

No doubt, the term NBBO (National Best Bid/Offer) along with many other acronyms will be used to discuss our the current market structure. It is important that these terms are used correctly, based on their legal definitions.

For example, the definition of NBBO is in the Code of Federal Regulations 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, according to the Code of Federal Regulations, 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 nonpublic audit trail databases, if at all.

The NBBO, calculated by the SIP, is at the heart of Reg. NMS, as explained so eloquently in the SEC's historic five million dollar fine against the NYSE.

We hope the Commission and Committee will choose their words wisely, taking care to use terms such as NBBO as they are legally defined. This practice is one of the hallmarks of transparency and represents a step towards ensuring a fair market for all investors.

Sincerely,

Eric Scott Hunsader  
CEO, Nanex, LLC