

FINANCIAL INFORMATION FORUM

April 29, 2026

By electronic mail

Securities and Exchange Commission

100 F Street, NE

Washington, DC 20549-1090

Attn: Kathleen Gross, Senior Special Counsel, Division of Trading and Markets

Lauren Yates, Senior Special Counsel, Division of Trading and Markets

Re: Rule 605 Amendments

Dear Ms. Gross and Ms. Yates,

Financial Information Forum (“FIF”)¹ is submitting this letter on behalf of the members of the FIF Rule 605 Working Group relating to the amendments to Rules 600 and 605 adopted by the Securities and Exchange Commission (the “Commission”) on March 6, 2024 (the “2024 amendments”). FIF members and FIF would like to thank the Commission and the Staff of the Division of Trading and Markets for (i) the Staff’s April 1, 2026, publication of Frequently Asked Questions (“FAQs”) relating to the 2024 amendments,² and (ii) the Commission’s April 1, 2026, grant of exemptive relief from certain reporting requirements arising from the 2024 amendments (the “exemptive order”).³ The FAQs and exemptive order provide clarity as to a number of reporting issues. This letter identifies areas where FIF members request further clarification based on a review of the FAQs and exemptive order.

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include broker-dealers, exchanges, back-office service bureaus, and market data, regulatory reporting and other technology vendors in the securities industry. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

² Staff of the Division of Trading and Markets of the Securities and Exchange Commission, Frequently Asked Questions: Rule 605 of Regulation NMS (Apr. 1, 2026) (“FAQs”), available at <https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/frequently-asked-questions-rule-605-regulation-nms#I.B>.

³ Securities Exchange Act Release No. 105136 (Apr. 1, 2026), 91 FR 17313 (Apr. 6, 2026).

A. FAQ 1: format and procedures

FAQ 1 provides that “Designated Participants are responsible for assigning a unique reporter identification code (which must be set forth in Field 2 of a market center, broker, or dealer’s electronic data file) to each market center, broker, or dealer for which it acts as Designated Participant.”⁴ Since the Financial Industry Regulatory Authority (“FINRA”) is the Designated Participant for most reporting firms, this section is focused on the assignment of reporter identification codes by FINRA.

Exhibit A to the Rule 605 NMS Plan sets forth the fields for the new Rule 605 detailed report. In the second column, a reporting firm is required to report the RprtEntityCd, which is described as “The code identifying the market center, broker, or dealer, as assigned by a Designated Participant pursuant to Section VIII of the Plan.”⁵ It is not clear how FINRA would distinguish reports submitted by a single firm when the single firm is required to submit multiple reports with the same MPID. Two examples of this scenario are (i) a retail broker that executes fractional shares as principal submitting a separate report for fractional share orders executed by the retail firm as principal; and (ii) a reporting firm that operates a single dealer platform (an “SDP”) submitting a separate report for the SDP. FIF members request that the Commission and FINRA, in addressing this issue, not require that a reporting firm obtain a separate MPID for these activities as this would require significant implementation work by these firms and require these firms to incur significant costs. This issue can be properly addressed through a more tailored solution that is focused specifically on Rule 605 reporting (for example, through assigning identifiers that are specific to Rule 605 reporting). FIF members are available to provide further input on this issue.

The Commission’s adopting release for the 2024 amendments discusses this issue:

The Commission also proposed to require in Rule 605(a)(1) that any market center that provides a separate routing destination that allows persons to enter orders for execution against the bids and offers of a single dealer shall produce a separate report pertaining only to covered orders submitted to such routing destination.⁶

The footnote to this sentence does not require a separate MPID and instead provides for a reporting firm to label each report based on the type of report: “To the extent that a reporting firm produces more than one Rule 605 report, the firm could label each report with the type of business reflected on the report.”⁷ The footnote in the adopting release refers to the “labeling” of the report; this “labeling” should be included within the report itself, presumably through Field 2 discussed above. This is particularly important in light of FAQ 2, which contemplates that an SRO could include multiple reports within a single file.⁸ In other words, if multiple reports are included in a single file, the file name could

⁴ FAQs, at FAQ 1.

