

reports that they are required to publish under SEC Rule 605 in the same format as is required under SEC Rule 605. Thus, for example, since, under the amendments, reporting entities are required to publish additional summary reports in PDF and CSV format, members would also be required under Rule 6152 to submit such summary reports to FINRA for centralized publication. Similarly, larger-broker dealers newly subject to SEC Rule 605 would be required to submit any required Rule 605 Reports to FINRA under Rule 6152, and broker-dealer operators of SDPs would be required to submit their separate Rule 605 Reports for such SDPs to FINRA.

²⁴ 15 U.S.C. 78o-3(b)(6).

discriminatory as it would apply uniformly to all similarly situated FINRA members that are already subject to the disclosure requirements under SEC Rule 605.²⁵

4. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the potential economic impacts of the proposed rule change, including potential costs, benefits, and distributional and competitive effects, relative to the current baseline.

Regulatory Need

FINRA believes that requiring members to provide their Rule 605 Reports to FINRA for centralized publication on the FINRA website would promote transparency and enhance accessibility of the Rule 605 Reports by better enabling market participants to locate and download the Rule 605 Reports from a single, central location. Investors and other relevant stakeholders seeking to analyze and compare Rule 605 Reports from different reporting entities must first visit the website of a reporting entity, a third-party

²⁵ The proposed rule change applies only to FINRA members that are reporting entities required to publish execution quality reports under SEC Rule 605. FINRA believes that, other than national securities exchanges, all reporting entities that are required, or will be required, to publish Rule 605 Reports are FINRA members. See supra notes 8 and 10. FINRA believes that the additional cost burden imposed on FINRA members submitting Rule 605 Reports to FINRA is likely to be minimal relative to other factors influencing competition between FINRA members and non-FINRA members (*i.e.*, national securities exchanges), which are not subject to the proposed requirement to submit Rule 605 Reports to FINRA. Consequently, any competitive effects arising from the proposed rule should be limited.

vendor that is contracted to host a link to the market center's Rule 605 Report, or FINRA's website, which provides URL links to reports for those member firms that have selected FINRA as their Designated Participant. After navigating to such websites, public users can download the Rule 605 Report data files. The proposed rule change would allow public users to more readily locate, download, and aggregate the reports at a central location.

Economic Baseline

FINRA estimates that 74 FINRA member firms currently operate 86 "market centers," as that term is defined in Rule 600(b)(55) of Regulation NMS. Some of these members operate more than one market center each. Firms are required to provide a Designated Participant, such as FINRA, with URL links to their required Rule 605 Reports and, currently, 64 members provide their URL links to FINRA (corresponding to 76 market centers).²⁶ Public users can access and download the Rule 605 Reports by visiting each market center's, and following implementation of the Rule 605 Amendments Release, other reporting entities' website (or through third-party websites that collect and maintain the URL links to Rule 605 Reports). Users can also visit FINRA's website and, for reporting entities that use FINRA as their Designated

²⁶ FINRA's Market Centers website can be accessed here: <https://www.finra.org/filing-reporting/regulation-nms/market-centers>. Because Rule 605 applies only to "covered orders" in NMS stocks, Rule 605 reports would not be available for a market center that did not execute any covered orders within the three-year publication period required by Rule 605. FINRA understands that 10 of the 86 total market centers currently operated by FINRA member firms have not executed any covered orders within the prior three years. For these 10 market centers, which are operated by 10 different FINRA member firms, FINRA does not currently maintain a URL link for the market centers' reports on FINRA's public website.

Participant, navigate from there to each individual reporting entities' website (or to the third-party website designated by the reporting entity) to access and download the data files. In the Rule 605 Amendments Release, the SEC estimated that 85 larger broker-dealers, along with 10 SDPs operated by broker-dealers, will be required to start publishing Rule 605 Reports as a result of the recent amendments to SEC Rule 605.²⁷ These broker-dealers, to the extent they select FINRA as their Designated Participant, will therefore be required to send the links to their Rule 605 Reports to FINRA under amended SEC Rule 605 and the Rule 605 NMS Plan, once it is amended to conform to the Rule 605 Amendments Release.²⁸

Economic Impacts

Anticipated Benefits

FINRA believes that centralized access through FINRA's website to members' Rule 605 Reports will make it more efficient for users (whether retail and institutional investors, academic researchers, the press, regulators, other market participants, or other interested parties) to access and collect the Rule 605 Reports and therefore more easily analyze and compare execution quality statistics across market centers and, following implementation of the Rule 605 Amendments Release, larger broker-dealers. To the

²⁷ See Rule 605 Amendments Release, 89 FR 26428, 26579.

²⁸ In the Rule 605 Amendments Release, the SEC stated that the Rule 605 NMS Plan will need to be updated to (1) incorporate references to broker-dealers subject to SEC Rule 605; (2) account for summary reports that will be required under SEC Rule 605(a)(2); and (3) incorporate the new data fields that will be required under SEC Rule 605(a)(1) for the detailed report. See Rule 605 Amendments Release, 89 FR 26428, 26496. Absent other changes, broker-dealers newly subject to SEC Rule 605 will be required to send links to their Rule 605 Reports to their Designated Participant as market centers do today.

extent that centralization enables more efficient use of Rule 605 Reports, it could encourage comparison of the data in the reports, including firms' analysis of their execution quality as compared to competitors, in furtherance of the goals of SEC Rule 605.²⁹

Anticipated Costs

Members may incur initial fixed costs, such as programming, to create a system to send the Rule 605 Report to FINRA each month. Furthermore, members that use third-party vendors to create the Rule 605 Reports would need to arrange for reports to be submitted directly to FINRA. In addition, once the system to provide the Rule 605 Reports to FINRA is built, there would be variable costs for maintaining the system and ongoing compliance costs.

For members that currently send, or will send the links to their Rule 605 Reports to FINRA pursuant to the Rule 605 NMS Plan, these costs may be lower than building an entirely new system, depending on the degree to which any technology or processes can be leveraged.³⁰ Furthermore, members required to send their SEC Rule 606 reports to FINRA for centralized publication effective in June 2024 will have systems in place to send such reports to FINRA. FINRA generally expects the manner of submission of Rule 605 Reports will likely be similar to the manner specified for the submission of SEC Rule

²⁹ See supra note 6 and accompanying text. To the extent the centralized website does not include Rule 605 Reports for non-member reporting entities subject to SEC Rule 605, such as national securities exchanges, these benefits may be limited.

³⁰ See supra note 19.

606 reports,³¹ consistent with FINRA’s intention to specify a manner of submission that attempts to mitigate the costs of sending the reports to FINRA relative to the benefits of more easily comparable and accessible data.³² Accordingly, to the extent those member firms could leverage the systems or processes used to submit their SEC Rule 606 reports to also send their Rule 605 Reports to FINRA, the initial fixed costs and variable costs may be relatively lower for those member firms.

Alternatives Considered

No other alternatives were considered.

5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The proposed rule change was published for comment in Regulatory Notice 23-10 (May 2023). Three comments were received in response to the Regulatory Notice.³³ A copy of the Regulatory Notice is attached as Exhibit 2a. Copies of the comment letters received in response to the Regulatory Notice are attached as Exhibit 2b. The comments are summarized below.

Virtu, Larry Tabb, and Healthy Markets all supported the centralization of Rule 605 Reports, with Virtu noting that centralized publication would make this information

³¹ See Regulatory Notice 24-05 (February 2024).

³² See supra note 20.

