

## ICI: SEC Must Consider Changes to Market Structure Carefully

**Washington, DC, March 31, 2023**—Investment Company Institute (ICI) President and CEO Eric Pan released the following statement after ICI submitted comments on the SEC’s proposed rules on market structure:

“Millions of American investors, and their funds and advisers, rely on the U.S. capital markets to provide effective investment options. As the voice of members serving these investors, ICI supports commonsense updates to our market structure.

“In this case, the SEC has issued a large number of proposals that will lead to far-reaching and interconnected changes to the equity and fixed income markets. They total more than four thousand pages, and none can be considered in isolation. ICI urges the Commission to take a considered approach and thoughtful pace regarding its market structure proposals.

“The SEC should focus first on implementing the market data reforms that were approved in 2020, including new round lot sizes and odd lot data. We also would welcome the Commission revisiting quoting increments for tick-constrained stocks to promote price improvement. We believe that the most sensible starting point is a half-penny reduction in quoting increments. Implementing larger reductions risks negative outcomes for investors including less market transparency and market liquidity.

“ICI also supports the principle of best execution and ways to promote competition in executing retail orders. If the SEC moves forward with these rulemakings, we urge the Commission to focus on who is submitting an order rather than who the ultimate account holder is. This approach would be consistent with existing FINRA and exchange definitions of ‘retail order,’ and would allow advisers to continue aggregating orders for discretionary advisory clients to achieve better average price execution for investors. We encourage the Commission to coordinate closely with FINRA, the MSRB, and the exchanges to develop a consistent best execution standard for the industry. In particular, the SEC should look to FINRA’s standard, which recognizes that there is more to best execution than price alone.

“We are ready to work with the Commission on these important rulemakings and request that it phases in any new rules over a multi-year period based on an implementation schedule subject to public notice and comment. A sequenced schedule is needed to acknowledge the interconnected compliance efforts and investor impacts of these various rules.”

To read ICI’s comment letter on the SEC’s Best Execution and Order Competition Proposal, [click here](#).

To read ICI’s comment letter on the SEC’s Tick Size and Access Fee Reduction Proposal, [click here](#).

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