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Testimony of Matt Billings
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Before the U.S. House Financial Services Subcommittee on Capital Markets
"From Order to Execution: Ensuring Efficient and Transparent Equity Markets"
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I. Introduction

Thank you, Chairman Wagner, Ranking Member Sherman, and distinguished members of the Subcommittee, for the opportunity to testify today on the current state of U.S. equity markets and the Securities and Exchange Commission's ("SEC") Regulation National Market System ("Reg NMS") framework.

My name is Matt Billings. I am President of Robinhood Financial and Robinhood Securities. I have over 30 years of experience in the financial services industry, specifically in trading, brokerage and market structure.

Robinhood was formed in 2013 with a single, defining mission: to democratize finance for all. We approach this responsibility with a "Safety Always" mindset, ensuring that as we innovate, we prioritize the protection and education of the retail investor. Today, millions of everyday Americans are participating responsibly in the capital markets because we have provided them with access through a low-cost, simple, and innovative platform. By pioneering zero-commission trading and eliminating account minimums, Robinhood removed traditional barriers that kept generations of working-class Americans on the sidelines. Through our mobile app and website, Robinhood demystifies investing by providing free educational resources, financial literature, and user-directed subscriptions to news updates and information regarding securities in investors' portfolios. Because customers have 24/7 access to these tools and information, they have the freedom to consider and make decisions on their own schedule. In addition, Robinhood makes investing more accessible by offering investors fractional trading, participation in initial public offerings, access to private securities through Robinhood Ventures, and the ability to trade during extended hours, including overnight.

Crucial to our mission of democratizing finance is a steadfast commitment to market integrity. We firmly believe that for everyday investors to truly benefit from access to the capital markets, those markets must be transparent, fair, and resilient. Innovation and competition drive those qualities – they lower costs, improve services, and expand access. Maintaining robust market integrity is essential to earning and keeping the trust of the millions of Americans who rely on our platform to build their financial futures.

II. Market Structure and Reg NMS

We are here today to discuss the mechanics of our equity markets – the journey from order to execution. Robinhood believes that our markets should provide opportunities for retail investors, foster competition, and lower transaction costs.

Today's equity markets are, by any objective measure, working well for retail investors. Retail investors, in fact, have never had it better.[1] As SEC Chairman Atkins has said, America's capital markets are the deepest and most liquid in the world.[2]

One significant development in modern equity markets is the dramatic improvement in transparency available to retail investors. Today, as a result of market forces and innovation, investors obtain real-time quotes and market information that was previously much less accessible. Further, Rule 606's amended order routing disclosures provide a level of market transparency that exceeds what was available when Reg NMS was first adopted. This information assists investors in evaluating their execution quality, providing a largely market-driven framework that did not exist when Reg NMS was conceived.

However, we share SEC Commissioner Peirce's view that "this moment presents a rare opportunity to strengthen our markets."[3] As we look at the current regulatory landscape under Reg NMS, it is clear that some rules have outlived their original utility. Specifically, regarding Rule 611, the Trade-Through Rule, we believe it is time to consider a change. Adopted twenty years ago, Rule 611 was intended to protect investors, but it has increasingly become a burden. It has introduced excessive operational costs, compounded market complexity, and spurred an unnecessary proliferation of stock exchanges.

Prior to Reg NMS, there were eight operating equity exchanges (including Nasdaq).[4] Today, there are 17. There has also been an exponential increase in the number and complexity of order

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[1] *See, e.g.*, Shane Swanson, *The Impact of Zero Commissions on Retail Trading and Execution*, Coalition Greenwich (Feb. 25, 2020), *available at* https://www.greenwich.com/equities/impact-zero-commissions-retail-trading-and-execution ("Not only have their commission costs come down to zero, but the services they receive have never been more advanced. … [E]xecution quality metrics have continued to improve decade over decade. Significantly, we find that today's market makers are providing execution quality at the highest levels.")

[2] Chairman Paul S. Atkins, "Testimony Before the U.S. House Financial Services Committee" (Feb. 11, 2026).