³³ See Comment submission from Larry Tabb, dated May 31, 2023 (“Larry Tabb Comment”); letter from Tyler Gellasch, President & CEO, Healthy Markets Association, to Jennifer Piorko Mitchell, Office of the Corporate Secretary, FINRA, dated July 19, 2023 (“Healthy Markets Letter”); and letter from Thomas M. Merritt, Deputy General Counsel, Virtu Financial Inc., to Jennifer Piorko Mitchell, Office of the Corporate Secretary, FINRA, dated July 31, 2023 (“Virtu Letter”).

more accessible and useful to investors and market participants, streamlining the process for analyzing execution quality across market centers.³⁴ However, Virtu and Healthy Markets noted that national securities exchanges would not be required to share their Rule 605 Reports under the proposed rule change, with Virtu stating that the centralized repository would be incomplete and less useful for investors as a result and Healthy Markets similarly stating that the benefits of centralizing Rule 605 Reports will be lost if the database does not include national securities exchanges.³⁵ Both Virtu and Healthy Markets therefore recommended that the centralized repository include all Rule 605 Reports, including those of exchanges.³⁶

As Virtu noted,³⁷ the national securities exchanges are not FINRA members, and therefore would not be required to provide their Rule 605 Reports to FINRA under the proposed rule change. FINRA believes that centralizing access to the Rule 605 Reports for all other market centers (and, once the Rule 605 Amendments Release becomes effective, larger broker-dealers and covered SDPs operated by broker-dealers) would still provide significant benefits to investors, academics, and others seeking to analyze and compare the data, even if users must continue to navigate to exchange websites to access

³⁴ See Virtu Letter at 1, 3; Larry Tab Comment; Healthy Markets Letter at 2.

³⁵ See Virtu Letter at 3; Healthy Markets Letter at 2-3.

³⁶ See Virtu Letter at 3; Healthy Markets Letter at 3.

³⁷ See Virtu Letter at 3.

their Rule 605 Reports.³⁸ However, FINRA notes that it intends to explore ways to further enhance its Rule 605 Report centralization effort going forward.

Some commenters raised issues relating to the content of Rule 605 Reports, which is outside the scope of FINRA's proposal and authority.³⁹ FINRA, therefore, is not responding to those comments as they are not germane to a consideration of the instant proposed rule change.

6. Extension of Time Period for Commission Action

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.⁴⁰

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

³⁸ FINRA notes that there are currently 76 non-exchange market centers, operated by 64 members, providing links to FINRA as their Designated Participant under the Rule 605 NMS Plan. Additionally, in the Rule 605 Amendments Release, the SEC estimated that 85 larger broker-dealers, along with 10 SDPs operated by broker-dealers, will be required to start publishing Rule 605 Reports as a result of the recent amendments to SEC Rule 605. See Rule 605 Amendments Release, supra note 9, 89 FR 26428, 26579. By comparison, there are currently 16 exchange market centers, operated by three exchange groups and four independent exchanges.

³⁹ See, e.g., Virtu Letter at 1-2; Larry Tabb Comment; Healthy Markets Letter at 3.

⁴⁰ 15 U.S.C. 78s(b)(2).

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

Exhibit 2a. Regulatory Notice 23-10 (May 2023).

Exhibit 2b. Comments received in response to Regulatory Notice 23-10 (May 2023).

Exhibit 5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2025-002)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Adopt FINRA Rule 6152 (Disclosure of Order Execution Information for NMS Stocks)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on , the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to adopt FINRA Rule 6152 (Disclosure of Order Execution Information for NMS Stocks) to require members to submit their order execution reports for NMS stocks to FINRA for publication on the FINRA website.

The text of the proposed rule change is available on FINRA’s website at <http://www.finra.org>, at the principal office of FINRA and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Background

Rule 605 of Regulation NMS³ (“SEC Rule 605”) requires specified entities to publish monthly reports of statistical information concerning their order executions in NMS stocks.⁴ The execution quality reports required under SEC Rule 605 (“Rule 605 Reports”) are intended to “provide awareness about how broker-dealers responded to trade-offs between price and other factors, such as speed or reliability, and establish a baseline level of disclosure in order to facilitate cross-market comparisons of execution quality”⁵ and, together with order routing disclosures required to be published by broker-dealers under Rule 606 of Regulation NMS (“SEC Rule 606”),⁶ provide an opportunity

³ 17 CFR 242.605.

⁴ Generally, “NMS securities” include listed stocks and options, and “NMS stocks” means any NMS security other than an option. See 17 CFR 242.600(b).

⁵ See Rule 605 Amendments Release, infra note 10, 89 FR 26428, 26429.

⁶ 17 CFR 242.606.

for “investors to evaluate what happens to their orders after investors submit their orders to a broker-dealer for execution.”⁷

On March 6, 2024, the Commission adopted amendments to SEC Rule 605 that, among other things, expand the scope of reporting entities subject to SEC Rule 605 to include, in addition to market centers,⁸ broker-dealers that introduce or carry 100,000 or more customer accounts (referred to as “larger broker-dealers”⁹).¹⁰ The amendments to SEC Rule 605 also require broker-dealers operating single dealer platforms (“SDPs”) to prepare a separate report for activity specific to those platforms;¹¹ expand the scope of covered orders subject to SEC Rule 605 disclosures; modify the categorization and content of order information required to be reported under SEC Rule 605; and require reporting entities to produce a new summary report of execution quality.¹² These

⁷ See Rule 605 Amendments Release, infra note 10, 89 FR 26428, 26512.

⁸ Under Regulation NMS, a “market center” means any exchange market maker, OTC market maker, alternative trading system, national securities exchange, or national securities association. See 17 CFR 242.600(b)(55). FINRA believes that, other than national securities exchanges, all market centers are FINRA members. FINRA itself does not operate a market.

⁹ FINRA believes that all larger broker-dealers subject to SEC Rule 605 are FINRA members.

¹⁰ See Securities Exchange Act Release No. 99679 (March 6, 2024), 89 FR 26428, 26429 (April 15, 2024) (Disclosure of Order Execution Information; Final Rule) (“Rule 605 Amendments Release”).

¹¹ FINRA believes that all broker-dealers operating SDPs subject to separate reporting under SEC Rule 605 are FINRA members.

¹² See generally Rule 605 Amendments Release, supra note 10. The amendments to SEC Rule 605 also necessitate updates to the Plan Establishing Procedures Under Rule 605 of Regulation NMS (“Rule 605 NMS Plan”) to incorporate references to larger broker-dealers and to account for the summary reports and new data fields

amendments to Rule 605 reflect the Commission’s endeavors to “ensure that investors are provided with timely and accurate information needed to make informed investment decisions,” reflecting the Commission’s “ongoing commitment to enhance transparency for investors” by “[f]acilitating the ability of the public to compare and evaluate execution quality among different market centers, brokers, and dealers[.]”¹³ The amendments to SEC Rule 605 became effective on June 14, 2024 and the compliance date is December 14, 2025.¹⁴

Reporting entities must make their Rule 605 Reports available to the public in a uniform, readily accessible, and usable electronic format,¹⁵ in accordance with the procedures established under the Rule 605 NMS Plan,¹⁶ within one month after the end of

required under the amendments. See Rule 605 Amendments Release, supra note 10, 89 FR 26428, 26492.

¹³ See Rule 605 Amendments Release, supra note 10, 89 FR 26428, 26435.

¹⁴ See Rule 605 Amendments Release, supra note 10, 89 FR 26428, 26496.

¹⁵ See 17 CFR 242.605(a)(3). All citations to SEC Rule 605 in this proposed rule change are to the currently effective version of the rule, which reflects the amendments adopted in the Rule 605 Amendments Release.

