

TauriPay Public Benefit Corporation

September 23, 2026

Jennifer Piorko Mitchell
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1700 K Street, NW
Washington, DC 20006

Re: Regulatory Notice 26-15, Modernizing FINRA's Best Execution Guidance

Dear Ms. Mitchell:

TauriPay Public Benefit Corporation ("TauriPay") appreciates the opportunity to comment on FINRA Regulatory Notice 26-15 regarding modernization of FINRA's best execution guidance under Rule 5310.

We agree with FINRA's preliminary view that the principles-based framework of Rule 5310 remains appropriately calibrated. The development of tokenized securities does not require a different duty of best execution. It does, however, require greater precision regarding how the existing duty applies when materially different trading, execution and settlement architectures coexist.

FINRA recognizes this distinction in the Notice. It states that best execution is fundamentally important regardless of the manner in which a security is created or the technology on which it is traded or settled, while asking whether differences in market mechanics and information available to broker-dealers warrant guidance specific to tokenized securities.¹

The question is therefore not whether tokenized securities require a different duty of best execution. It is what additional precision, if any, is needed when the same or economically equivalent security may be available through execution paths with materially different operating characteristics.

The inquiry should remain technology-neutral and outcome-focused. Where differences in completion, timing, ordering, cost, authority or residual risk are material to the customer outcome, those differences should remain visible to reasonable diligence regardless of whether an execution environment is described as on-chain, tokenized, centralized or decentralized.

Tokenization does not itself define how an order is received, prioritized, routed, executed, confirmed or settled. Nor does a common technology interface establish that different execution environments produce equivalent outcomes.

I. Rule 5310 Already Provides the Appropriate Foundation

Rule 5310 requires a member to exercise reasonable diligence to ascertain the best market for a security and to obtain a price for the customer that is as favorable as possible under prevailing market conditions.²

Its existing framework is intentionally multidimensional. Relevant considerations include the character of the market, price, volatility, relative liquidity, transaction size and type, markets checked, quotation accessibility and customer terms. Supplementary Material .09 to Rule 5310 separately requires firms conducting regular and rigorous reviews to compare execution quality among markets and consider factors including price improvement and disimprovement, likelihood of execution, speed, size, transaction costs and customer needs and expectations.³

FINRA's guidance also recognizes that best execution must evolve as markets change.⁴

¹FINRA Regulatory Notice 26-15, Modernizing FINRA's Best Execution Guidance, Section 9, Question 9(a) (July 24, 2026), <https://www.finra.org/rules-guidance/notices/26-15>.

²FINRA Rule 5310(a)(1), <https://www.finra.org/finramanual/rules/r5310/>.

³FINRA Rule 5310(a)(1)(A)-(E) and Supplementary Material .09(b).

⁴FINRA Rule 5310 Supplementary Material .07; see also FINRA Regulatory Notice 15-46, Best Execution (Nov. 20, 2015).

These principles provide an appropriate framework for tokenized markets. FINRA need not determine which technology, network or market architecture is superior. The existing Rule 5310 inquiry would appear to reach characteristics of an execution environment when, and to the extent that, those characteristics materially affect the customer's result, including characteristics that arise below the conventional venue interface.

II. Tokenization Does Not Define a Single Market Structure

Responsive principally to Question 9(a).

Tokenized securities can be implemented through materially different legal, trading and operational structures. The threshold inquiry is therefore not whether an instrument is described as tokenized, but what legal and economic interest the customer is acquiring and through what market and execution path that interest is traded.

The SEC staff has recognized that tokenized securities can take materially different forms. Its 2026 Statement on Tokenized Securities distinguishes issuer-sponsored tokenized securities from third-party structures and, within third-party structures, distinguishes custodial tokenized security entitlements from synthetic tokenized securities. More recently, the Commission's September 17, 2026 Innovation Exemption permits qualifying tokenized NMS stock to trade on Tokenized Securities Venues where the tokenized stock provides holders the same rights and privileges as the traditional securities of the equivalent class, while excluding synthetic exposure from that exemptive framework.⁵

Execution and settlement architectures may differ just as significantly even where the instrument itself is legally and economically equivalent. A security may trade through a conventional centralized order book and subsequently settle using distributed-ledger infrastructure. The same or equivalent security may also be available through a materially different execution architecture. Instrument equivalence therefore does not establish execution-environment equivalence.

