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May 18, 2015

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: FINRA Regulatory Notice 15-06, "Registration of Associated Persons Who Develop Algorithmic Trading Strategies"

Dear Ms. Asquith:

Susquehanna International Group ("SIG") appreciates the opportunity to respond to FINRA's request for comments on a proposal to require registration of associated persons primarily responsible for the design, development or significant modification of algorithmic trading strategies. While SIG supports the goal that FINRA seeks to achieve, we believe the instant proposal would not be effective and would create more problems than it seeks to remedy; and, we believe there are better alternatives to achieve FINRA's goal. These concerns and suggestions are discussed below.

As described in FINRA Regulatory Notice 15-06 (the "Notice"), FINRA seeks to prevent algorithmic trading strategies from resulting in "improper trading activities and potential securities law violations, including of Regulation NMS, Regulation SHO, SEA Rule 15c3-5 and other critical market and investor protection safeguards." This includes problematic conduct such as failure to check for order accuracy, inappropriate levels of messaging traffic, wash sales, failure to mark orders as "short" or perform proper short sale "locates," and inadequate risk management controls.

FINRA believes that this problematic conduct may be prevented, in part, through improved education regarding securities regulations for individuals involved in the algorithm development process. To ensure that sufficient consideration may be given to the regulatory requirements around order generation and trading activities, FINRA proposed to require associated persons

primarily responsible for the design, development or significant modification of the algorithmic trading strategies (or for supervising or directing such activities) to acquire a Series 55 (Limited Representative – Equity Trader) registration.

SIG supports FINRA's efforts to prevent algorithmic trading strategies from resulting in improper activities and potential securities law violations. While we believe that robust system controls are the most effective means of preventing such behavior, additional measures may include:

1. In-house education of technology staff, including a continuing education component, without a registration requirement. Such effort would be more effective than the proposed rule in that it would extend to a broader range of staff than those select senior persons envisioned to be encompassed under the FINRA proposal.
2. The deployment of a non-developer registered person to chaperone the development of algorithmic trading strategies with a focus on conformity with securities regulations.

FINRA may pursue these approaches through rule making or otherwise to fulfill the intent of the instant proposed rule "to enhance investor protection by encouraging the consideration of securities regulations when developing trading algorithms." The fulfillment of this intent need not require the registration of developers.

We believe that a requirement to register developers would be ineffective in achieving FINRA's goal; and would discourage well-qualified developers from participating in the design, development or modification of algorithmic trading strategies, and even from affiliating with FINRA member firms. This would be broadly and materially counter-productive.

Algorithmic trading strategies generally do not operate in isolation, but rather within the context of one or more systems with a library of pre-existent code that may be amended from time to time. These systems and their supporting software, as well as their interactions with each other and/or with a given algorithm, materially impact the way an algorithmic trading strategy generates orders and interacts with the market; and may be more likely to contribute to potentially problematic behavior than a given trading algorithm. Accordingly, a widespread educational effort as suggested above would be more effective than the registration of select developers in promoting the consideration of regulatory requirements where their consideration is most critical.

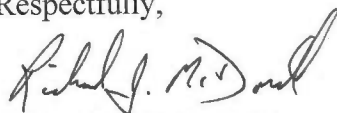
As acknowledged in the Notice, there is a potential chilling effect on technologists stemming from the proposed registration requirement. Unlike other professionals within the securities industry, technologists enjoy a ready flexibility in the application of their skills and marketability

to other industries. This affords developers a freedom of movement to industries that would not impose registration and associated requirements on them. A securities registration requirement would likely result in a material migration of developers to other industries, or within the securities industry to roles that do not involve primary responsibility for the design, development or modification of trading algorithms. It may also result in the migration of qualified developers to high frequency trading firms and other proprietary trading firms beyond FINRA's jurisdiction. To the extent the resulting broker-dealer void is filled, it would be with less qualified developers. Firms may alternatively seek to retain the services of qualified developers for algorithmic trading strategies by avoiding the registration requirement, such as by outsourcing code development or procuring automated strategies from third party vendors.

Accordingly, we believe the instant registration proposal would not be effective in preventing algorithmic trading strategies from resulting in improper activities and potential securities law violations, that it would increase the risk of market instability and regulatory compliance failures by decreasing the quality of trading algorithm developers, and that other means are available to better achieve FINRA's goal without presenting the risks of the instant proposal. For these reasons, we urge FINRA to pursue one of the alternatives suggested above, or a similar measure, instead of the instant proposal.

Thank you for your consideration of our concerns.

Respectfully,

A handwritten signature in black ink, appearing to read "Richard J. McDonald". The signature is written in a cursive, flowing style.

Richard J. McDonald

Chief Regulatory Counsel