Quick Take: Protecting Market Integrity

July 2026

Order Protection Rule (OPR): A case for reform

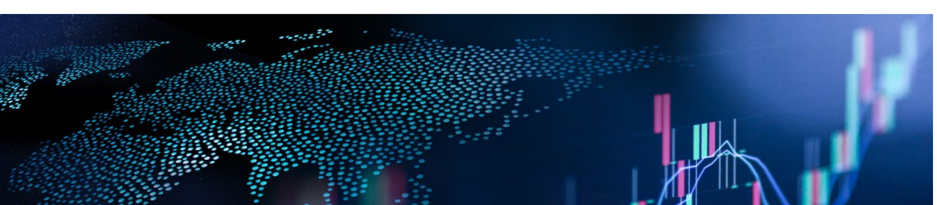
- The U.S. SEC has proposed repealing OPR (Rule 611 of Reg NMS), which generally prevents trades from being executed at prices inferior to the best protected quotations displayed on exchanges.
- The motivation is to reduce U.S. stock market fragmentation. Since OPR's adoption in 2005, the number of exchanges has grown from 7 to 20.

But full repeal could have significant drawbacks

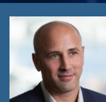
- OPR gives practical meaning to the National Best Bid and Offer (NBBO). Without OPR's trade-through protection, the best displayed prices may no longer represent executable prices.
- Repeal could weaken incentives to display competitive quotes, reducing displayed liquidity and widening bid-offer spreads, which would increase investor transaction costs. It would also increase the cost and difficulty of assessing execution quality.

A more sensible proposal

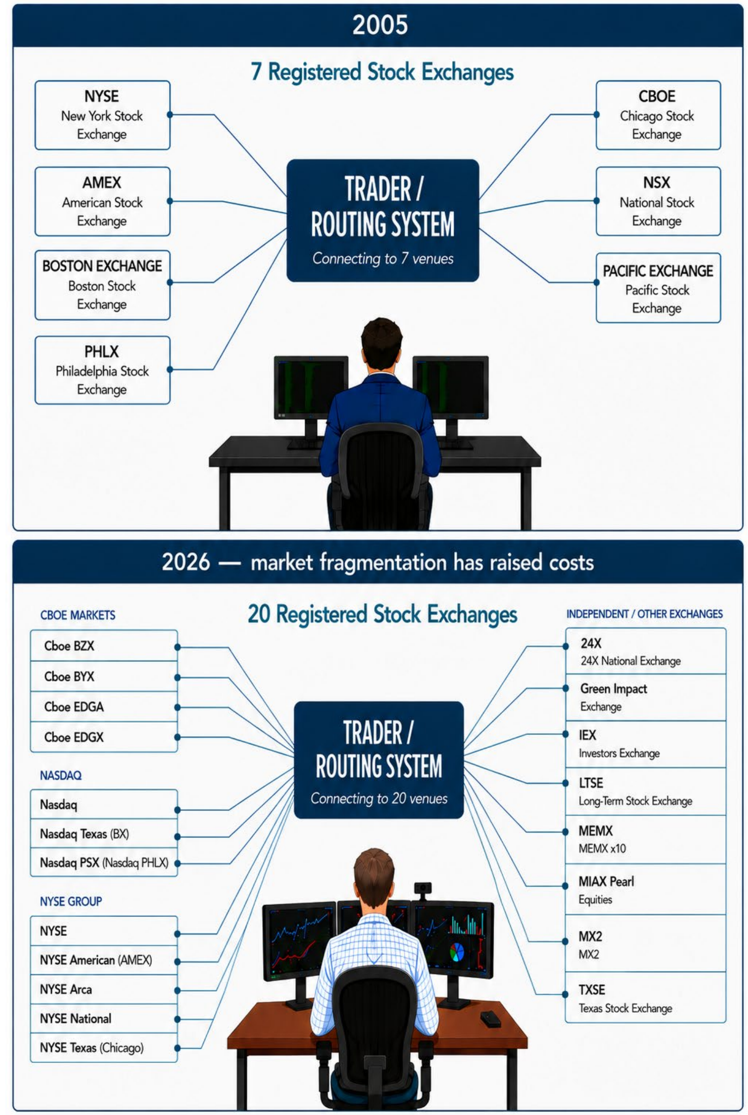
- Instead of repeal, we would advocate limiting trade-through protections like OPR to exchanges exceeding a minimum market-share threshold (e.g., ~1%), while granting new exchanges temporary protected status to encourage innovation.
- This approach would reduce fragmentation and infrastructure costs while preserving a reliable consolidated reference price and benefits of meaningful quote competition.



Sean Paylor
VP, Senior Trader, Implementation
spaylor@acadian-asset.com



Joel Feinberg
SVP, Head of Trading, Implementation
jfeinberg@acadian-asset.com



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