August 17, 2026

VIA ELECTRONIC SUBMISSION

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Proposed Rule; The Trade-Through Rule and Locked and Crossed Markets Provisions of Regulation NMS (File No. S7-2026-20)

Dear Ms. Countryman:

The Crypto Council for Innovation ("CCI") appreciates the opportunity to comment on the Securities and Exchange Commission's ("SEC" or "Commission") proposed rule regarding the Trade-Through Rule and Locked and Crossed Markets Provisions of Regulation NMS (the "Proposed Rule").[1]

I. Introduction & Overview

CCI is a global alliance of industry leaders within the digital assets industry committed to promoting the advantages of digital assets while showcasing their potential for transformation. CCI's members represent a wide array of businesses from across the digital asset ecosystem, united by a shared objective of advocating for the responsible global regulation of digital assets to unlock economic opportunities, enhance quality of life, promote financial inclusivity, safeguard national security, and counter illicit activities. CCI firmly believes that achieving these goals necessitates well-informed, evidence-driven policy choices achieved through collaborative participation with regulators in the United States and globally.

As the Commission makes clear throughout the Proposed Rule, U.S. equities markets continue to evolve rapidly as technological advances increase automation and efficiencies,

[1] The Trade-Through Rule and Locked and Crossed Markets Provisions of Regulation NMS, 91 Fed. Reg. 36656 (proposed June 17, 2026), https://www.federalregister.gov/documents/2026/06/17/2026-12163/the-trade-through-rule-and-locked-and-crossed-markets-provisions-of-regulation-nms#addresses.

shrink settlement times, and make 24/7 trading a reality.[2] Blockchain technology has introduced new methods of trading securities and expanded access to market participants, while also raising questions about how existing market-structure requirements apply to emerging trading architectures.[3] CCI agrees with the Commission that modernizing the U.S. regulatory structure is important to improving market efficiency, and that this modernization should be undertaken through a deliberative and thoughtful process that protects investors while allowing them to benefit from innovations.[4]

CCI supports the Commission's proposal to rescind Rule 611 (the trade-through rule) and Rule 610(e) (the locked and crossed markets provision) of Regulation NMS. These revisions to Regulation NMS will promote competition and innovation, lower complexity and costs, and preserve important investor protections, including broker-dealers' best-execution obligations. Indeed, the case for rescission echoes the concerns raised by then-Commissioners Cynthia Glassman and Paul Atkins in their dissent from Regulation NMS's original adoption in 2005. There, the then-Commissioners warned that the rule would be anticompetitive and "saddle[] the marketplace with anachronistic regulation that reduces investor choice and raises investor costs."[5] Replacing Rule 611's and 610(e)'s prescriptive mandates with market-driven competitive forces will best promote the specific objectives Congress identified when establishing a national market system for securities, including economically efficient execution and fair competition among brokers, dealers, and markets.[6]

CCI also supports the Proposed Rule because it would remove certain obstacles to tokenized NMS stocks trading on decentralized blockchain-based platforms, which do not always operate through the interconnected quoting and order-routing architecture that Rules 611 and 610(e) presuppose, despite offering meaningful investor benefits, such as self-custody of assets, greater transparency, and faster settlement times. By removing

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[2] Proposed Rule at 36659.
[3] *Id.*
[4] *Id.*
[5] Dissent of Commissioners Cynthia A. Glassman and Paul S. Atkins to the Adoption of Regulation NMS (June 9, 2005), https://www.sec.gov/files/rules/final/34-51808-dissent.pdf (hereinafter, "Glassman & Atkins Dissent") ("Instead of facilitating a national market system in which technology, competition and innovation will produce benefits for all investors, Regulation NMS saddles the marketplace with anachronistic regulation that reduces investor choice and raises investor costs . . . . Far from enhancing competition, we believe that Regulation NMS will have anticompetitive effects.").
[6] *See* Securities Exchange Act of 1934 § 11A(a)(1)(C)(i) through (v) (setting forth Congressional findings that it is in the public interest and consistent with the Commission's mission to assure: economically efficient execution of securities transactions; fair competition among brokers and dealers, among exchange markets, and between exchange markets and markets other than exchange markets; the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities; the practicability of brokers executing investors' orders in the best market; and an opportunity for investors' orders to be executed without the participation of a dealer).

these structural impediments, the Proposed Rule directly furthers the President's Working Group on Digital Asset Markets July 2025 report, which recommended that the SEC "consider amendments to Regulation NMS (or to applicable national market system plans) to better accommodate tokenization of national market system (NMS) securities."[7] While comprehensive and lasting clarity can best be achieved through market structure legislation, CCI encourages the Commission to build on this Proposed Rule by using all of its available authorities, including exemptive relief and broadly applicable guidance, to provide regulatory clarity to onchain financial markets. CCI provides further rationale below in support of rescinding Rule 611 and Rule 610(e), and offers additional recommendations for the Commission's consideration as it works to modernize Regulation NMS and bring regulatory clarity to onchain securities markets.