[3] Commissioner Hester M. Peirce, "6, 7 Meet 611: Remarks at the Roundtable on Rule 611 of Regulation NMS" (Dec. 16, 2025) ("Commissioner Peirce Remarks December 2025").

[4] *See* Memorandum - Rule 611 of Regulation NMS, SEC Division of Trading and Markets (Apr. 30, 2015) ("T&M Memorandum on Rule 611"), https://www.sec.gov/spotlight/emsac/memo-rule-611-regulation-nms.pdf.

types offered by exchanges, with one source estimating that exchanges offer 2,000 variations of order types.[5]

The proliferation of exchanges has neither spurred innovation nor increased competition. Six exchanges account for approximately 80% of all exchange volume, while ten exchanges each hold less than a 2% market share.[6] These smaller exchanges do not offer meaningful liquidity or contribute substantively to price discovery. They exist not because of true market competition, but because market participants are beholden to paying connectivity and market data fees to every exchange in order to comply with Rule 611. The resulting regulatory complexity is perhaps best illustrated by a single data point: the SEC's Division of Trading and Markets has published 61 frequently asked questions addressing Rules 610 and 611.[7]

Rule 611 was designed for a market structure that no longer exists. When the SEC adopted Reg NMS in 2005, floor-based exchanges like the NYSE and American Stock Exchange were protected from competition by an earlier iteration of the trade-through rule within the Intermarket Trading System. Rule 611 was originally intended to dismantle that protection and accelerate the shift to electronic trading.[8] Those one-time benefits, however, have long since been realized. Shortly after Reg NMS was adopted, the NYSE demutualized, embraced electronic quoting, and merged with Archipelago Exchange. The floor-specialist model that Rule 611 was designed to disrupt is largely gone. What remains is a rule built for a problem that no longer exists.

Indeed, even before adoption, the rationales offered for the Trade-Through Rule had already shifted during the rulemaking, and many commenters opposing the rule noted that markets were functioning efficiently without one.[9] The improvements in market quality that followed Reg NMS are more plausibly attributable to concurrent advancements in technology, increased speed of order routing and execution, and the broad trend toward electronic trading – not to Rule 611 itself.

Industry participants have reached similar conclusions. One market participant described Reg NMS as adding "operational costs, complexity" and being "destabilizing." Another stated bluntly: "I don't think there have been benefits from Reg NMS. I view it as a nuisance." A third observed that "what none of us really thought about was that the competition would be all about

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[5] Herbert Lash, Complaints Rise over Complex U.S. Stock Orders, Reuters (Oct. 19, 2012), *available at* https://www.reuters.com/article/us-exchanges-ordertypes/analysis-complaints-riseover-complex-u-s-stock-orders-idUSBRE89I0YU20121019/

[6] *See* U.S. Equities Market Volume Summary, Cboe Global Markets, Inc. (last visited on May 15, 2026), https://www.cboe.com/us/equities/market_statistics/.

[7] *See* Division of Trading and Markets: Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS (last modified Apr. 4, 2008), https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm.

[8] *See* Dissent of Commissioners Cynthia A. Glassman and Paul S. Atkins to the Adoption of Regulation NMS, at 2-4 (Jun. 9, 2005) ("Reg NMS Dissent").

[9] Reg NMS Dissent, at 6.

prices and rebates." Perhaps most tellingly: "If you were to start fresh, you wouldn't build what we have today."[10]

Retail investors may not pay exchange fees directly, but they are not insulated from their costs. Wholesalers predominantly absorb the connectivity and compliance costs associated with Reg NMS, and those costs indirectly reduce the quality of execution they are able to offer retail customers. Every dollar spent satisfying Rule 611 is a dollar that cannot be reinvested in better prices and services for everyday investors. Rescinding Rule 611 would allow those dollars to be repurposed for offering better execution services to attract retail customer order flow.

III. Rescinding Rule 611 and Best Execution

For the reasons described above, Robinhood supports the rescission of Rule 611. We believe that a modern equity market structure should be driven by competition, rather than outdated regulatory mandates. As Commissioner Peirce has observed, "[P]eople operating in free and transparent markets are good at figuring out how and where to execute trades or finding a professional to help them do so."[11] Free from the artificial limitations of Rule 611, markets can compete more effectively on costs, technology and services, and execution quality in pursuit of retail order flow.

