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## **Re: NOTICE OF PROPOSED CHANGE AND REQUEST FOR COMMENT**

**1) Fair Access -- Staff question whether the Fee Proposal would be unfair to passive participants because their fees are determined by the nature of an incoming order and not by their own actions or decisions.**

From a trading perspective we do not find this unfair to the passive participant. They have the choice of markets on which to post, and the potential fees are within the existing range of fees on current markets. Participants can base their decisions on the worst case, and treat any improvement as a bonus.

However, for administrative purposes, we consider this to be a bit of a step backwards. Institutional investors are increasingly focused on broker transparency and in some cases are asking for reports on the fees paid on each of their orders. In addition some clients are on pass-through trading models. Brokers also calculate these fees for their own internal trading reports.

Given the increasing complexity and rate of changes in marketplace fee schedules, we would like marketplaces to work towards each execution report being marked with the fee/rebate associated with the order. This would be much more efficient than each broker attempting to track the changes and calculate on their own. Having orders where the fee is not known until end of month requires a separate process to reconcile, and is cumbersome.

**2) Leakage of information -- Staff is concerned that the Fee Proposal would allow for passive participants in the NEO Book to have an informational advantage over other marketplace participants, as they would know, based on the fee they pay, whether they traded against orders from LST or NEO Traders. This information would not be available to any other marketplace participant. We note that Aequitas is proposing to address this issue by paying the fee credit due to lower trading fees to the applicable passive participants at the end of the month, and report it only on an aggregate basis. However, we are concerned that this may not fully address the information leakage concern. We**

**also question whether it is reasonable for a marketplace participant to wait until the end of the month to calculate their true overall trading costs.**

We agree that the end of the month is too long to wait for trading cost disclosure. We would support this information being made publically available if there are fairness concerns about only the counterparty having access to this information.

### **General**

While Aequitas Neo is currently unprotected in any case, we continue to feel that that it may not be appropriate to extend order protection to markets which charge differential fees to types or participants. If these models are being introduced consideration should be given to whether this would be permitted on protected markets and what would happen if one of these markets later qualified for order protection.

As always, we appreciate the opportunity to comment on these proposed changes and would be pleased to provide any more details if desired.

Sincerely,

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