II. CCI Supports Rescission of Rule 611 and Rule 610(e)

a. Rescinding Rule 611

Rule 611 generally requires trading centers, including exchanges, alternative trading systems, over-the-counter market makers, and other broker-dealers that execute orders internally, to establish, maintain, and enforce policies and procedures reasonably designed to prevent the execution of an order at a price inferior to a "protected quotation" displayed by another trading center (a "trade through").[8] CCI supports the Commission's proposed rescission of Rule 611 because it will promote competition and innovation, lower complexity and costs, and ensure investors remain protected by a broker-dealer's duty of best execution.

Promoting competition and innovation. Because Rule 611 has the practical effect of requiring market participants to connect to, monitor, and route orders to all exchanges with protected quotations, it effectively guarantees exchanges with protected quotations market data and connectivity revenue. As a result, it has reduced competition in getting order flow and led to fragmentation of liquidity across trading venues.[9] Rescinding Rule 611 would allow broker-dealers and trading centers to compete on the quality of their services,

[7] *See* Presidential Working Group on Digital Asset Markets, *Strengthening American Leadership in Digital Financial Technology* at 51-52 (July 17, 2025), https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf.
[8] 17 C.F.R. § 242.611(a)(1)(2026).
[9] Proposed Rule at 36656; *See Addressing Complexity from the Trade-Through Rule*, FIA (April 30, 2015), https://www.fia.org/ptg/articles/addressing-complexity-trade-through-rule (explaining that the trade-through rule "effectively requires all market participants to do business with all trading venues that display orders," acting "as a subsidy to trading venues that otherwise do not add substantial value to the marketplace" and "contribut[ing] to a significant growth in the number of exchanges in the market").

technology, and pricing, rather than on compliance with a single mandated routing standard. By giving market participants greater freedom to decide where and how to route their orders subject to their best execution obligations, exchanges and ATSs will have greater incentive to compete and innovate to attract business, including by differentiating themselves on factors such as reliability, speed, price improvement, and investor service.

Lowering complexity and costs. Rule 611 and its numerous exceptions have also added complexity to U.S. equity markets by driving exchanges and brokers to develop a proliferation of specialized order types and modifiers, including intermarket sweep orders and various "price-to-comply" variants, that often benefit only the most sophisticated firms.[10] This complexity can obscure risk, impede effective market surveillance, and generate significant compliance costs that are ultimately passed on to investors.[11] Rescinding Rule 611 has the potential to lower compliance costs, as well as costs associated with connectivity, market data, and routing, if market participants will no longer need to connect directly or indirectly to every trading center. Instead, market participants may have greater flexibility and choice regarding where to send their orders, pursuant to best execution obligations, further driving competition and lowering costs.

Best execution protects investors. Even absent Rule 611, broker-dealers remain subject to their legal duty to seek best execution of customer orders.[12] Under that duty, broker-dealers must seek to obtain the most favorable terms reasonably available for customer orders under the circumstances.[13] A non-exhaustive list of relevant factors that a broker-dealer must consider includes: speed of execution, clearing costs, the trading characteristics of the security, the availability of accurate market information and the technological tools to process it, and the cost and difficulty of achieving execution in a particular market center.[14] In addition, Financial Industry Regulatory Authority ("FINRA") Rule 5310 independently requires broker-dealers to use reasonable diligence to ascertain the best market for a security so that the price a customer receives is as favorable as possible given prevailing market conditions.[15] Taken together, these obligations provide a

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[10] Proposed Rule at 36665-66.

[11] *See Addressing Complexity from the Trade-Through Rule*, FIA (April 30, 2015), https://www.fia.org/ptg/articles/addressing-complexity-trade-through-rule ("Excessive complexity is detrimental to our markets: it drives up costs, obscures risk, hampers surveillance efforts, and damages investor confidence. The complexity created by the trade-through rule has increased complexity without delivering sufficient benefits."). *See also* Glassman & Atkins Dissent at 3 (warning Reg NMS's "redundant regulatory oversight and the concomitant compliance costs…will ultimately be borne by investors").

[12] *See* SEC Responses to Frequently Asked Questions Concerning Regulation NMS Rules 610 and 611 (June 7, 2007), https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm.