¹⁶ See Securities Exchange Act Release No. 44177 (April 12, 2001), 66 FR 19814 (April 17, 2001) (Joint Industry Plan; Order Approving Plan Establishing Procedures Under Rule 11Ac1-5 by the American Stock Exchange, Boston Stock Exchange, Chicago Stock Exchange, Cincinnati Stock Exchange, National Association of Securities Dealers, New York Stock Exchange, Pacific Exchange, and Philadelphia Stock Exchange) (“Rule 605 NMS Plan Release”). Among other things, the Rule 605 NMS Plan specifies the electronic file formats and other technical information for publication of Rule 605 Reports. The national securities exchanges and FINRA are participants in the Rule 605 NMS Plan.

the month addressed in the report.¹⁷ The Rule 605 NMS Plan further requires each market center to make arrangements with a single self-regulatory organization (“SRO”) to act as its “Designated Participant,” and to provide its Designated Participant with a hyperlink to the website where the market center’s Rule 605 Reports can be downloaded.¹⁸ Each SRO participant in the Rule 605 NMS Plan, in turn, maintains a website that includes a list of links where the Rule 605 Reports can be obtained for all market centers for which the SRO participant functions as a Designated Participant.¹⁹ FINRA acts as the Designated Participant under the Rule 605 NMS Plan for all non-exchange market centers and includes on the FINRA website links to such market centers’ Rule 605 Reports.²⁰ However, users seeking to analyze and compare Rule 605 Reports must still navigate to the separate websites that house each individual market center’s Rule 605 Reports.

¹⁷ See 17 CFR 242.605(a)(6). Rule 605 Reports must be posted on an internet website that is free and readily accessible to the public for a period of three years from the initial date of posting. See also 17 CFR 242.605(a)(5).

¹⁸ See Rule 605 NMS Plan Release, *supra* note 16, 66 FR 19814, 19815 (defining “Designated Participant”) and 19816 (requiring each market center to arrange with a single Participant to act as the market center’s Designated Participant). As noted above, the amendments to SEC Rule 605 will require updates to the Rule 605 NMS Plan to, among other things, incorporate references to larger broker-dealers, in addition to market centers.

¹⁹ See Rule 605 NMS Plan Release, *supra* note 16, 66 FR 19814, 19815.

²⁰ FINRA’s market centers website can be accessed here: <https://www.finra.org/filing-reporting/regulation-nms/market-centers>. See also *supra* note 8.

Proposed Rule Change

To make Rule 605 Reports more accessible for regulators, investors, and others seeking to analyze and compare the data, FINRA is proposing to require that members provide their Rule 605 Reports to FINRA for central publication on the FINRA website. Specifically, new Rule 6152, entitled “Disclosure of Order Execution Information for NMS Stocks,” would require each member that is required to publish reports pursuant to SEC Rule 605 to provide the reports to FINRA, in the manner prescribed by 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 (i.e., within one month after the end of the month addressed in the report).²¹

FINRA would publish the Rule 605 Reports it receives in a centralized location on the FINRA website, free of charge and with no restrictions on use of the data.²²

²¹ FINRA would specify details regarding the manner of submission of the reports to FINRA in a Regulatory Notice or similar publication. Members would be permitted to use a third-party vendor to assist with transmission to FINRA. However, the member would remain responsible for submission of the reports in all respects, including the timeliness of the submissions to FINRA. Accordingly, a member would be required to submit a restated or corrected report to FINRA promptly in the event the member publishes a restated or corrected report pursuant to SEC Rule 605.

As stated above, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice. FINRA expects that the effective date of the proposed rule change will be no earlier than the compliance date established by the Commission for the Rule 605 amendments (currently set for December 14, 2025) and no later than 12 months following publication of the Regulatory Notice announcing Commission approval of the proposed rule change.

²² As it currently does for SEC Rule 606 reports under FINRA Rule 6151, FINRA anticipates that Rule 605 Reports submitted to FINRA pursuant to proposed FINRA Rule 6152 would be posted to the FINRA website as soon as practicable following acceptance of the file submission, in most cases on the same day as

FINRA believes that, similar to the recently approved FINRA Rule 6151 that requires members to submit their SEC Rule 606 order routing disclosures to FINRA for centralized publication,²³ the proposed rule change would enhance public access to Rule 605 Reports by centralizing the data files in a single location for download.²⁴

If the Commission approves the proposed rule change, FINRA will announce the effective date of the proposed rule change in a Regulatory Notice.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act, which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just

submission. FINRA would maintain the Rule 605 Report on its website for at least three years from the initial date of posting.

²³ See Securities Exchange Act Release No. 98047 (August 2, 2023), 88 FR 53560 (August 8, 2023) (Order Approving File No. SR-FINRA-2022-031); see also Regulatory Notice 24-05 (February 2024) (announcing June 30, 2024 as the effective date of SR-FINRA-2022-031).

²⁴ As discussed above, the Commission has adopted amendments to SEC Rule 605 that, among other things, expand the scope of reporting entities under SEC Rule 605 and require the publication of new summary reports, in addition to modifying the content of the currently required detailed reports. See supra note 12 and accompanying text. FINRA notes that, under the proposed rule change, new Rule 6152 would automatically incorporate these amendments to SEC Rule 605 since, on an ongoing basis, members would be required to submit to FINRA the same reports that they are required to publish under SEC Rule 605 in the same format as is required under SEC Rule 605. Thus, for example, since, under the amendments, reporting entities are required to publish additional summary reports in PDF and CSV format, members would also be required under Rule 6152 to submit such summary reports to FINRA for centralized publication. Similarly, larger-broker dealers newly subject to SEC Rule 605 would be required to submit any required Rule 605 Reports to FINRA under Rule 6152, and broker-dealer operators of SDPs would be required to submit their separate Rule 605 Reports for such SDPs to FINRA.

and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and national market system, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers or dealers.²⁵

FINRA believes that the proposed requirement for members to send their Rule 605 Reports to FINRA for centralized publication on the FINRA website will make this important order execution quality information more readily accessible for regulators, investors, academics, and others seeking to analyze and compare the data, particularly across firms, and would facilitate the ability of FINRA and the SEC to review the data for regulatory purposes. Further, FINRA believes the proposed rule change is not unfairly discriminatory as it would apply uniformly to all similarly situated FINRA members that are already subject to the disclosure requirements under SEC Rule 605.²⁶

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

²⁵ 15 U.S.C. 78o-3(b)(6).

²⁶ The proposed rule change applies only to FINRA members that are reporting entities required to publish execution quality reports under SEC Rule 605. FINRA believes that, other than national securities exchanges, all reporting entities that are required, or will be required, to publish Rule 605 Reports are FINRA members. See supra notes 9 and 11. FINRA believes that the additional cost burden imposed on FINRA members submitting Rule 605 Reports to FINRA is likely to be minimal relative to other factors influencing competition between FINRA members and non-FINRA members (i.e., national securities exchanges), which are not subject to the proposed requirement to submit Rule 605 Reports to FINRA. Consequently, any competitive effects arising from the proposed rule should be limited.

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the potential economic impacts of the proposed rule change, including potential costs, benefits, and distributional and competitive effects, relative to the current baseline.