⁵ National Market System Plan Establishing Procedures Under Rule 605 of Regulation NMS, available at <https://www.sec.gov/files/rules/sro/nms/2025/34-103243-rule-605-plan.pdf>, at 12-13.

⁶ Securities Exchange Act Release No. 99679 (Mar. 6, 2024), 89 FR 26428 (Apr. 15, 2024), at 89 FR 26444.

⁷ Id. at 89 FR 26444 n. 198.

⁸ FAQs, at FAQ 2.

not be used to “label” a specific report, and it would be important for each specific report to include a distinct value in Field 2.

B. FAQ 4: firm that acts both as an exchange specialist and an OTC market maker

FAQ 4 refers to an exchange specialist as a market center.⁹ Based on current market structure, FIF members would not consider an exchange specialist to be a market center. When a firm routes an order to an exchange, the firm routes the order to the exchange and not to a specific exchange specialist. FIF members request that the Staff update FAQ 4 to clarify this point. For additional information, Staff members could consult with relevant exchange personnel.

C. FAQ 6: fractional share component of notional value order

FAQ 6 includes the following statement: “To the extent that the customer-facing broker-dealer executes principally the fractional share components of notional value orders, the firm would be acting as an OTC market maker with respect to the fractional share orders.”¹⁰ FIF members request that the Staff, consistent with the Staff’s other statements in FAQ 6, update this sentence to clarify that the Staff is referring to the “fractional share component” as opposed to the “fractional share order.” For example, consider the scenario where a firm receives a covered order with a notional value that equates to 10.2 shares, routes 10 shares to an exchange or market maker, and executes the remaining .2 shares as principal. FIF members understand that, in this scenario, the firm would report 10.2 shares received on its large broker-dealer report (assuming the firm otherwise meets the conditions for publishing a large broker-dealer report and the order is otherwise reportable) and would report .2 shares received on its OTC market maker report (assuming the firm otherwise meets the conditions for publishing an OTC market maker report and the order is otherwise reportable). FIF members further understand that the firm would report (i) .2 shares of “covered orders executed at the receiving firm” on both reports, and (ii) 10 shares of “covered orders executed at any other venue” on the large broker-dealer report. FIF members request confirmation on these points.

Assume further in the scenario above that the firm separately receives an order for 5 shares and routes the 5 shares to an exchange or market maker. It follows from the discussion above that the firm would report the receipt of the 5-share order on the large broker-dealer report but not on the OTC market maker report. FIF members request confirmation on this point.

D. FAQ 7: fractional share position from dividend reinvestment program or stock dividend

FAQ Q7 describes the following relief granted by the Commission in the exemptive order:

The Commission has exempted from the requirement to produce a separate Rule 605 report as a market center any customer-facing broker-dealer that executes customers’ fractional share orders only in circumstances in which the customer has a fractional share position resulting from (1) the customer’s participation in a dividend reinvestment

⁹ Id. at FAQ 4.

¹⁰ Id. at FAQ 6.

program or (2) a stock dividend with a fractional component. In such cases, a customer-facing broker-dealer may facilitate its customer's ability to exit out of such fractional share positions by executing the customer's order to sell these fractional shares. The customer-facing broker-dealer would not be required to produce a separate Rule 605 report as a market center on the basis of this activity.¹¹

FIF members have identified additional scenarios where exemptive relief would be appropriate. In each of these scenarios, a fractional position is created through a process that does not involve the broker executing a buy order on behalf of the customer. FIF members request that the Commission extend the exemptive order to apply to any scenario where a fractional position is created through a process that does not involve the broker executing a buy order on behalf of the customer or, alternatively, provide written clarification that the exemptive order would apply to these scenarios. Alternatively, FIF members request that the Commission extend the exemptive order to apply to the scenarios described below or, alternatively, provide written clarification that the exemptive order would apply to these scenarios.