[13] Securities Exchange Act Release No. 37619A, 61 FR 48290, 48322 (Sept. 12, 1996).

[14] *See* Securities Exchange Act Release No. 43590 (Nov. 17, 2000), 65 FR 75414, 75418 (Dec. 1, 2000).

[15] *See* FINRA Rule 5310(a)(1),(e), https://www.finra.org/rules-guidance/rulebooks/finra-rules/5310.

meaningful, flexible, and sufficient backstop for investors, rendering Rule 611 unnecessary and more likely to harm investors by elevating avoidance of trade-throughs over other execution quality factors that may better serve a customer's interests.[16]

As the Commission and FINRA consider how the duty of best execution should evolve in light of technological advancements and onchain financial markets, CCI encourages the Commission and FINRA to recognize investor choice to self-custody as an additional, if not superseding, factor relevant to a broker-dealer's best-execution analysis. Where a customer's order involves a tokenized security, for example, the ability to settle into a self-custodied wallet, rather than through an intermediated custodial arrangement, can itself be a component of execution quality, reflecting the customer's own preferences regarding custody, control, and transaction cost. This approach would be consistent with Chair Atkins' position that "[t]he right to have self-custody of one's private property is a foundational American value that should not disappear when one logs onto the internet."[17]

b. Rescinding Rule 610(e)

Rule 610(e) requires national securities exchanges and national securities associations to establish, maintain, and enforce rules that (1) require their members to reasonably avoid displaying quotations that lock or cross a protected quotation in an NMS stock; (2) are reasonably designed to ensure the reconciliation of locked and crossed quotations in an NMS stock; and (3) prohibit members from engaging in a pattern or practice of displaying quotations that lock or cross a protected quotation.[18] Notably, Rule 610(e) does not itself prohibit locked and crossed markets—rather, it requires self-regulatory organizations ("SROs") to adopt and enforce rules addressing this behavior.[19] Thus, even if the Commission were to adopt the Proposed Rule's rescission of Rule 610(e), individual exchanges could still choose to maintain their own rules relating to the display of locked or crossed quotations. CCI supports the Commission's proposed rescission of Rule 610(e) because it would likely promote efficiency, price discovery, and competition, while reducing market complexity and related costs.

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[16] *See* Glassman & Atkins Dissent at 30 ("Given the rule's sole focus on price, incentives to improve execution quality above and beyond the trade-through rule's mandated execution methodology may be reduced.").
[17] Paul S. Atkins, Chairman, U.S. Sec. & Exch. Comm'n, Remarks at the Crypto Task Force Roundtable on Decentralized Finance (June 9, 2025) (adding "I am in favor of affording greater flexibility to market participants to self-custody crypto assets, especially where intermediation imposes unnecessary transaction costs or restricts the ability to engage in staking and other on-chain activities.").
[18] 17 C.F.R. § 242.610(e).
[19] Proposed Rule at 36670 (noting all exchanges approved to trade NMS stocks, along with FINRA, have adopted such rules).

Promoting efficiency and price discovery. Removing Rule 610(e)'s prohibition on displaying locked or crossed protected quotations may allow for more economically efficient execution of securities transactions and improved price discovery. A locked market may simply reflect that buyers and sellers are meeting at the same price. Moreover, because the displayed quotations do not necessarily reflect the net economic price once applicable fees are taken into account, the prohibition may block the display of trading interest that is not truly "locked" or "crossed" based on net price.[20] Thus, to the extent that self-regulatory organizations decide to permit locked or crossed quotations, such policies may serve to improve transparency of market information rather than suppress it.[21]

Reducing unnecessary complexity and costs. Rule 610(e) also imposes significant operational burdens by forcing market participants to maintain specialized systems that continuously collect and process quotation data across displayed venues to identify and address potential locks and crosses. These technology, data, and compliance systems impose ongoing costs, even where a locked or crossed quotation is brief or reflects legitimate trading interest. Eliminating the prohibition would likely reduce these costs, which may in turn allow savings to be passed on to the investor or diverted to improving investor services. Rescission would also eliminate the need for specialized order types designed chiefly to reprice orders automatically to avoid locking or crossing the market.[22]

Relatedly, CCI agrees with the Commission that advances in automation, interconnectivity, and access to market data have substantially weakened the case for retaining Rule 610(e). In contrast to 2005, when the rule was adopted, today's market participants can more readily access consolidated and proprietary quotation data in real time, use automated systems to identify a locked or crossed condition as it arises, and employ increasingly fast routing and execution tools to respond to it.[23] These developments help ensure locked or crossed