- price and liquidity formation;
- transaction priority and sequencing;
- likelihood and certainty of execution;
- transaction rejection, failure and reattempt behavior;
- processing capacity and performance during congestion or volatility;
- transaction costs and timing;
- operational dependencies;
- confirmation and finality; and
- settlement mechanics.

These differences become relevant when they affect the customer's execution. Treating "tokenized securities" or "on-chain execution" as a single market structure could therefore obscure distinctions that matter to reasonable diligence.

The existing Rule 5310 inquiry naturally raises four questions: What instrument is being traded and what rights does it confer? What markets are reasonably available for that instrument? Through what execution path does each market operate? What characteristics of those markets and execution paths materially affect the customer outcome?

⁵Divisions of Corporation Finance, Investment Management, and Trading and Markets, U.S. Securities and Exchange Commission, Statement on Tokenized Securities (Jan. 28, 2026). The staff statement distinguishes issuer-sponsored tokenized securities from third-party-sponsored structures, including custodial tokenized security entitlements and synthetic tokenized securities. The statement expressly states that it is a staff statement, has no legal force or effect, and creates no new obligations. See also U.S. Securities and Exchange Commission, Release No. 34-106402, File No. 4-927 (Sept. 17, 2026) (Innovation Exemption).

III. Venue Evaluation Should Include Material Infrastructure Characteristics

Responsive principally to Question 1(a) and Question 3(d).

FINRA asks what standards or factors firms should consider when deciding whether to connect to, remain connected to or disconnect from an execution venue if Rule 611 is rescinded. FINRA specifically identifies volume, liquidity, fees, connectivity costs, order types and latency as potential considerations.⁶

The same reasonable-diligence inquiry can extend to other execution characteristics when they materially affect customer outcomes. In conventional equity markets, many important characteristics of the execution environment have historically been standardized or sufficiently understood that they may not need to be reconsidered for every routing decision. Emerging execution architectures can change that assumption. Where characteristics of the underlying infrastructure can materially affect whether, when, in what sequence or at what total cost a customer transaction completes, the question is how that effect should enter the execution-quality analysis.

The relevant inquiry should remain limited to characteristics and dependencies that are reasonably material to execution quality or the customer outcome. This does not require a member to independently audit every technical component or dependency in an execution path. Relevant characteristics may include:

Completion probability and failure consequence. Whether submitted customer transactions are reasonably likely to reach the intended execution state; the circumstances under which they may be rejected, fail, expire, revert or require reattempt; how quickly an unsuccessful attempt becomes known; and whether the instruction can then be safely rerouted. Where material, the relevant execution-quality inquiry should consider not only the frequency of non-completion but also its economic consequence, including delay, incremental cost, price movement and lost execution opportunity.

Load sensitivity and workload suitability. How completion probability, time to an authoritative execution state, transaction cost, ordering behavior and failure or reattempt behavior change under the type and volume of activity reasonably expected to be routed to the execution environment and under relevant stressed conditions. Headline processing capacity alone may not describe execution quality if customer outcomes degrade materially as workload increases.

The materiality of these characteristics should be evaluated in relation to the order and execution objective. A workload that is immaterial for a small immediately executable order may be material for larger institutional flow or an order worked over time; a short delay may be immaterial to one strategy and significant to another; and the economic consequence of a failed attempt may depend on how quickly failure is known and whether the order can be rerouted before the market moves. Rule 5310 already recognizes transaction size and type and the terms and conditions of the customer order. The same principle should apply when assessing the execution path and workload reasonably expected to be routed through it.