Estate settlement and other life events

These scenarios involve an "estate settlement" or other "life event" that results in the creation of a fractional share position through a process that does not involve the broker executing a buy order on behalf of the customer. For example, consider the following scenario: a customer holds a whole-share position (for example, 100 shares) at a broker-dealer; the customer becomes deceased and the account assets are transferred to an account for the customer's estate; the customer's will provides for the customer's assets to be inherited equally by eight beneficiaries of the customer (12.5 shares to each beneficiary); the broker-dealer transfers the shares to eight accounts held for the beneficiaries (12.5 shares to each beneficiary); one beneficiary requests to sell this position; the broker routes a sell order for 12 shares to an exchange or market maker; the broker executes the remaining .5 shares as principal. This scenario is similar to a sale of a fractional position arising from a stock dividend, as described in FAQ 7 (as quoted above), in that the fractional position was not created through the broker executing a buy order on behalf of the customer.¹² Other examples of life events include (i) the transfer of assets in connection with a divorce settlement and (ii) the dissolution of a trust and distribution of trust assets to the beneficiaries. At the Commission's request, FIF members are available to provide additional detail relating to these scenarios.

Corporate actions

While FIF members previously requested exemptive relief for stock dividends, FIF members note that other types of corporate actions (such as mergers and spin-offs) could result in the creation of a fractional share position through a process that does not involve the broker executing a buy order on

¹¹ Id. at FAQ 7.

¹² See for example, FIF letter to the Commission (June 24, 2024), available at <https://fif.com/index.php/working-groups/category/271-comment-letters?download=2954:fif-letter-to-the-sec-relating-to-the-implementation-of-the-sec-s-amendments-to-rule-605&start=80&view=category>, at 4.

behalf of the customer. Accordingly, FIF members request that the Commission expand the current exemptive relief to apply to corporate actions more generally.

E. FAQ 20: trading halts

FAQ 20 includes the following passage:

Fifth, if an order was received five minutes or more prior to the trading halt and remains outstanding (in whole or in part) at the time of the trading halt, the order continues to be covered by the Rule. However, for executions of market orders or marketable limit orders that occur after the end of the trading halt, a market center, broker, or dealer may deduct the time period during which trading was halted from the calculations using the time of execution of the order.¹³

To support consistency in reporting, FIF members request that the Staff change the word “may” to “is required to” (or equivalent wording) in this passage.

F. FAQ 40: size improvement

In Example 40-1 in FAQ 40, FIF members believe that the unexecuted 300 shares to buy would post at the bid rather than the offer. Accordingly, FIF members request that the Staff provide written clarification for the following scenario, which is a modified version of Example 40-1:

- A market center receives a 1,000 share buy order with a limit price of \$10.10
- The NBBO is \$10.00-\$10.10 at the time of order receipt
- There are 200 shares displayed at the NBO
- The market center executes 700 shares at \$10.10 (against 200 displayed shares and 500 additional shares), thereby moving the NBO to the next level of \$10.12
- The market center posts the remaining 300 shares at \$10.10, thereby setting the NBBO to \$10.10-\$10.12
- An incoming market order to sell subsequently executes against those 300 shares.

The consensus view of the FIF Working Group is that the size improvement in this scenario should be reported as 500 shares since the trading venue posting an order does not represent the trading venue providing liquidity enhancement. FIF members request clarification on this point.

We can contrast the scenario above with the following scenario:

- A market center receives a 1,000 share buy order with a limit price of \$10.10
- The NBBO is \$10.00-\$10.10 at the time of order receipt
- There are 200 shares displayed at the NBO

¹³ FAQs, at FAQ 20.

- The market center executes 1,000 shares at \$10.10 (against 200 displayed shares and 800 additional shares).

In this scenario, the size improvement should be reported as 800 shares.

It is important that trading venues report size improvement based on the principles above because routing firms will consider size improvement statistics when determining the optimal size to route to different trading venues.

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FIF members would again like to thank the Commission and the Staff for the publication of the FAQs and the exemptive order. If you would like clarification on any of the items set forth above or would like to discuss further, please contact me at howard.meyerson@fif.com.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson
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