[20] Proposed Rule at 36671-72 (stating the prohibition on display of locked quotations may be preventing the display of trading interest that would not be considered locking interest based on the net price (*e.g.*, if the exchange fees associated with taking the locking offer would cause the order's effective price to be higher than its displayed price)).
[21] *See* FIA Principal Traders Group, Position Paper on Simplifying U.S. Equity Market Structure (Jan. 28, 2015), available at https://live-fia-d8.pantheonsite.io/sites/default/files/2019-05/FIA%20PTG%20Position%20-%20Simplifying%20US%20Equity%20Market%20Structure-0.pdf (recommending that the SEC review the concept of protected quotes to improve investor confidence and improve transparency by displaying all quotes to the public when markets are locked or crossed rather than by suppressing that information).
[22] *See* Proposed Rule at 36671 (describing "price-to-comply" and other re-pricing order types that may mask a market participant's true trading interests).
[23] Proposed Rule at 36,670, 74 ("Today's investors have significantly greater access to market data, execution quality information, and trading technologies, giving them the tools and market information necessary to navigate the equity markets even when they are locked. Also, any confusion from crossed markets should be mitigated by today's routing technology, speed of execution, and the resulting rate at which crossed markets are resolved").

markets are readily observed and short-lived, reducing the likelihood that investors will be confused or disadvantaged by such quotations.[24]

III. Regulatory Clarity for Tokenized Securities Trading

CCI appreciates the SEC explicitly recognizing in the Proposed Rule that tokenization, distributed ledger technology, and smart contracts undergirding AMMs are innovations that offer investor benefits, while also raising challenges and questions relating to current equities market structure and the application of current regulatory requirements.[25] Regulation NMS, particularly Rule 611's trade-through prohibition, has raised one such challenge. Accordingly, in addition to the broader market benefits cited in Part II above, CCI supports the Proposed Rule's rescission and urges the Commission to continue to provide further clarity in support of facilitating tokenized securities trading onchain.

As an initial matter, it is important to highlight that Regulation NMS derives from the Securities Exchange Act of 1934 and primarily applies to "trading centers," not the underlying securities themselves.[26] Rule 600(b)(106) broadly defines a "trading center" to capture a "national securities exchange or national securities association that operates an SRO trading facility, an alternative trading system, an exchange market maker, an OTC market maker, or any other broker or dealer that executes orders internally by trading as principal or crossing orders as agent."[27] Because this definition contemplates an intermediary executing orders as principal or agent, it does not encompass most onchain liquidity sources, including automated market makers ("AMMs") and other decentralized finance protocols lacking such an intermediary.[28] Nonetheless, given the definition's broad nature, rescinding Rule 611 would resolve any ambiguity regarding whether certain types of onchain systems that might constitute "trading centers" would be subject to trade-through requirements.

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[24] *Id.*
[25] Proposed Rule at 36,659-60.
[26] *See e.g.*, 17 C.F.R. § 242.611(a) (providing a *trading center* shall establish, maintain, and enforce written policies and procedures, and a *trading center* shall regularly surveil to ascertain the effectiveness of those policies and procedures)(emphasis added).
[27] 17 C.F.R. § 242.600(b)(106).
[28] *See* Andreessen Horowitz, *Comments on the SEC Crypto Task Force's Questions Concerning Tokenized Securities* at 21-22 (July 21, 2025), https://www.sec.gov/files/comments-sec-crypto-task-forces-072125.pdf (explaining that Regulation NMS should not be implicated in connection with "peer-to-peer (including peer-to-pool) transactions in tokenized securities occurring through blockchain networks that are not controlled" because "such disintermediated transactions do not involve a registered broker-dealer or regulated trading center" and that "[t]his interpretation is consistent with the objectives of the Exchange Act, as such disintermediated technology protocols are incapable of engaging in the types of misconduct and manual performance failures that the registration regimes are designed to address.").

This is important because Rule 611 poses significant workability concerns for decentralized protocols. Rule 611 generally presupposes that trading venues are part of a single, tightly interconnected quoting and order-routing system. However, AMMs, for example, do not function within this architecture. AMMs set prices algorithmically based on liquidity pool balances and execute trades atomically onchain, rather than routing individual orders across multiple venues in real time.[29] For example, an off-chain exchange might display a protected offer of $10.00 for a tokenized NMS stock, while a smart contract executes a transaction in that same tokenized NMS stock at an implied price of $10.02 based on the pool's liquidity balances at that moment. If Rule 611 were construed to apply, this kind of routine, price-divergent execution could be viewed as a prohibited trade-through—even if the investor chose to transact through the AMM after weighing the totality of factors, including instant settlement and the ability to retain self-custody and control of the resulting position. Rescinding Rule 611 removes this regulatory obstacle outright, allowing onchain trading venues to compete on execution quality, transparency, and settlement finality, while expanding investor choice.

