



September 25, 2026

Via Electronic Submission

Jennifer Piorko Mitchell
Office of the Corporate Secretary
Financial Industry Regulatory Authority, Inc. (FINRA)

Re: Regulatory Notice 26-15, Request for Comment on Best Execution in the Listed Options Market

Dear Ms. Mitchell:

IMC Chicago, LLC d/b/a IMC Financial Markets (“IMC”) appreciates the opportunity to comment on Financial Industry Regulatory Authority, Inc. (“FINRA”) Regulatory Notice 26-15 (the “Notice”). We support FINRA’s review and believe the listed options market would benefit from tailored guidance within a clear, consistent best execution framework across securities markets. Our comments also address the topic of order unbundling, where different options exchanges currently hold contrasting interpretations of similar cross-market routing activity.¹ This inconsistency muddies the waters unnecessarily, causing significant regulatory uncertainty regarding best execution in the options market – to the detriment of the retail investor experience.

Rule 5310 Should Serve as the Single, Market-Wide SRO Best Execution Framework

At the outset, we encourage FINRA to reaffirm that FINRA Rule 5310 should serve as the single, market-wide SRO framework governing broker-dealers’ best execution obligations. Best execution inherently requires consideration of execution opportunities across venues.² Exchanges may appropriately regulate conduct occurring on their respective markets, but separate exchange requirements should not create venue-specific best execution obligations or impose overlapping standards on routing and executions occurring elsewhere. Because exchanges compete for order flow, allowing separate exchange standards to govern market-wide best execution risks creating overlapping and inconsistent requirements due to venue-favorable interpretations.

¹ See, e.g., Cboe Options and Cboe EDGX Regulatory Circulars 25-009; MIAX Options and MIAX Emerald Regulatory Circulars 2025-63 and 2025-64; BOX Regulatory Notice 2025-048; NYSE American and NYSE Arca Regulatory Memo RM-25-07. Compare Letter from Nasdaq Inc. to Vanessa Countryman, Secretary, Commission (Feb. 9, 2026), <https://www.sec.gov/comments/sr-nasdaq-2025-103/srnasdaq2025103-701767-2204494.pdf> (stating that Nasdaq’s unbundling rule “imposes no limitation on member firms’ lawful discretion to route child orders to multiple exchanges”).

² See FINRA Rule 5310(a), Supplementary Material .09; FINRA Regulatory Notice 15-46, *Guidance on Best Execution Obligations in Equity, Options and Fixed Income Markets* (Nov. 2015).



Listed Options Warrant Tailored Best Execution Guidance

Within the Rule 5310 framework, additional guidance tailored to listed options would be useful. Unlike NMS stocks, listed options trade only on national securities exchanges, and liquidity is dispersed across 19 exchanges, soon to be 20, with differing quote depth, priority rules, and auction mechanisms. Introducing firms also frequently rely on consolidators to route orders among those exchanges.³

An important structural distinction is where execution occurs. NMS equities orders may execute on or off exchange, including through bilateral internalization. Standardized listed options have no comparable off-exchange market; customer options orders execute on national securities exchanges and are subject to applicable priority, allocation, and auction or exposure mechanisms. Every listed options execution therefore occurs within a competitive, exchange-based framework and is subject to the priority, allocation, auction, and exposure rules of the executing venue.

These structural features therefore call for a principles-based, outcomes-focused approach that accounts for options-specific market conditions. The relevant best execution analysis should reflect those differences rather than wholesale importing assumptions developed for equities. Tailored guidance would provide greater regulatory clarity while preserving the flexibility firms need to access dispersed liquidity and achieve best execution.

FINRA Should Clarify the Treatment of Order Unbundling

Options exchanges have recently articulated differing approaches to when customer orders may be divided and how venue-specific rules apply to cross-market routing. Those approaches have continued to evolve, creating uncertainty regarding how similar activity may be assessed.⁴ FINRA has an opportunity through this review to articulate clear, uniform guidance on

³ See Securities and Exchange Commission, Roundtable on Options Market Structure, Background Paper at 5 (Apr. 16, 2026) (describing the “consolidator model” in listed options and explaining that consolidators choose among options exchanges for execution).

⁴ In August 2025, several exchanges issued circulars asserting for the first time that their rules may reach cross-market routing. See Cboe Options and Cboe EDGX Regulatory Circulars 25-009; MIAX Options and MIAX Emerald Regulatory Circulars 2025-63 and 2025-64; BOX Regulatory Notice 2025-048; NYSE American and NYSE Arca Regulatory Memo RM-25-07; Nasdaq Options Regulatory Alert 2025-34, *PHLX - Unbundling of Orders* (Aug. 29, 2025). The MIAX circulars acknowledged a contrary “prior understanding regarding the splitting of parent orders into child orders across multiple exchanges.” Nasdaq, however, has expressly rejected the cross-market reading, stating that its unbundling rule “imposes no limitation on member firms’ lawful discretion to route child orders to multiple exchanges” and that “[c]ertain non-Nasdaq exchanges recently appear to have taken the view that a broker-dealer categorically may not split and route an options order to multiple exchanges That is not Nasdaq’s view.” Letter from Nasdaq Inc. to Vanessa Countryman, Secretary, Commission (Feb. 9, 2026), <https://www.sec.gov/comments/sr-nasdaq-2025-103/srnasdaq2025103-701767-2204494.pdf>. Cboe has acknowledged “inconsistent guidance within the industry” on the cross-market question. Letter from Cboe Exchange, Inc. to Vanessa Countryman, Secretary, Commission (Jan. 13, 2026), <https://www.sec.gov/comments/sr-nasdaq-2025-103/srnasdaq2025103-691327-2160274.pdf>.



unbundling within that framework. The guidance should clarify that dividing an order into multiple child orders is not inherently inconsistent with best execution and does not, standing alone, establish a violation.