Regulatory Need

FINRA believes that requiring members to provide their Rule 605 Reports to FINRA for centralized publication on the FINRA website would promote transparency and enhance accessibility of the Rule 605 Reports by better enabling market participants to locate and download the Rule 605 Reports from a single, central location. Investors and other relevant stakeholders seeking to analyze and compare Rule 605 Reports from different reporting entities must first visit the website of a reporting entity, a third-party vendor that is contracted to host a link to the market center's Rule 605 Report, or FINRA's website, which provides URL links to reports for those member firms that have selected FINRA as their Designated Participant. After navigating to such websites, public users can download the Rule 605 Report data files. The proposed rule change would allow public users to more readily locate, download, and aggregate the reports at a central location.

Economic Baseline

FINRA estimates that 74 FINRA member firms currently operate 86 "market centers," as that term is defined in Rule 600(b)(55) of Regulation NMS. Some of these members operate more than one market center each. Firms are required to provide a Designated Participant, such as FINRA, with URL links to their required Rule 605 Reports and, currently, 64 members provide their URL links to FINRA (corresponding to

76 market centers).²⁷ Public users can access and download the Rule 605 Reports by visiting each market center's, and following implementation of the Rule 605 Amendments Release, other reporting entities' website (or through third-party websites that collect and maintain the URL links to Rule 605 Reports). Users can also visit FINRA's website and, for reporting entities that use FINRA as their Designated Participant, navigate from there to each individual reporting entities' website (or to the third-party website designated by the reporting entity) to access and download the data files. In the Rule 605 Amendments Release, the SEC estimated that 85 larger broker-dealers, along with 10 SDPs operated by broker-dealers, will be required to start publishing Rule 605 Reports as a result of the recent amendments to SEC Rule 605.²⁸ These broker-dealers, to the extent they select FINRA as their Designated Participant, will therefore be required to send the links to their Rule 605 Reports to FINRA under amended SEC Rule 605 and the Rule 605 NMS Plan, once it is amended to conform to the Rule 605 Amendments Release.²⁹

²⁷ FINRA's Market Centers website can be accessed here: <https://www.finra.org/filing-reporting/regulation-nms/market-centers>. Because Rule 605 applies only to "covered orders" in NMS stocks, Rule 605 reports would not be available for a market center that did not execute any covered orders within the three-year publication period required by Rule 605. FINRA understands that 10 of the 86 total market centers currently operated by FINRA member firms have not executed any covered orders within the prior three years. For these 10 market centers, which are operated by 10 different FINRA member firms, FINRA does not currently maintain a URL link for the market centers' reports on FINRA's public website.

²⁸ See Rule 605 Amendments Release, 89 FR 26428, 26579.

²⁹ In the Rule 605 Amendments Release, the SEC stated that the Rule 605 NMS Plan will need to be updated to (1) incorporate references to broker-dealers subject to SEC Rule 605; (2) account for summary reports that will be required under SEC Rule 605(a)(2); and (3) incorporate the new data fields that will be required under SEC Rule 605(a)(1) for the detailed report. See Rule 605

Economic Impacts

Anticipated Benefits

FINRA believes that centralized access through FINRA's website to members' Rule 605 Reports will make it more efficient for users (whether retail and institutional investors, academic researchers, the press, regulators, other market participants, or other interested parties) to access and collect the Rule 605 Reports and therefore more easily analyze and compare execution quality statistics across market centers and, following implementation of the Rule 605 Amendments Release, larger broker-dealers. To the extent that centralization enables more efficient use of Rule 605 Reports, it could encourage comparison of the data in the reports, including firms' analysis of their execution quality as compared to competitors, in furtherance of the goals of SEC Rule 605.³⁰

Anticipated Costs

Members may incur initial fixed costs, such as programming, to create a system to send the Rule 605 Report to FINRA each month. Furthermore, members that use third-party vendors to create the Rule 605 Reports would need to arrange for reports to be submitted directly to FINRA. In addition, once the system to provide the Rule 605

Amendments Release, 89 FR 26428, 26496. Absent other changes, broker-dealers newly subject to SEC Rule 605 will be required to send links to their Rule 605 Reports to their Designated Participant as market centers do today.

³⁰ See supra note 7 and accompanying text. To the extent the centralized website does not include Rule 605 Reports for non-member reporting entities subject to SEC Rule 605, such as national securities exchanges, these benefits may be limited.

Reports to FINRA is built, there would be variable costs for maintaining the system and ongoing compliance costs.

For members that currently send, or will send the links to their Rule 605 Reports to FINRA pursuant to the Rule 605 NMS Plan, these costs may be lower than building an entirely new system, depending on the degree to which any technology or processes can be leveraged.³¹ Furthermore, members required to send their SEC Rule 606 reports to FINRA for centralized publication effective in June 2024 will have systems in place to send such reports to FINRA. FINRA generally expects the manner of submission of Rule 605 Reports will likely be similar to the manner specified for the submission of SEC Rule 606 reports,³² consistent with FINRA's intention to specify a manner of submission that attempts to mitigate the costs of sending the reports to FINRA relative to the benefits of more easily comparable and accessible data.³³ Accordingly, to the extent those member firms could leverage the systems or processes used to submit their SEC Rule 606 reports to also send their Rule 605 Reports to FINRA, the initial fixed costs and variable costs may be relatively lower for those member firms.

Alternatives Considered

No other alternatives were considered.

³¹ See supra note 20.

³² See Regulatory Notice 24-05 (February 2024).

³³ See supra note 21.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The proposed rule change was published for comment in Regulatory Notice 23-10 (May 2023). Three comments were received in response to the Regulatory Notice.³⁴ A copy of the Regulatory Notice is available on FINRA’s website at <http://www.finra.org>. Copies of the comment letters received in response to the Regulatory Notice are also available on FINRA’s website. The comments are summarized below.

Virtu, Larry Tabb, and Healthy Markets all supported the centralization of Rule 605 Reports, with Virtu noting that centralized publication would make this information more accessible and useful to investors and market participants, streamlining the process for analyzing execution quality across market centers.³⁵ However, Virtu and Healthy Markets noted that national securities exchanges would not be required to share their Rule 605 Reports under the proposed rule change, with Virtu stating that the centralized repository would be incomplete and less useful for investors as a result and Healthy Markets similarly stating that the benefits of centralizing Rule 605 Reports will be lost if the database does not include national securities exchanges.³⁶ Both Virtu and Healthy

³⁴ See Comment submission from Larry Tabb, dated May 31, 2023 (“Larry Tabb Comment”); letter from Tyler Gellasch, President & CEO, Healthy Markets Association, to Jennifer Piorko Mitchell, Office of the Corporate Secretary, FINRA, dated July 19, 2023 (“Healthy Markets Letter”); and letter from Thomas M. Merritt, Deputy General Counsel, Virtu Financial Inc., to Jennifer Piorko Mitchell, Office of the Corporate Secretary, FINRA, dated July 31, 2023 (“Virtu Letter”).

³⁵ See Virtu Letter at 1, 3; Larry Tab Comment; Healthy Markets Letter at 2.

³⁶ See Virtu Letter at 3; Healthy Markets Letter at 2-3.

Markets therefore recommended that the centralized repository include all Rule 605 Reports, including those of exchanges.³⁷

As Virtu noted,³⁸ the national securities exchanges are not FINRA members, and therefore would not be required to provide their Rule 605 Reports to FINRA under the proposed rule change. FINRA believes that centralizing access to the Rule 605 Reports for all other market centers (and, once the Rule 605 Amendments Release becomes effective, larger broker-dealers and covered SDPs operated by broker-dealers) would still provide significant benefits to investors, academics, and others seeking to analyze and compare the data, even if users must continue to navigate to exchange websites to access their Rule 605 Reports.³⁹ However, FINRA notes that it intends to explore ways to further enhance its Rule 605 Report centralization effort going forward.