If Rule 611 were not rescinded, an onchain system transacting in tokenized NMS stocks would be forced to either (1) integrate with off-chain protected quotations or (2) confine its structure to avoid constituting a "trading center." Either path would constrain product design and, in turn, curtail innovation, investor choice, and competition.

Regulatory Clarity for Onchain Financial Markets

In addition to modernizing Regulation NMS, CCI appreciates and strongly supports the Commission's efforts to bring regulatory clarity to onchain financial markets more broadly.[30] While durable clarity is best achieved through comprehensive market structure legislation, CCI encourages the SEC to use all of its available tools, including exemptive relief and broadly applicable guidance, to develop a clear, comprehensive, and workable

[29] Uniswap Labs, What Is an Automated Market Maker? (May 5, 2025), https://blog.uniswap.org/what-is-an-automated-market-maker.

[30] *See* Paul S. Atkins, Chairman, U.S. Sec. & Exch. Comm'n, Remarks at the Special Competitive Studies Project AI+ Expo (May 8, 2026), https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-scsp-ai-expo-050826 ("As the Commission considers these policy initiatives, we should remember that onchain market structures today are often hybrid in nature, combining elements of what are often referred to as "traditional" and "decentralized" finance. We should clarify how the Commission views the spectrum of models that may implicate our statutes through notice and comment rulemaking, using our exemptive authorities where necessary and prudent, all with full participation from innovators, investors, and the public alike.")

framework for tokenized securities trading.[31] For example, the Commission's Division of Trading and Markets Staff Statement in April 2026 provided helpful, though interim, clarity on when certain covered user interfaces that help users interact with blockchain protocols to prepare crypto asset securities transactions may fall outside of broker-dealer registration requirements.[32] Clarity for onchain financial markets would also be consistent with the Administration's directive in recent Executive Order No. 14405 to "update regulations to allow integration of digital assets and innovative technology into traditional financial services and payment systems."[33]

CCI encourages the Commission to continue these efforts toward regulatory clarity and ground its approach in preserving the core investor protection objectives of the federal securities laws, while leveraging the unique attributes of blockchain technology. For example, onchain trading protocols may provide investors with increased transparency by recording trades, positions, and key governance actions on a public, auditable ledger that market participants and regulators can verify on a 24/7 basis. Onchain trading protocols may also reduce certain counterparty risks by enabling users to retain custody and control over their assets without having to rely on, or trust, a third-party intermediary. Relatedly, onchain trading may offer near-instant or atomic settlement, shortening the T+1 settlement window for most NMS securities and reducing the time during which investors and market participants are exposed to settlement and credit risk. Taken together, these features show that onchain trading of tokenized securities can promote the underlying investor protection objectives of the federal securities laws. CCI stands ready to work with the Commission and staff to modernize existing frameworks for onchain financial markets while preserving investor protections and market integrity.

IV. Conclusion

CCI appreciates the Commission's thoughtful approach to reassessing core provisions of Regulation NMS in light of nearly two decades of market evolution. Rescinding Rules 611 and 610(e) would reduce unnecessary complexity and cost, promote competition and innovation in U.S. equities market structure, all while preserving investor protections

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[31] Letter from the Crypto Council for Innovation & Superstate to Vanessa A. Countryman, Sec'y, U.S. Sec. & Exch. Comm'n (Feb. 2, 2026), https://cryptoforinnovation.org/wp-content/uploads/2026/03/CCI-Superstate-Project-Crypto-Letter.pdf.

[32] *See* SEC Division of Trading and Markets, *Staff Statement Regarding Broker-Dealer Registration of Certain User Interfaces Utilized to Prepare Transactions in Crypto Asset Securities* (Apr. 13, 2026), https://www.sec.gov/newsroom/speeches-statements/staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized-prepare-staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized.

[33] Exec. Order No. 14405, 91 Fed. Reg. 30,475 (May 22, 2026).

through existing safeguards, such as best execution. It would also help remove certain structural obstacles to trading tokenized NMS stocks on decentralized onchain trading protocols. The Commission should build on this progress by continuing its efforts to bring regulatory clarity to onchain financial markets. CCI respectfully urges the Commission to adopt the Proposed Rule, and looks forward to continued engagement to facilitate responsible innovation in U.S. securities markets.

Respectfully submitted,

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