Overly restrictive interpretations and continued inconsistency between exchanges could chill beneficial options routing strategies. Firms may avoid strategies that could benefit customers because their regulatory treatment may depend on which exchange reviews the conduct. The result may be less sophisticated routing, reduced access to liquidity or price improvement opportunities, and less favorable customer outcomes. Clear FINRA guidance would provide a predictable, market-wide best execution standard while leaving venue-specific rules to govern conduct on the relevant exchange.

Evaluate Unbundling Based on Customer Outcomes

Accessing liquidity in the fragmented listed options market may require a broker to divide an order and route portions to different execution opportunities. Order splitting can allow a broker to seek price improvement, account for differences in quotations and available depth, reduce market impact or information leakage, and increase the likelihood of execution.

Best execution should therefore account for the price, quantity, speed, likelihood of execution, transaction costs, and overall execution quality achieved for the customer under prevailing market conditions. Each child order should be considered in the context of the broader execution strategy rather than treated as an independent transaction that must produce a separately identifiable improvement. Because options in the same listed series are centrally cleared and fungible across exchanges,⁵ the customer's overall execution outcome should remain the central consideration.

Concerns associated with order splitting properly arise when splitting delays or otherwise impairs the customer's execution or violates a rule governing conduct on a particular exchange (e.g. trade shredding). When those concerns are not implicated, there is no basis for treating otherwise compliant cross-market routing as presumptively improper merely because an order was divided across two or more of the 19, soon to be 20, options exchanges.

Preserve the Distinction Between Rule 5310 and Venue-Specific Rules

The existing regulatory framework already addresses the conduct that gives rise to concerns about order splitting. FINRA Rule 5290 and similar exchange trade-shredding rules prohibit

⁵ The Options Clearing Corporation ("OCC") serves as the central counterparty for U.S. listed options transactions. Once cleared, contracts in the same options series are fungible regardless of the exchange on which they were executed. Thus, routing portions of a customer order to different exchanges does not, by itself, change the economic rights or obligations of the resulting position; the relevant question is whether the handling of the overall order satisfied best execution.



dividing a large order into smaller orders for the primary purpose of maximizing fees. Separately, exchange auction, limit order book allocation, and order-size rules prevent firms from dividing a larger order into smaller orders and submitting those orders sequentially to the same exchange to circumvent the rules governing a particular exchange mechanism. These forms of order splitting implicate established concerns regarding trade shredding and circumvention of exchange-specific allocation or auction rules. Such practices are more likely to delay execution, increase customer costs, or otherwise disadvantage the customer, therefore raising clear best execution concerns.

Cross-market unbundling, however, does not inherently present those concerns. Portions of an order may be routed simultaneously to access liquidity available across multiple exchanges, without delaying execution or circumventing rules relating to how a particular exchange has determined to allocate orders submitted to that exchange. Dividing an order and routing its portions to multiple exchanges therefore does not, by itself, support an inference of misconduct related to fees, commissions, or rebates; misuse of an exchange mechanism; or a failure to provide best execution.

FINRA guidance should preserve these distinctions. Rule 5310 should govern a firm's market-wide handling of the order and the customer's overall execution outcome, while each exchange's rules continue to govern a firm's conduct on that particular venue.

Market-Wide Standards Require Coordinated Rulemaking

Whether a routing strategy appropriately accesses liquidity across several venues is a market-wide question. FINRA should lead the development of a consistent framework that preserves each exchange's authority over conduct on its own market without allowing exchange-specific interpretations to operate as broader restrictions on cross-market routing.

If an SRO seeks to impose a new restriction on market-wide routing, that restriction should be stated expressly in rule text and submitted to the Commission through the Section 19(b) rule filing and public-comment process.⁶ A market-wide restriction should not be imposed through guidance or interpretation of rules directed at conduct occurring on an individual exchange.

Conclusion

FINRA should reaffirm that Rule 5310 serves as the single, market-wide SRO framework for best execution and clarify that order unbundling across venues is not inherently inconsistent with best execution. Unbundling should be permissible when the overall handling of the customer order remains consistent with Rule 5310 and the firm complies with the rules governing its conduct on each relevant exchange. This approach would address historical practices that harm

⁶ 17 C.F.R. § 240.19b-4.



customers (e.g. tape shredding), while preserving routing strategies that access dispersed liquidity and improve execution opportunities. We again applaud FINRA's review, as competing rules and conflicting exchange guidance have created unnecessary uncertainty regarding the standards governing cross-market order handling, to the detriment of the retail investor experience.

Respectfully submitted,

Robert Lev
General Counsel
IMC