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September,

The Revolving Door



Yesterday the SEC announced the departure of its second SEC veteran within a month. James "Jamie" Brigagliano will leave the agency after 25 years of service at month's end, just two weeks from now. Mr. Brigagliano has worked in Trading and Markets for the past 13 years, most recently as deputy director of its Trading and Markets Division, and will join Sidley Austin LLP, a Chicago-based law firm with a large regulatory practice. Brigagliano said in a statement, "I look forward to assisting clients in navigating the ever-changing regulatory landscape and joining former colleagues from the SEC."

How should equity trading professionals and investors in general view this departure? Is it just another example of the revolving door at the SEC? Is it a troubling sign that seasoned SEC veterans are throwing up their hands and leaving the cuffed agency? Is it a sad testimony that such a large cottage industry has been created, in which complex rules are crafted, which may or not help the market and its structure, which then require navigating by the very insiders that helped craft those rules? Or is perhaps an opportunity (no disrespect to Mr. Brigagliano, who is a gentleman)?

A good number of these seasoned SEC veteran lawyers have had their fingerprints all over Reg NMS, Reg ATS, Decimalization, as well as the current elephant known as Dodd Frank. Were these regulations beneficial to the markets? Were they beneficial to capital formation? Which is larger today: the cash equity business (ownership in real economic corporations), or more profitable market for derivative instruments of those equities? Is today's Frankenstein market a result of "unintended consequences", or is this market exactly the intended plan of the insiders, given that the current market participants had literally years to tool up to prepare (and take advantage of) for that very Frankenstein market?

It has been widely opined and believed by many a market structure observer that the SEC would be highly reluctant to change a market structure it had so carefully molded, with help and input from Wall Street. Perhaps the departures of all of the authors of the grand plan is an opportunity to finally create change that will truly benefit investors, accomplish real fairness and investor protection, and most importantly promote capital formation and economic growth.

What do you think?



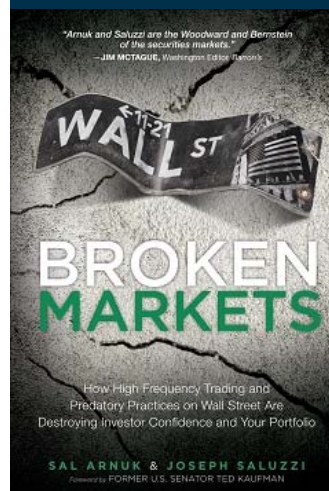
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