Some have raised concerns about execution quality if Rule 611 is rescinded. Those concerns are addressed by existing, independent obligations. As Commissioner Uyeda has recognized, a broker-dealer's obligation to seek best execution of customer orders is one of the "cornerstones of market integrity."[12] FINRA Rule 5310 has stood the test of time, explicitly requiring broker-dealers to "use reasonable diligence to ascertain the best market" and execute orders so that the "resultant price to the customer is as favorable as possible under prevailing market conditions,"[13] regardless of the existence of the Trade-Through Rule. Rule 611 is, therefore, not the source of investor protection – that protection already exists, independently and robustly, through best execution obligations that predate Reg NMS.

IV. Comprehensive Approach to Reg NMS: Rules 610 and 612

We recognize, however, that market structure is highly complex and deeply interconnected. Removing Rule 611 could have significant impacts on other foundational components of Reg NMS, specifically Rule 610 (Fees for Access to Quotations) and Rule 612 (Minimum Pricing Increments). Rules 610, 611, and 612 were introduced together in 2005 when the SEC adopted

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[10] Jacob Bunge, *A Suspect Emerges in Stock-Trade Hiccups: Regulation NMS*, The Wall Street Journal (Jan. 27, 2014), https://www.wsj.com/articles/SB10001424052702303281504579219962494432336.
[11] Commissioner Peirce Remarks December 2025.
[12] Commissioner Mark T. Uyeda, "Statement at the Roundtable on Rule 611 of Regulation NMS" (Dec. 16, 2025).
[13] FINRA Rule 5310, Best Execution and Interpositioning.

Reg NMS.[14] Because these rules are inextricably linked, removing the trade-through prohibitions of Rule 611 will undoubtedly affect access fees and tick sizes.[15] As Commissioner Peirce has recognized, Rule 611 "is intertwined in a complex nest of rules within which equity markets live," and "[r]evisiting Rule 611 requires rethinking those other rules too."[16]

Removing Rule 611 could also impact other areas of the Reg NMS framework, including key defined terms, the structure of the National Best Bid and Offer ("NBBO"), and execution quality reporting.[17] Commissioner Peirce has further observed that there is "broad agreement that any changes to Rule 611 must be considered alongside related NMS rules, NMS plans, and FINRA regulations."[18] Chairman Atkins has similarly emphasized the need to "take a careful, deliberative approach to any changes."[19] Therefore, any modernization effort by the SEC or Congress should be comprehensive and should evaluate how these changes work together to ensure a seamless transition that benefits the retail investor and market integrity.

V. Conclusion

At Robinhood, we will continue to leverage advancements in technology to drive down costs and foster competition for everyday investors. We look forward to working with this Subcommittee and the SEC to ensure that any modernization of Reg NMS is comprehensive, data-driven, and focused on the interests of everyday investors and on market integrity. I want to thank the Subcommittee for holding this important hearing and look forward to answering your questions.

[14] Exchange Act Release No. 51808 (Jun. 9, 2005), 70 FR 37496 (Jun. 29, 2005). At the same time, the SEC updated the existing Vendor Display Rule (formerly Rule 11Ac1-2) and redesignated it as Rule 603.
[15] The Commission adopted amendments to Rules 610 and 612 and compliance is currently scheduled for November 2026. Given the interconnected nature of Rules 610, 611, and 612, we respectfully suggest that the SEC consider delaying the upcoming compliance date until it has fully assessed the impact of any change to Rule 611.
[16] Commissioner Peirce Remarks December 2025.
[17] Commissioner Peirce Remarks December 2025; Chairman Paul S. Atkins, "Remarks at the Roundtable on Rule 611 of Regulation NMS" (Dec. 16, 2025) ("Chairman Atkins Remarks December 2025").
[18] Commissioner Peirce Remarks December 2025.
[19] Chairman Atkins Remarks December 2025.