Ordering, sequencing and value transfer. How transaction priority is established; when admission, priority or sequence becomes effective; whether an intermediary or infrastructure component can insert, prioritize, reorder or otherwise materially influence transactions; and whether those mechanisms can predictably affect execution price, timing, completion probability or transfer economic value to or from the customer transaction. Maximal extractable value (MEV) is one possible implementation-specific example of this broader ordering question. The Commission's September 17, 2026 TSV order separately requires a TSV's public notice to describe policies and procedures designed to address MEV and to identify known material risks, including abusive activity involving MEV. That condition does not make MEV a Rule 5310 factor per se; the relevant best-execution issue is the measurable customer effect of the ordering mechanism, not the technological label.⁷

⁶FINRA Regulatory Notice 26-15, Section 1, Question 1(a).

⁷U.S. Securities and Exchange Commission, Release No. 34-106402, Order Granting Temporary Conditional Exemptive Relief for Certain Distributed Ledger Trading Venues for Tokenized NMS Stocks (Sept. 17, 2026), Public Notice conditions at pp. 43-44. The Order requires a TSV to describe policies and procedures designed to address Maximal Extractable Value (MEV) and known material risks, including abusive activity involving MEV, while noting that sequencing can also be leveraged to protect users.

Time to authoritative outcome and timing integrity. What objectively identifiable events occur between order receipt and the state on which the broker reasonably relies as establishing execution; how long it takes to reach that state; what timestamps exist for material intermediate events; and what those timestamps represent. A rapidly observed status is not necessarily an authoritative execution state.

Authoritative execution state and residual risk. Whether execution, confirmation, settlement or finality represent different transaction states; which event authoritatively establishes the state on which the broker relies; and what material reversal, reorganization, settlement, liquidity or other failure risk remains after that event. Finality is one possible implementation-specific characteristic of this broader inquiry.

Authority and material infrastructure dependencies. Which system, component or event establishes receipt, acceptance, priority, execution and other material transaction states; and whether additional systems, service providers or infrastructure components can materially affect admission, sequencing, progression or completion. Some execution environments may have a comparatively bounded authority for the execution event, while others may depend on multiple functional gates or components. The relevant inquiry should focus on the function performed and customer consequence, not whether the architecture is described as centralized or decentralized.

Observability. Whether sufficient information exists both ex ante to support reasonable venue and routing decisions and ex post to reconstruct, measure and supervise the handling and execution of the order.

FINRA need not prescribe numerical thresholds for these characteristics. Nor must every characteristic enter every routing decision. The more limited question is whether a characteristic that is reasonably known, material to execution quality and capable of affecting the customer outcome should remain visible to the member's initial and continuing evaluation of an execution environment.

Where infrastructure characteristics materially affect whether a customer transaction completes, how long it takes to reach the authoritative execution state, in what sequence it executes, what economic value may be transferred through ordering, what happens if the attempt fails, or at what total cost it completes, those characteristics are part of the execution-quality inquiry.

If two execution paths have the same observed failure rate but one reveals failure immediately and the other leaves the instruction unresolved while the market moves, are those execution outcomes economically equivalent?

IV. Abstraction Can Normalize Access Without Normalizing Outcomes

Responsive principally to Questions 3(c), 5(a), 5(b) and 5(c).

Modern financial infrastructure increasingly uses smart order routers, aggregators, APIs, middleware and other technology to connect firms with multiple markets. Such abstraction can improve connectivity and competition. It does not make the underlying execution environments equivalent.

FINRA should therefore make clear that reliance upon third-party routing, middleware, market-data, orchestration or other technology does not eliminate the need to understand material characteristics of the underlying execution environment where those characteristics can affect the customer outcome.

Two systems may return the same apparent transaction status while that status represents materially different economic or operational events. A common interface can standardize terminology without establishing that “received,” “accepted,” “executed,” “confirmed,” “settled,” “available” or “final” has the same meaning across the underlying architectures. An API acknowledgement or customer-facing status should therefore not be assumed to identify the same authoritative state where the underlying execution paths differ materially.

Increasingly, a broker-dealer may rely upon an orchestration layer to identify available markets, obtain pricing information, apply routing logic and interact with multiple execution environments. Such reliance may be entirely reasonable and may improve market access and competition. But the orchestration layer does not transform materially different underlying infrastructures into equivalent execution environments.

