

October 6, 2026

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

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

XTX Execution Services LLC ("XTX") appreciates the opportunity to comment on FINRA Regulatory Notice 26-15. XTX has publicly supported the SEC's proposed rescission of Rule 611.¹ We will not repeat those arguments here, other than to emphasize this makes the case for modernization of the best execution standard incontrovertible.

We support a modernized and stronger best execution standard but one that remains principles-based and does not recreate Rule 611 through prescriptive routing requirements.²

First, given the sophistication of today's routing and execution infrastructure, best execution should be an order-by-order obligation³ and not based on aggregate execution statistics. Aggregate execution statistics can conceal materially different outcomes across customers. Optimizing routing logic for aggregate outcomes, rather than attempting to achieve the best outcome that could reasonably be expected for each order based on its characteristics, may worsen outcomes for one group while subsidizing the execution of another.⁴

Second, for larger orders where a broker is given discretion to trade across a time window, FINRA should state explicitly that the ultimate best execution assessment should focus

¹ See <https://www.sec.gov/comments/S7-2026-20/s7202620-1020559-3291506.pdf>

² For example, best execution should not indirectly create a de facto obligation to connect or route to any particular venue. Firms should take a principles-based approach to venue routing and be prepared to evidence and defend their decision making.

³ While the obligation should apply to each order, monitoring the implementation of that obligation may of course be implemented through automated systems and reviews rather than manual review of each and every order.

⁴ For example, consider a firm that services a minority of customers who send market orders that are orders of magnitude larger than the average order from the majority of that firm's clients. It is possible that the execution outcomes received by the majority of clients will deteriorate due to losses that liquidity providers incurred from filling the larger orders. A better approach would be to consider the characteristics of each order, which may result in different execution logic for small orders and orders which are outsized, relative to market conditions.



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on the parent order. A child order traded via an algorithm may for example reasonably avoid trading on a superficially attractive price if doing so is expected to improve the overall customer outcome by, say, reducing information leakage. A broker should be prepared to defend with evidence why it chose the trade-off it did in service of the interests of its clients. Firms should for example be prepared to demonstrate how material routing conflicts were identified and controlled.

Third, FINRA should modernize the language of Rule 5310 itself. The existing language places too much emphasis on identifying the “best market” and obtaining the most favorable “resultant price”. The objective should instead be the best overall execution outcome that could reasonably be expected for the customer’s order based on information available at the time, taking account of relevant factors. FINRA may suggest some common factors such as price, market impact, size, speed, likelihood of fill and so on but should avoid any appearance of being prescriptive. The relative importance of these factors is likely to differ according to the characteristics of each order. For example, we might expect price to dominate for a typical retail market order while market impact or information leakage may be of increased relevance for a multi-day institutional order.

Finally, best execution reviews should challenge existing routing arrangements and encourage participants to iteratively explore new approaches, which become possible as technology and the wider market evolve. The current approach may result in status quo bias, slowing down the diffusion of new approaches from one firm to another. Experimenting with a new approach may appear riskier, from the perspective of principals who are expected to document compliance, than continuing with an established approach whose steady performance relative to recent history is easy to evidence. FINRA should attempt to restore neutrality and explicitly guide that reasonable, controlled experimentation undertaken with a sound ex ante basis is consistent with best execution even where a particular experiment produces less favorable outcomes and is subsequently discontinued.

We believe modernized guidance should provide additional freedom to brokers to compete and innovate to improve outcomes but with greater responsibility to evidence that their execution decisions were reasonable, informed choices at the order level and intended to serve their customers.

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Thank you for the opportunity to provide comment in response to FINRA Regulatory Notice 26-15 relating to modernizing FINRA's best execution guidance. Please do not hesitate to contact us if you have any additional questions.

Sincerely,



Eric Swanson, CEO, U.S.



Matthew Clarke, Head of Distribution, U.S.