Some commenters raised issues relating to the content of Rule 605 Reports, which is outside the scope of FINRA's proposal and authority.⁴⁰ FINRA, therefore, is not responding to those comments as they are not germane to a consideration of the instant proposed rule change.

³⁷ See Virtu Letter at 3; Healthy Markets Letter at 3.

³⁸ See Virtu Letter at 3.

³⁹ FINRA notes that there are currently 76 non-exchange market centers, operated by 64 members, providing links to FINRA as their Designated Participant under the Rule 605 NMS Plan. Additionally, in the Rule 605 Amendments Release, the SEC estimated that 85 larger broker-dealers, along with 10 SDPs operated by broker-dealers, will be required to start publishing Rule 605 Reports as a result of the recent amendments to SEC Rule 605. See Rule 605 Amendments Release, supra note 10, 89 FR 26428, 26579. By comparison, there are currently 16 exchange market centers, operated by three exchange groups and four independent exchanges.

⁴⁰ See, e.g., Virtu Letter at 1-2; Larry Tabb Comment; Healthy Markets Letter at 3.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2025-002 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2025-002. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The

Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-FINRA-2025-002 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴¹

Jill M. Peterson
Assistant Secretary

⁴¹ 17 CFR 200.30-3(a)(12).

Regulatory Notice

23-10

Order Execution Information for NMS Stocks

FINRA Requests Comment on a Proposal to Require Members to Provide Rule 605 Order Execution Quality Reports to FINRA for Centralized Publication

Comment Period Expires: July 31, 2023

Summary

FINRA requests comment on a proposal to facilitate centralized access to members' order execution quality reports for NMS stocks that are required to be published by market centers under Rule 605 of Regulation NMS. Under the proposal, FINRA members would be required to provide their Rule 605 reports to FINRA, which FINRA would publish in a centralized location on the FINRA website.

Questions regarding this *Notice* should be directed to:

- ▶ Dave Chapman, Vice President, Market Regulation, at (240) 386-4995 or dave.chapman@finra.org; or
- ▶ Robert McNamee, Vice President & Associate General Counsel, Office of General Counsel, at (202) 728-8012 or robert.mcnamee@finra.org.

Questions regarding the Economic Impact Assessment in this *Notice* should be directed to Abbigale Kim, Senior Economist, Office of the Chief Economist, at (202) 728-6908 or abbigale.kim@finra.org.

Action Requested

FINRA encourages all interested parties to comment on this proposal. Comments must be received by July 31, 2023.

May 31, 2023

Notice Type

- ▶ Request for Comment

Suggested Routing

- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Senior Management
- ▶ Systems
- ▶ Trading

Key Topics

- ▶ Disclosure of Order Execution Information
- ▶ NMS Stocks
- ▶ Order Execution
- ▶ Order Handling

Referenced Rules

- ▶ Exchange Act Rule 600
- ▶ Exchange Act Rule 605
- ▶ Exchange Act Rule 606

Comments must be submitted through one of the following methods:

- ▶ Online using FINRA's comment form for this *Notice*;
- ▶ Emailing comments to pubcom@finra.org; or
- ▶ Mailing comments in hard copy to:

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

To help FINRA process and review comments more efficiently, persons should use only one method to comment on the proposal.

Important Notes: The only comments that FINRA will consider are those submitted pursuant to the methods described above. All comments received in response to this *Notice* will be made available to the public on the FINRA website. In general, FINRA will post comments as they are received.¹

Before becoming effective, a proposed rule change must be filed with the Securities and Exchange Commission (SEC) pursuant to Section 19(b) of the Securities Exchange Act of 1934 (SEA).²

Background and Discussion

Rule 605 of Regulation NMS requires market centers³ to publish monthly reports of statistical information concerning their order executions in NMS stocks⁴ (Rule 605 Reports).⁵ These reports must be published in a consistent, usable, and machine-readable electronic format on an internet website⁶ that is free and readily accessible to the public for a period of three years from the initial date of publication.⁷ As the SEC explained when adopting the predecessor rule to Rule 605, the purpose of the Rule 605 Reports, together with order routing disclosures required to be published by broker-dealers under Rule 606 of Regulation NMS, is to “spur more vigorous competition among market participants to provide the best possible prices for investor orders” by “making visible the execution quality of the securities markets.”⁸

To further facilitate the accessibility of Rule 605 Reports, the Rule 605 Plan (of which FINRA and the NMS stock exchanges are participants, each a “plan participant”) requires each market center to make arrangements with a single plan participant to act as such market center’s “designated participant,” and to send to such plan participant a hyperlink to the location of the Rule 605 Reports on the market center’s website for purposes of facilitating access to the Rule 605 Reports.⁹ Each designated participant in turn maintains a website that includes a list of links to the websites for all of the market centers for which it functions as the designated participant.¹⁰

The designated participant framework has been helpful in simplifying the process of locating Rule 605 Reports. However, investors, regulators, academics, firms, and other interested parties (collectively, “users”) seeking to analyze and compare Rule 605 Reports must still first visit each individual designated participant’s website—spanning FINRA and up to 16 current NMS stock exchanges—and navigate from there to each individual market center’s website to access and download the actual data files.

FINRA believes that the accessibility of Rule 605 Reports would be enhanced if users were able to locate and download reports at a single, central location.¹¹ Accordingly, to make Rule 605 Reports for market centers that are FINRA members more accessible for users seeking to analyze and compare the data, FINRA is proposing to require that members provide their Rule 605 Reports to FINRA for central publication on the FINRA website. This requirement would supplement, not replace, firms’ current obligations under Rule 605.¹² FINRA would in turn publish the Rule 605 Reports it receives in a centralized location on the FINRA website, free of charge and with no restrictions on use of the data.¹³ FINRA believes that centralizing publication of the data files on FINRA’s website would improve upon the existing designated participant framework because users would be able to locate all Rule 605 Reports for market centers that are operated by FINRA members on FINRA’s website and directly download the data files from a single location.¹⁴

Economic Impact Assessment

Based on the regulatory need discussed above and summarized below, FINRA has undertaken an economic impact assessment to analyze the potential economic impacts of the proposal, including potential costs, benefits, and distributional and competitive effects, relative to the current baseline.

Economic Baseline

FINRA estimates that 71 FINRA member firms currently operate 83 “market centers,” as that term is defined in Rule 600(b)(46) of Regulation NMS. Some of these members operate more than one market center each, and as discussed further below, some may operate market centers that are not currently required to publish Rule 605 reports because they have not executed “covered orders” within the rule’s look-back period. Firms are required to provide a designated participant, such as FINRA, with URL links to their required Rule 605 reports and, currently, 61 members provide their URL links to FINRA (corresponding to 73 market centers).¹⁵ Because Rule 605 applies only to “covered orders” in NMS stocks, Rule 605 Reports would not be available for a market center within the three-year publication period required by Rule 605 if no covered orders were executed on that market center within such period. FINRA understands that 10 of the 83 total market centers currently operated

by FINRA member firms have not executed any covered orders within the prior three years. For these 10 market centers, which are operated by 10 different FINRA member firms, FINRA does not currently maintain a URL link for the market centers' reports on FINRA's public website. These numbers do not include any market centers that may be operated by non-FINRA member firms.

Public users can access and download the Rule 605 Reports by visiting each market center's website (or through third-party websites that collect and maintain the URL links to Rule 605 Reports). Users can also visit FINRA's website and, for market centers that use FINRA as their designated participant, navigate from there to each individual market center's website to access and download the actual data files.