Where a member relies upon an orchestration layer for best execution, the information available through that layer should be sufficient to preserve visibility into characteristics of the underlying execution environments that are material to the member's Rule 5310 analysis. A common interface should not cause differences in completion probability, time to authoritative outcome, transaction ordering or ordering-related value transfer, failure and reattempt behavior, load sensitivity, total transaction cost or residual post-execution risk to disappear from the reasonable-diligence process.

What does an acknowledgement or status delivered through the interface actually establish, and what can still prevent or alter completion afterward?

Different systems can be presented through a common interface while retaining materially different characteristics relating to execution probability, ordering, timing, capacity, failure behavior and settlement.

Abstraction can normalize access. It does not necessarily normalize outcomes.

This distinction is consistent with Rule 5310's existing allocation of responsibility. Supplementary Material .09 to Rule 5310 states that no member can transfer to another person its obligation to provide best execution. Where a routing member relies upon another member's regular and rigorous review, the statistical results and rationale must be fully disclosed, and the routing member must periodically review both the methodology and the results.⁸

Technological decomposition of the execution process should not be presumed to produce an equivalent decomposition of regulatory responsibility. A member may reasonably rely upon venues, routers, data providers, infrastructure providers and other third parties in handling customer orders. But where those components perform functions or introduce characteristics material to execution quality, the member's reasonable-diligence obligation should extend to obtaining sufficient information to understand their effect on the customer outcome.

This does not mean that every technical component in an execution path performs a regulated brokerage function, nor that a broker-dealer must independently validate every component. It means that the use of technology or third-party infrastructure should not create a gap in responsibility for information material to the member's own Rule 5310 obligation.

FINRA asks whether additional guidance should address firms participating in routing chains and whether the interpositioning provisions of Rule 5310 require clarification.⁹

Emerging execution arrangements may include multiple functional layers that influence venue selection, pricing, transaction construction, priority, execution or settlement. Some functions may be performed by regulated entities; others may be performed by software, protocols or infrastructure providers.

FINRA should focus on the function and material effect of each layer rather than its technological label. The objective is not to require firms to independently audit every technical component. It is to ensure that reliance on technology does not prevent a member from obtaining information material to its own best execution determination.

A useful way to apply this principle is to follow function, responsibility and evidence: what function is being performed; which regulated institution retains responsibility for the customer-facing obligation affected by that function; what characteristics materially affect the customer outcome; and what evidence demonstrates that the obligation was discharged. Technological labels should not substitute for that analysis.

Technological abstraction should not become regulatory abstraction.

⁸FINRA Rule 5310 Supplementary Material .09(a), (c).

⁹FINRA Regulatory Notice 26-15, Section 5; FINRA Rule 5310(a)(2).

V. Reference Prices Are Important, but They Do Not Define the Entire Execution Outcome

Responsive principally to Question 1(d) and Question 3(d).

FINRA asks whether the NBBO will remain an important benchmark following a potential rescission of Rule 611 and what alternative benchmarks may be appropriate. Reliable reference prices remain fundamental to execution-quality analysis. They are not the entire analysis.¹⁰

- available liquidity;
- likelihood of execution;
- total transaction costs;
- failure and reattempt behavior;
- timing;
- transaction priority; or
- settlement characteristics.

Similarly, compliance with a predetermined price or slippage tolerance provides useful evidence concerning price deviation. It does not necessarily establish the quality of every other dimension of the execution.

FINRA's existing approach already supports this conclusion. Rule 5310 expressly requires consideration of execution-quality factors beyond price.¹¹

Reference prices, routing algorithms and automated price controls should remain inputs into best execution, not substitutes for best execution.

VI. Ordering Integrity Should Be Treated as a General Execution-Quality Issue

Responsive principally to Question 3(d) and Question 9(a).

Discussion of digital-asset markets frequently focuses on particular manifestations of transaction ordering, including maximal extractable value. For Rule 5310 purposes, the more durable question is broader: how is customer transaction priority established?

Traditional securities markets already treat order priority, customer-order handling, routing incentives, information leakage, front-running and discretionary sequencing as economically and regulatorily significant. Changing the mechanism that establishes priority does not eliminate the regulatory significance of priority. The relevant inquiry is therefore not whether a particular architecture uses familiar market terminology, but whether its ordering mechanism can materially affect the customer result.

