

# GROUP ONE

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## TRADING

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March 15, 2023

VIA EMAIL: [pubcom@finra.org](mailto:pubcom@finra.org)

Jennifer Piorko Mitchell  
Office of the Corporate Secretary  
FINRA  
1735 K Street, NW  
Washington, D.C. 20006-1506

**Re: FINRA Regulatory Notice 22-30, Trading Activity Fee (TAF), December 2022**

Dear Ms. Piorko Mitchell,

Group One Trading, L.P. (“Group One”) appreciates the opportunity to comment on FINRA’s proposed exemption to the Trading Activity Fee (“TAF”) for proprietary trading firms. Group One is a proprietary option market making firm that is currently a member of all sixteen registered U.S. option exchanges and relies on the “proprietary trading exclusion” under Rule 15b9-1 to remain exempt from national securities association membership; however, under the Securities and Exchange Commission’s (the “Commission”) recently re-proposed amendments to Rule 15b9-1, Group One would be required to become FINRA members.

As noted in the comment letter submitted by Group One in response to the re-proposed amendments to Rule 15b9-1<sup>1</sup>, Group One believes that there is no material benefit to mandatory securities association membership, as option market making firms are already well regulated. FINRA already has a direct, full view into all option market maker trading activity through the CAT, including transactions that occur on exchanges where the firm is not itself a member. However, to the extent that the Commission disagrees and the re-proposed amendments are adopted, Group One supports FINRA’s proposed exemption to the TAF for proprietary trading firms because this will aid in allowing the firms that currently rely on the “proprietary trading exclusion” to continue to deploy liquidity in the least disruptive manner possible. The Commission acknowledges in the re-proposed amendments that the estimated median ongoing cost for current non-FINRA member firms to join FINRA would be

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<sup>1</sup> <https://www.sec.gov/comments/s7-05-15/s70515-20144105-309178.pdf>

\$2,742,664. This is a significant cost for any market participant. Group One believes that the capital markets are best served by allowing liquidity providers to continue to allow market forces to determine where liquidity is best deployed, and the proposed exemption to the TAF for proprietary trading firms means that additional regulatory fees will not be a factor in the depth and competitiveness of liquidity available on trading venues.

While Group One does not support the re-proposed amendments to 15b9-1, Group One does believe that an equitable allocation of fees among members is achieved by exempting proprietary trading firms from the TAF. Should the re-proposed amendments be adopted, Group One supports the TAF exemption as proposed. Group One would be pleased to discuss the impact of the proposed exemption further should FINRA have questions or require additional detail.

Sincerely,

A handwritten signature in cursive script that reads "John Kinahan".

John Kinahan  
Chief Executive Officer  
Group One Trading, LP