Anticipated Benefits

FINRA believes that centralized access through FINRA's website to members' Rule 605 Reports would make it more efficient for users (whether retail and institutional investors, academic researchers, the press, regulators or other market participants) to access the reports.

Furthermore, centralization would enable users to more efficiently collect, analyze and compare execution quality statistics in a more comprehensive manner since the proposal would require all FINRA member firms to provide Rule 605 Reports to FINRA regardless of whether FINRA is their designated participant. The proposed change thus would reduce the search costs for collecting Rule 605 Reports across FINRA members.

Anticipated Costs

Members may incur initial fixed costs, such as programming, to create a system to send the Rule 605 Report to FINRA each month. Furthermore, members that use third party vendors to create the 605 Reports would need to arrange for reports to be submitted directly to FINRA. In addition, once the system to provide the proposed reports is built, there would be variable costs for maintaining the system and on-going compliance costs. To the extent that FINRA members are already sending the links to their Rule 605 Reports to FINRA, these initial fixed costs may be relatively lower for those member firms.

Alternatives Considered

No other alternatives were considered.

Request for Comment

FINRA requests comment on all aspects of the proposal. FINRA requests that commenters provide empirical data or other factual support for their comments wherever possible. In addition to general comments, FINRA specifically requests comments on the following questions.

- ▶ Would the proposal to centralize publication of Rule 605 Reports on the FINRA website provide benefits to the marketplace? Why or why not?
 - ▶ As stated above, FINRA believes that the proposal would be beneficial to users of the data, including investors, regulators, academics, firms and other interested parties. Do commenters agree with this statement? What types of parties would most benefit from the proposal? Might certain users of the data benefit more than others? If so, why?
 - ▶ Do commenters believe Rule 605 Reports currently can be readily found, accessed, compared and analyzed today by users of the data and if not, what are the challenges associated with access to Rule 605 Reports?
 - ▶ Are there currently widely available resources that centralize or consolidate the Rule 605 Reports free of charge?
- ▶ What costs would be associated with the proposal? Please be specific.
 - ▶ What costs would members incur to provide the reports to FINRA?
 - ▶ What operational or other challenges might be associated with implementing the proposal?
 - ▶ How much time would member firms need to make systems and other changes to implement the proposal?
- ▶ Rule 605 Reports must be published by any market center that receives covered orders in NMS stocks during a given calendar month. A “market center” is defined under Regulation NMS to mean any exchange market maker, OTC market maker, ATS, national securities exchange or national securities association. The proposal described in this *Notice* would require market centers that are FINRA members to send their Rule 605 Reports to FINRA for centralized posting on the FINRA website.
 - ▶ FINRA requests comment on whether the benefits of FINRA’s centralization of members’ Rule 605 Reports would be limited given that Rule 605 Reports prepared by non-FINRA members would not be a part of FINRA’s centralization efforts (including Rule 605 Reports by national securities exchanges).

- ▶ FINRA is not aware of any market center (whether operated by a FINRA member firm or otherwise) that has currently identified a national securities exchange as its designated participant. Do commenters share this understanding? Other than national securities exchanges, are there any market centers subject to Rule 605 (*e.g.*, exchange specialists) that are operated by non-FINRA members? Do commenters believe there are any other potential gaps that could limit the usefulness of the centralization sought to be achieved under the proposal?
- ▶ Are there any other steps FINRA should consider taking to consolidate or otherwise facilitate investors' ability to access Rule 605 Reports? Are there any other steps that FINRA should consider taking to provide investors more education about Rule 605 Reports or otherwise facilitate the usefulness of the reports for investors?
- ▶ If FINRA were to centralize the publication of Rule 605 Reports on the FINRA website, are there any basic tools that FINRA should consider to facilitate use of the data by public investors? For example, should Rule 605 Reports be grouped and presented by categories, such as market center type, and if so, what categories do commenters suggest? Are there any additional steps FINRA could take to present Rule 605 Reports in a manner that fosters investor use of the data?

Endnotes

1. FINRA will not edit personal identifying information, such as names or email addresses, from submissions. Persons should submit only information that they wish to make publicly available. See *Notice to Members 03-73* (November 2003) (Online Availability of Comments) for more information.
2. See SEA Section 19 and rules thereunder. After a proposed rule change is filed with the SEC, the proposed rule change generally is published for public comment in the *Federal Register*. Some proposed rule changes take effect immediately upon filing with the SEC. See SEA Section 19(b)(3) and SEA Rule 19b-4.
3. Under Rule 600(b)(46) of Regulation NMS, a “market center” means any exchange market maker, over-the-counter (OTC) market maker, alternative trading system (ATS), national securities exchange, or national securities association. FINRA notes that the SEC recently proposed amendments to Rule 605 that, if adopted, would expand the scope of entities that would be required to publish Rule 605 Reports to also encompass broker-dealers that introduce or carry 100,000 or more customer accounts, as well as requiring separate reports for executions on single dealer platforms (SDPs) and market centers operating qualified auctions. See Securities Exchange Act Release No. 96493 (December 14, 2022), 88 FR 3786 (January 20, 2023) (Disclosure of Order Execution Information) (“Rule 605 Proposal”). If the SEC expands the scope of entities required to report under Rule 605, FINRA would similarly require such additional entities that are FINRA members to send their Rule 605 Reports to FINRA for central publication on the FINRA website pursuant to this proposal.
4. Generally, “NMS security” includes listed stocks and options, and “NMS stock” means any NMS security other than an option. See Regulation NMS Rule 600(b).
5. Specifically, Rule 605(a) requires every market center to publish a Rule 605 Report for each calendar month, within one month after the end of the month addressed in the report, on the “covered orders” in NMS stocks that it received from any person. Such Rule 605 Reports must be in electronic form, categorized by security, order type, and order size, and include the statistical information specified in Rule 605(a). Among other things, the reports must include information about each market center’s quality of executions on a stock-by-stock basis, including how market orders of various sizes are executed relative to the public quotes; information about effective spreads (the spreads actually paid by investors whose orders are routed to a particular market center); and information about the extent to which a market center provides executions at prices better than the public quotes to investors using limit orders.

Under Rule 600(b)(22) of Regulation NMS, a “covered order” means any market order or any limit order (including immediate-or-cancel orders) received by a market center during regular trading hours at a time when a national best bid and national best offer is being disseminated, and, if executed, is executed during regular trading hours, but excludes any order for which the customer requests special handling for execution, including, but not limited to, orders to be executed at a market opening price or a market closing price, orders submitted with stop prices, orders to be executed only at their full size, orders to be executed on a particular type of tick or bid, orders submitted