- When is priority established?
- What determines priority?
- Can payments or economic incentives affect priority?
- Can transaction visibility affect sequencing?
- Can an intermediary exercise discretion over sequencing?
- Can priority change after submission?
- Can the resulting sequence be reconstructed after execution?

FINRA need not prescribe a particular ordering model. It should simply recognize that transaction priority remains economically relevant when the technology establishing that priority changes.

VII. Authoritative Transaction States and Residual Risk Require Precise Treatment

Responsive principally to Question 9(a).

Terminology can conceal important distinctions in emerging execution systems. Terms such as “acknowledgement,” “acceptance,” “execution,” “confirmation,” “settlement,” “atomic settlement” and

¹⁰FINRA Regulatory Notice 26-15, Section 1, Question 1(d).

¹¹FINRA Rule 5310 Supplementary Material .09(b).

“finality” should not be assumed to represent equivalent events across architectures. For Rule 5310 purposes, the practical question is what event establishes the transaction state on which the broker relies and what material risks remain after that event.

Illustrative transaction states may include order receipt, acknowledgement, acceptance or rejection, priority or sequencing, submission, execution, confirmation, settlement or finality, and availability of the resulting position. These states may not occur separately, or in the same sequence, across execution architectures.

Not every architecture will contain every state, and some systems may legitimately collapse several states into one. An acknowledgement may establish only receipt; another event may establish acceptance or authority to proceed; and a state may be observable before it is authoritative for the purpose at issue. The regulatory concern is not to standardize architecture terminology, but to ensure that material state distinctions can be identified, evidenced and understood.

Customer-facing execution or availability should also be distinguished, where material, from the resolution of underlying infrastructure risk. A broker or other intermediary may provide an execution report, immediate availability, settlement exposure or liquidity before every downstream state has resolved. Such arrangements may provide substantial customer benefits, but the state relied upon for the customer-facing representation and any material residual risk after that state should be understood rather than presumed equivalent to final resolution of the underlying infrastructure.

Where a third party or intermediary provides customer-facing execution or availability and assumes settlement or liquidity exposure while downstream infrastructure states remain unresolved, the arrangement should be evaluated according to the function performed and its reasonably material effect on the customer outcome. This observation does not determine the legal allocation of loss or liability; it identifies a potential execution-quality distinction that may warrant evaluation.

If a transaction can fail following submission, the distinction between submission and execution matters. If an unsuccessful attempt remains unresolved for a period during which the order cannot safely be rerouted, that interval may matter. If an execution state is observed before it is authoritative, that distinction may matter. If material reversal, settlement or other risk remains after the state represented to the customer as execution, that residual risk may matter.

The practical question is not whether FINRA should standardize transaction-state terminology. It is whether, when a member represents or relies upon an execution state, the event establishing that state can be identified, the evidence supporting it can be reconstructed, and any material residual risk can be understood. That precision can support execution-quality analysis, supervision and regulatory examination without prescribing a particular architecture.

Consistent terminology can improve comparability across execution systems. It should not be used to imply equivalence where the underlying transaction states or outcomes materially differ.

VIII. Execution Quality Should Include Relevant Performance Under Stress

Responsive principally to Questions 1(a) and 3(d).

Rule 5310 already identifies volatility, relative liquidity and pressure on available communications as relevant characteristics of a market. That principle should continue to apply where the execution infrastructure itself behaves differently under stress.¹²

Periods of elevated volatility can coincide with increased transaction demand, changing liquidity and increased transaction costs. Depending upon the architecture, those conditions may also affect completion probability, time to authoritative outcome, failure detection and reattempt behavior, ordering-related economic effects, fees or residual post-execution risk.

Execution quality measured predominantly during ordinary conditions may not accurately describe execution quality during periods in which customers most urgently require liquidity.

¹²FINRA Rule 5310(a)(1)(A).

FINRA need not prescribe a universal technology stress test. It should clarify that where execution characteristics change materially under reasonably foreseeable market stress, firms' regular and rigorous reviews should be capable of identifying those differences.

IX. Instrument Equivalence and Execution-Path Equivalence Require Separate Analysis

Responsive principally to Questions 1(d), 6 and 9(a).

