

August 22, 2014

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 205491090

Re: Release no. 34-72685, file no. SR-BATS-2014-029

Dear Ms. Murphy:

Thank you for the opportunity to comment on the above noted filing.

The BATS filing is similar and coincident with other exchange filings sent in response to a request by Chairman White that all national securities exchanges review and disclose their policies and procedures governing the market data used when performing important exchange functions.

Reading through the filings, it becomes evident that each exchange is using the term NBBO to mean different things, and only one, the Chicago Stock Exchange, uses this crucially important term correctly. The definition of NBBO in the Code of Federal Regulations is as follows:

National best bid and national best offer means, with respect to quotations for an NMS Security, the best bid and best offer for such security that are calculated and disseminated on a current and continuing basis by a plan processor pursuant to an effective national market system plan.
C.F.R. § 600(b)(42).

There are only two plan processors (Security Information Processors or SIP) that calculate and disseminate the NBBO:

1. CQS (Consolidated Quote System) disseminates the NBBO for NYSE listed stocks on Tape A, and NY-ARCA and NY-MKT listed stocks on Tape B.
2. UQDF (UTP Quotation Data Feed) disseminates the NBBO for Nasdaq listed stocks on Tape C.

Therefore the NBBO is specifically calculated and disseminated by the SIP. It is NOT calculated by a private system, using an unknown combination of direct feeds, sent across undocumented networks, and recorded on non-public audit trail databases, if at all.

The SIP is the foundation of Reg. NMS for many good reasons, as captured so eloquently in the SEC's historic five million dollar fine against the NYSE.

It is essential the Commission evaluates all SRO filings using correct legal definitions, including the term NBBO. This is an historic opportunity to uphold Reg. NMS and bring transparency to our national markets. We are counting on the Commission to create a fair market for all American investors.

Sincerely,

Eric Scott Hunsader
Nanex, LLC