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- on a “not held” basis, orders for other than regular settlement, and orders to be executed at prices unrelated to the market price of the security at the time of execution.
6. A market center can maintain its own website at which its files can be downloaded or may arrange for another person to maintain the website at which the market center’s files can be downloaded (as well as potentially the files of other market centers). *See* Joint Industry Plan; Order Approving Plan Establishing Procedures Under Rule 11Ac1-5 by the American Stock Exchange, Boston Stock Exchange, Chicago Stock Exchange, Cincinnati Stock Exchange, National Association of Securities Dealers, New York Stock exchange, Pacific Exchange, and Philadelphia Exchange, Securities Exchange Act Release No. 44177 (April 12, 2001), 66 FR 19814 (April 17, 2001) (“Rule 605 Plan”), at 19817 n.3.
 7. *See* Rule 605(a)(2) of Regulation NMS.
 8. *See* Disclosure of Order Execution and Routing Practices, Securities Exchange Act Release No. 43590 (Nov.17, 2000), 65 FR 75414 (Dec. 1, 2000) (adopting new Exchange Act Rules 11Ac1-5 and 11Ac1-6, redesignated as Rules 605 and 606, respectively, when Regulation NMS was adopted in 2005), at 75414.
 9. The “designated participant” framework under the Rule 605 Plan was intended to make market centers’ Rule 605 Reports easier to find than if investors and other interested parties needed to locate each individual market center’s separate website on their own. *See* Rule 605 Plan at 19815. In addition to establishing the designated participant framework, the Rule 605 Plan also specifies the electronic data file formats that market centers must use to prepare their Rule 605 Reports, in accordance with Rule 605(a)(2).
 10. For example, FINRA maintains a list of the market centers for which it functions as designated participant, along with links to each such market center’s website where the [Rule 605 Reports](#) can be downloaded.
 11. FINRA notes that the SEC’s Equity Market Structure Advisory Committee (EMSAC) recommended, among other things, that “the SEC could consider centralizing [Rule 605 and 606] report creation in an unbiased and trusted source such as FINRA.” *See* EMSAC, Recommendations Regarding Modifying Rule 605 and Rule 606 (November 29, 2016), at 2.
 12. Under the proposal, members would be required to provide the reports to FINRA, in the manner prescribed by FINRA, within the same time and in the same format that such reports are required to be made publicly available pursuant to Rule 605 and the Rule 605 Plan (*i.e.*, electronic data files in the format prescribed by the Rule 605 Plan would be required to be provided directly to FINRA within one month after the end of the month addressed in the report). FINRA notes that the SEC has proposed to require, in addition to the detailed Rule 605 data files, that reporting entities also publish monthly summary reports in specified PDF and XML formats. *See* Rule 605 Proposal at 3905. This FINRA proposal would require members to provide any reports to FINRA that are required to be made publicly available pursuant to Rule 605 and the Rule 605 Plan. Therefore, if the Rule 605 Proposal is adopted, this proposal would likewise require such additional summary reports to be provided to FINRA for centralized publication on the FINRA website.

13. FINRA notes that, for similar reasons, it also recently filed with the SEC a proposed rule change to, among other things, centralize publication of order routing reports for NMS securities that are required to be published by broker-dealers under Rule 606(a) of Regulation NMS. See Securities Exchange Act Release No. 96415 (November 30, 2022), 87 FR 74672 (December 6, 2022) (Notice of Filing of File No. SR-FINRA-2022-031).
14. While the SEC's Rule 605 Proposal did not require centralization of Rule 605 Reports, the SEC requested comment on whether the new summary reports, or both the summary and detailed reports, should be posted in a centralized location. See Rule 605 Proposal at 3825. The Rule 605 Proposal also discussed potential alternative approaches to centralize availability of the reports, including requiring the reports to be published through the SEC's EDGAR system or requiring the reports to be centrally published through the Rule 605 Plan. See Rule 605 Proposal at 3894-96. As discussed above, FINRA believes that centralization of the reports would improve the accessibility and usefulness of the reports for users of the data, and further believes that the proposal described in this *Notice* represents an efficient and comparatively simple solution for improving access to Rule 605 Reports through centralization on the FINRA website.
15. See *supra* note 10.

Exhibit 2b



July 19, 2023

Via Electronic Mail (pubcom@finra.org)

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: FINRA's request for comments on a Proposal to Require Members to Provide Rule 605 Order Execution Quality Reports to FINRA for Centralized Publication,¹ Reg Notice 23-10

Dear Ms. Mitchell,

The Healthy Markets Association² appreciates the opportunity to comment on the Proposal to create a centralized, public database of Rule 605 order execution quality reports.³

Currently, Rule 605 data is very difficult to track down across different websites and is not readily aggregated and scrubbed for effective analyses. As a result, to the extent that would-be users of Rule 605 reports engage in any analysis, it is rarely done by them directly. It is instead outsourced to third parties who are essentially paid to aggregate already public information and make the reports useful. In other words, the lack of a centralized database makes Rule 605 reports less likely to be used, and if they are used, they are likely to come with unnecessary resource costs that put smaller, less-well-financed users at a disadvantage. Further, because they are used less, errors in the data are often left undetected.

HMA has advocated for modernizing Rule 605 for the organization's entire existence, including in response to the SEC's recent market structure proposal on Rule 605.⁴ More timely, reliable, and useful statistics about order execution information from trading

¹ *Order Execution Information for NMS Stocks*, FINRA, Reg. Notice 23-10, May 31, 2023, available at <https://www.finra.org/sites/default/files/2023-05/Regulatory-Notice-23-10.pdf> ("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 17 CFR § 242.605.

⁴ Letter from Tyler Gellasch, HMA, to Vanessa Countryman, SEC, Mar. 31, 2023, available at <https://www.sec.gov/comments/s7-31-22/s73122-20162822-332274.pdf>.



venues are essential to empowering investors and their brokers with the information they need to make sound order-routing decisions.

A centralized, public database of 605 reports from all market centers – including national securities exchanges – would highlight the differences in order execution quality and lead to more competition among market participants and lower execution costs for investors. The increase in transparency would also alleviate the current challenges regulators, academics, and others (including HMA) face when trying to aggregate and analyze best-execution statistics.

We applaud FINRA's initiative and its planning related to the SEC's efforts to improve Rule 605. Users of the data, including investors, brokers, regulators, academics, and even trade associations like HMA, would be much more able to access and use Rule 605 reports if they were downloadable from a "single, central location."⁵

However, that isn't what the Proposal would do.

Rather, the Proposal would lead to centralized reporting for only "market centers that are operated by FINRA members."⁶ And that is quite a few market centers. According to FINRA's preliminary analysis, there are 71 FINRA member firms that currently operate 83 market centers, most of which make Rule 605 filings.⁷ The vast majority of market centers already provide URL links of their current Rule 605 reports to FINRA (some don't because they don't have to file Rule 605 reports).⁸ We, like FINRA, are not aware of any market center using a national securities exchange as its reporting participant. As a result, the new costs of centralizing the data at FINRA would be near zero because the reporting firms are generally already providing links to FINRA.

Centralizing Rule 605 reports for brokers should be a no-brainer. But the Proposal shouldn't stop there. The Proposal should also cover Rule 605 reports for the national securities exchanges.

A key element of making Rule 605 reports useful is having a central repository that covers all reporting entities. It does little good for investors to have to check dozens of websites to be able to aggregate all of the data needed to readily compare different venues. There should be one centralized repository for all the Rule 605 reports – not just one for the non-exchange filers. Put simply, many of the benefits of centralizing the reports for broker dealers will be lost if the database doesn't cover all filers. We suspect that the usage of the reports in such a scenario would remain largely similar to what it is today, and the benefits of the work will be lost.

⁵ Proposal, at 3.

⁶ Proposal, at 3.

⁷ Proposal, at 3.

⁸ Proposal, at 3.



Importantly, all Rule 605 reporting entities are broker-dealers, have one as an affiliate, or otherwise already provide data to FINRA for different purposes.

We also note that FINRA has proposed potentially adding tags or groupings for different market centers. If FINRA adds an additional column to the reports or otherwise adds another mechanism to sort or filter reports of different market center types, such as single-dealer platforms, it should not – in any way – restrict the ability of users to have one site for reports from all market centers.