Tokenization can produce several legally and economically different structures, but it can also produce a representation of NMS stock that confers the same rights and privileges as the traditional security. The Commission's September 17, 2026 Innovation Exemption makes that distinction operationally important by permitting qualifying tokenized NMS stock to trade through Tokenized Securities Venues using permissioned automated market makers and liquidity pools.

The first question is therefore instrument identity: what legal and economic interest is the customer acquiring? A tokenized instrument may represent the same or equivalent security through a different recording technology, an indirect entitlement to an underlying security, or a distinct security providing linked or synthetic exposure. Those categories should not be collapsed.

Where the instrument is the same or legally and economically equivalent, the analysis should then turn separately to the markets and execution paths reasonably available for satisfying the customer's instruction.

First, determine the legal and economic relationship between the instruments, including the rights actually conferred on the customer.

Relevant considerations may include ownership rights, custody structure, fungibility, conversion or redemption rights, issuer relationship and settlement characteristics.

Second, identify the markets reasonably available for the instrument and the execution path through which each market reaches an economically operative result.

Those environments may differ in trading hours, liquidity, market participants, price discovery, market-data availability, execution mechanics, completion probability, time to authoritative outcome, transaction priority and ordering-related value transfer, failure and reattempt consequences, load sensitivity, operational dependencies, transaction costs and residual post-execution risk, even where the resulting security confers equivalent ownership rights.

A raw comparison of two instantaneous prices may therefore be insufficient. Instrument equivalence does not establish execution-path equivalence. A nominally better price can be economically inferior if material differences in completion probability, unresolved delay, rerouting consequence, ordering effects or total cost are ignored. Conversely, technological differences alone should not automatically remove an otherwise relevant market from consideration.

The Rule 5310 inquiry remains functional. If the instrument is the same or economically equivalent but the execution paths differ materially, which differences must remain visible for a member to determine what markets are reasonably available and what execution arrangement offers the most favorable terms under the customer's instructions and prevailing market conditions?

X. Continuous and Extended-Hours Markets May Change Where Price Discovery Occurs

Responsive principally to Section 6 and Question 1(d).

FINRA appropriately requests comment regarding extended-hours trading and markets operating in the absence of a contemporaneous NBBO. The development of tokenized markets adds another dimension to that question.

An economically related tokenized instrument may continue trading while the primary-listed market is closed. That does not necessarily mean the continuously operating market establishes an authoritative reference price. It also does not mean its price information should necessarily be disregarded.

Its relevance should depend upon objective market characteristics, potentially including liquidity, trading volume, market depth, recency, volatility, participant composition, the legal and economic relationship between the instruments, and the reliability of the available data.

As trading becomes increasingly continuous, meaningful price discovery may move among markets over the course of a day. FINRA should therefore avoid establishing a categorical hierarchy that assumes one source is always authoritative.

XI. Regular and Rigorous Review Is the Appropriate Evidentiary Mechanism

Responsive principally to Section 3 and Question 9(a).

FINRA need not create an entirely new supervisory mechanism for emerging execution architectures. Supplementary Material .09 already requires firms to identify material differences in execution quality and compare their existing execution arrangements against reasonably available competing markets.¹³

The emerging-market question is therefore primarily one of evidence. That evidence has both an ex ante and an ex post dimension: a member needs sufficient information to make a reasonable venue and routing determination before execution, and sufficient information afterward to reconstruct, measure and supervise the resulting execution. Where a firm relies upon a material characteristic of an execution environment in satisfying Rule 5310, sufficient objective information should exist to substantiate that characteristic. Observability supports the decision; reconstructability supports the review:

- if completion probability is material, it should be measurable together with the material consequences of non-completion;
- if failed, expired or reverted transactions occur, they should be identifiable; where material, the review should be capable of measuring time to failure detection or resolution, reattempt or reroute behavior, and the resulting price, timing or cost consequences;
- if network, protocol, failure, reattempt or other transaction costs materially affect the customer economics, those costs should be incorporated into execution-quality analysis;
- if transaction admission, insertion, priority or ordering can affect the customer outcome, the relevant information should be available and capable of reconstruction, including material ordering-related economic effects;
- if the state represented or relied upon as execution occurs before material downstream risks resolve, those states and the residual risks between them should be distinguishable; and
- if completion probability, time to authoritative outcome, cost, ordering behavior or failure consequences change materially with workload or stress, the review should be capable of detecting that change rather than relying exclusively on averages that conceal it.

This does not require every member to operate specialized infrastructure or independently validate every underlying technology. Reasonable reliance upon venues and service providers should remain permissible. But reasonable reliance requires adequate information.

Best execution becomes difficult to supervise where material characteristics of execution cannot be observed when decisions are made or reconstructed after the fact. Where material and reasonably measurable, empirically observed completion, timing, cost, ordering and failure characteristics can inform venue evaluation and routing controls, subject to periodic validation through regular and rigorous review. FINRA need not prescribe the weights or optimization methodology used for those characteristics.

If equivalent securities are available through materially different execution paths, which characteristics of those paths must be observable for a member to demonstrate reasonable diligence?

¹³FINRA Rule 5310 Supplementary Material .09(b).

XII. The Proposed Rescission of Rule 611 Makes These Questions More Important

Responsive principally to Section 1.

Rule 611 and best execution have always served different functions. FINRA emphasizes that Rule 611 compliance does not itself satisfy best execution, and the SEC made the same distinction when Regulation NMS was adopted.¹⁴

Nevertheless, the proposed rescission matters. The SEC acknowledges that, to the extent Rule 611 has operated as a best execution backstop, some broker-dealers may need to update their best execution policies and procedures if it is rescinded. The proposal also anticipates that firms may reconsider connectivity to individual exchanges and that execution venues may experiment with alternative matching and priority structures.¹⁵

Two developments could therefore occur simultaneously: greater broker-dealer discretion over routing and venue connectivity, and greater diversity among execution architectures.

That combination increases the importance of measurable reasonable diligence.

The Commission's September 17, 2026 Innovation Exemption provides a concrete example of that architectural diversity. It permits limited trading of qualifying tokenized NMS stock through Tokenized Securities Venues using permissioned automated market makers and liquidity pools, subject to conditions that include transaction transparency, books and records and technology safeguards. The order does not establish a new Rule 5310 standard. Its relevance here is narrower: it demonstrates that materially different execution models can coexist for securities with equivalent ownership rights. Where those differences materially affect execution quality, Rule 5310's existing reasonable-diligence framework should be capable of evaluating them.¹⁶

TauriPay addressed the related market-structure issue in its comment on the Commission's Rule 611 proposal, recommending measurable execution-quality obligations and a framework capable of evaluating the full trading and settlement route rather than treating the removal of mechanical trade-through protection as a deregulatory endpoint.¹⁷

TauriPay has also addressed the infrastructure dimension in its technical comment to the Office of the Comptroller of the Currency, including capacity, transaction failure and reattempt behavior, ordering, finality, recovery and the availability of objective evidence. The present proceeding raises a related but distinct question: how those characteristics should enter a broker-dealer's reasonable-diligence obligation when they materially affect execution quality.¹⁸

FINRA's present review provides an opportunity to consider whether the existing Rule 5310 framework already reaches these execution-path distinctions and whether additional guidance would make that application more explicit.

¹⁴FINRA Regulatory Notice 26-15; see also Regulation NMS, Exchange Act Release No. 51808 (June 9, 2005).

¹⁵U.S. Securities and Exchange Commission, The Trade-Through Rule and Locked and Crossed Markets Provisions of Regulation NMS, Exchange Act Release No. 34-105655, File No. S7-2026-20 (June 11, 2026).

¹⁶U.S. Securities and Exchange Commission, Release No. 34-106402, File No. 4-927, Order Granting Temporary Conditional Exemptive Relief for Certain Distributed Ledger Trading Venues for Tokenized NMS Stocks and Certain Liquidity Providers (Sept. 17, 2026). The temporary, conditional exemption permits qualifying Tokenized Securities Venues to use permissioned automated market makers and liquidity pools and imposes conditions addressing, among other things, transaction transparency, public notice, books and records, systems safeguards and significant operational events.