Conclusion

Rule 605 reports are only valuable to the extent that they may be readily used. The current decentralized reporting system is too cumbersome and costly, dramatically reducing its usage. FINRA should create and maintain a centralized, public database of all Rule 605 reports and we urge you to implement one that covers all Rule 605 reporting entities without delay. If you have any questions, please contact me at (202) 909-6138 or ty@healthymarkets.org. Thank you for your consideration.

Sincerely,



Tyler Gellasch
President & CEO
Healthy Markets Association



July 31, 2023

VIA ELECTRONIC DELIVERY

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

RE: Regulatory Notice 23-10: FINRA Requests Comment on a Proposal to Require Members to Provide Rule 605 Order Execution Quality Reports to FINRA for Centralized Publication

Dear Ms. Mitchell:

Virtu Financial, Inc. (“Virtu”)¹ respectfully submits this letter in response to the above-referenced Request for Comment issued by the Financial Industry Regulatory Authority (“FINRA”) on May 31, 2023 on a proposal to require members to provide Rule 605 order execution quality reports to FINRA for centralized publication (the “RFC”).²

Virtu has long been a vocal proponent of smart, data-driven regulation that supports the goals of enhancing transparency, fostering robust competition among market participants, and ensuring the high quality of the retail investor experience. We are highly supportive of the concept of FINRA requiring its members to provide Rule 605 data for centralized publication and applaud FINRA for considering this “good government” regulatory enhancement to make this information more accessible and useful to investors and market participants.

The Need for Rule 605 Reform

For many years, Virtu as well as many retail brokers and other participants have called on regulators to expand and enhance the disclosure regime for order execution quality. In recent comment letters to the SEC, many participants noted that “Rule 605 reform” is the most important and impactful regulatory initiative to enhance the retail investor experience. In September of 2021,

¹ Virtu is a leading financial firm that leverages cutting edge technology to deliver liquidity to the global markets and innovative, transparent trading solutions to its clients. Virtu operates as a market maker across numerous exchanges in the U.S. and is a member of all U.S. registered stock exchanges. Virtu’s market structure expertise, broad diversification, and execution technology enables it to provide competitive bids and offers in over 25,000 securities, at over 235 venues, in 36 countries worldwide. As such, Virtu broadly supports innovation and enhancements to transparency and fairness which enhance liquidity to the benefit of all marketplace participants.

² FINRA Regulatory Notice 23-10: *FINRA Requests Comment on a Proposal to Require Members to Provide Rule 605 Order Execution Quality Reports to FINRA for Centralized Publication* (May 31, 2023), available at <https://www.finra.org/rules-guidance/notices/23-10>.



we submitted a Petition for Rulemaking³ to the Securities and Exchange Commission (“SEC”) calling on the Commission to require the disclosure of substantially greater data in Rule 605 Reports, including:

- Requiring market centers to report size improvement metrics in monthly Rule 605 Reports;
- Using a benchmark price that reflects the equivalent size of shares as the covered order being reported – including depth of book quotes and odd lot quotes;
- Updating the definition of Covered Orders to include
 - Odd lot orders;
 - Orders for 10,000 shares and above;
 - Other order types (short, stop, pre-mkt), reported independently of each other; and
- Adding notional “value traded” order size buckets, with a reasonable notional “cap” to prevent large size orders from skewing the analysis.

As we explained in our comment letters in response to each of the December 2022 Equity Market Structure Proposals, we continue to believe that Rule 605 reform is an appropriate and much-needed enhancement that will substantially benefit retail investors.⁴ However, we firmly believe that the Commission should first implement enhanced reporting requirements under Rule 605 before moving forward with any of the other contemplated market structure rules.

The Benefits of Centralized Publication of Rule 605 Data

Currently, market centers subject to Rule 605 are required to make publicly available monthly electronic reports that include information about each market center’s quality of executions on a stock-by-stock basis, including how market orders of various sizes are executed relative to the public quotes, among other information. The reports are typically made available on each market center’s website. However, there is not currently a centralized data repository where all of the Rule 605 reports are available to be accessed.

Accordingly, if an investor wants to assess the data in Rule 605 reports from multiple market centers – a natural exercise given that the purpose of requiring the reports is so investors can compare execution quality at different market centers – that investor has to visit the individual websites of each market center and download the reports. This is an extremely cumbersome and inefficient process that few, if any, investors have the time or capacity to undertake. Accordingly,

³ See Virtu Petition for Rulemaking to Amend SEC Rule 605 (Sept. 20, 2021), available at <https://www.sec.gov/rules/petitions/2021/petn4-775.pdf>.

⁴ Virtu Letter on Best Execution Proposal (Mar. 30, 2023), available at <https://www.sec.gov/comments/s7-32-22/s73222-20164001-333999.pdf>; Virtu Letter on Order Competition Rule Proposal (Mar. 30, 2023), available at <https://www.sec.gov/comments/s7-31-22/s73122-20162480-331492.pdf>; Virtu Letter on Reg NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders (Mar. 30, 2023), available at <https://www.sec.gov/comments/s7-30-22/s73022-20162672-331887.pdf>; Virtu Letter on Disclosure of Order Execution Information Proposal (Mar. 30, 2023), available at <https://www.sec.gov/comments/s7-29-22/s72922-20162719-332098.pdf>.



the fragmented publication of the Rule 605 reports in many ways defeats the purpose of requiring the reports in the first place.

FINRA's proposal to require its members to file their Rule 605 reports for centralized publication on FINRA's website would greatly benefit investors by streamlining the process for analyze execution quality across market centers. Individual retail investors and academics will both benefit the most as they have the fewest resources to allocate to analysis of the reports.

Critically, as FINRA notes in the RFC, certain market centers that file Rule 605 reports are not members of FINRA – including the national securities exchanges – and therefore would not be required to share their Rule 605 reports for publication at FINRA, rendering the library of centralized published reports incomplete and therefore less useful for investors. However, we would suggest that FINRA request that such market centers voluntarily share their information with FINRA, or that FINRA use its own staff to collect the reports from each market center's website for inclusion in the centralized publication process.

* * *

We applaud FINRA for thinking creatively about solutions that will make our markets more transparent and market information more accessible to retail investors.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Tom Merritt", written over a horizontal line.

Thomas M. Merritt
Deputy General Counsel

cc: Robert Cook, Chief Executive Officer, FINRA
The Honorable Gary Gensler, Chair
The Honorable Hester M. Peirce, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner
The Honorable Mark T. Uyeda, Commissioner
The Honorable Jaime E. Lizarraga, Commissioner
Dr. Haoxiang Zhu, Director, Division of Trading and Markets

Larry Tabb Comment On Regulatory Notice 23-10

Larry Tabb

N/A

I personally (not Bloomberg, LP nor any of its affiliates) believe that this is a good thing. Anyone that has searched for 605 reports needs to traverse a series of websites to find this information. In addition can you please have the broker/dealers add a header row, or at least an off file guide to reading the data. A crib sheet is also needed to understand how to look at this information - like how do you calculate E/Q (given quoted spread is not a field in this file), or what does an order type 11, 12, 13 mean, or what does order size 21 mean? There is a lot of great data in these reports, the challenge is, you have to do a lot of work to harvest the nuggets. Thanks Larry

EXHIBIT 5

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES

6100. QUOTING AND TRADING IN NMS STOCKS

* * * * *

6152. Disclosure of Order Execution Information for NMS Stocks

Every member that is required to publish a report pursuant to Rule 605 of SEC Regulation NMS shall provide the report to FINRA, in the manner prescribed by FINRA, within the same time and in the same formats that such report is required to be made publicly available pursuant to Rule 605. FINRA will publish such reports on its public website.

* * * * *