¹⁷TauriPay Public Benefit Corporation, Comment Letter on SEC File No. S7-2026-20 (July 30, 2026).

¹⁸Mark Sulavka, Technical Comment on OCC-2025-0372 (Apr. 29, 2026), addressing infrastructure finality, ordering, capacity, operational resilience and evidentiary standards.

XIII. Recommendations

TauriPay respectfully recommends that FINRA:

1. Retain Rule 5310's existing principles-based reasonable-diligence standard.
2. Clarify that tokenization does not define a single instrument, execution path or market structure, and that instrument equivalence does not by itself establish execution-environment equivalence.
3. Clarify that technology neutrality does not require treating materially different execution characteristics as equivalent.
4. Recognize characteristics of the execution environment and its material infrastructure as relevant execution-quality considerations when they materially affect customer outcomes, including completion probability and failure consequence, time to authoritative outcome, ordering and ordering-related value transfer, load sensitivity, authority and material dependencies, transaction costs and residual post-execution risk.
5. Clarify that common access through routers, aggregators, APIs, middleware or orchestration technology does not make underlying execution environments equivalent, remove material information from a member's Rule 5310 analysis, or transfer the member's responsibility for reasonable diligence.
6. Preserve the multidimensional nature of best execution and avoid treating any individual reference-price, routing or price-tolerance mechanism as a substitute for reasonable diligence.
7. Recognize transaction ordering as a general execution-quality consideration where admission, insertion, priority, reordering or related mechanisms can materially affect price, timing, completion probability or transfer economic value to or from the customer transaction.
8. Encourage precise distinctions among acknowledgement, acceptance, submission, execution, confirmation, settlement and finality where those states differ; encourage identification of the event that authoritatively establishes the state on which the member relies; and recognize material residual risk after that state where relevant to execution quality.
9. Clarify that regular and rigorous review should be capable of evaluating material completion, timing, cost, ordering, failure and workload-dependent characteristics of an execution path, including material changes under relevant market stress.
10. Address parallel markets through a staged inquiry that first identifies the legal and economic instrument, then identifies reasonably available markets and compares the material execution-path characteristics of those markets.
11. Apply routing-chain and interpositioning principles functionally to technological components that materially influence routing or execution.
12. Recognize that, where material execution characteristics are relied upon in venue or routing decisions, sufficient ex ante observability and ex post reconstructability can be important to reasonable diligence, supervision and regular and rigorous review.
13. Define regulatory outcomes rather than prescribe specific technical architectures.
14. Distinguish, where material, the customer-facing execution state from unresolved downstream infrastructure states, and evaluate material residual risk without prescribing a particular technical definition of finality.
15. Clarify that where alternative market-data or reference-price mechanisms materially inform or trigger routing or execution, firms should evaluate their reliability, resilience, conflicts and evidentiary quality for that purpose.

XIV. Conclusion

Tokenization can expand competition, enable new market structures and support innovation in trading and settlement. Those developments do not require FINRA to select among technologies. They require Rule 5310 to continue following the economic reality of execution.

The starting point should remain the customer's order.

What instrument is being traded, and what rights does it confer?

What markets and execution paths are reasonably available?

What material characteristics of those markets and execution paths affect completion, timing, ordering, cost and the authoritative execution state?

What result did the customer receive, and what material residual risk remained after the state on which the broker relied?

Can the member demonstrate that it exercised reasonable diligence in reaching that result?

Technology neutrality allows different technologies and market structures to satisfy the same regulatory obligation. It does not require FINRA or broker-dealers to treat materially different execution characteristics as equivalent.

Where material differences affect execution quality, the central question is whether those differences remain visible to the Rule 5310 analysis and can be evidenced when firms rely upon them. Technological abstraction may simplify access to multiple markets; it should not obscure information necessary to evaluate the customer outcome.

That approach preserves innovation while maintaining accountability and allows Rule 5310's principles-based framework to evolve with market structure without being redesigned around any particular technology.

TauriPay appreciates FINRA's consideration of these comments and would welcome the opportunity to discuss these issues further.

Respectfully submitted,

Mark Sulavka

TauriPay, a Public Benefit Corporation