



April 14, 2016

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F. Street N.E.
Washington, D.C. 20549-1090

RE: Release No. 34-77407; File No. S7-03-16

Dear Mr. Fields:

British Columbia Investment Management Corporation (bcIMC) appreciates the opportunity to comment on the SEC's proposed interpretation of the definition of an automated quotation under Regulation NMS.

bcIMC is an asset manager with more than \$123 billion in assets under management, one of the largest institutional investors in Canada. Our investment activities help finance the pensions of approximately 500,000 people in our Canadian province, including university and college instructors, teachers, health care workers, firefighters, police officers, municipal and other public sector workers. On behalf of these pension beneficiaries, we provide long term capital to companies around the world that we believe will provide strong and stable financial returns.

On March 18, 2016, as part of its consideration of the IEX exchange application, the SEC released for public comment a proposal to revise its interpretation of what qualifies as an "automated quotation" under Regulation NMS to explicitly permit "de minimis" delays in "automated quotations" that are under one millisecond.

The SEC appears to have conditioned the approval of IEX on the adoption of this proposed interpretation. These two actions should not be linked. IEX's application should be approved without any further delay. It should not depend on the outcome of the staff's proposed interpretation.¹

¹The SEC's existing interpretation of "automated quotation" is not inconsistent with the IEX application, and thus we believe no further interpretation is necessary. The SEC has permitted geographic distances between current market centers that result in time delays that, at times, may be greater than that contemplated by IEX. Nevertheless, the SEC has already accepted that, despite such delays, the quotes are "immediately accessible."

In addition, the SEC's proposed interpretation:

- is inconsistent with the SEC's obligations under the Exchange Act;
- would undermine the fairness and efficiency of the markets;
- would introduce significant unnecessary market complexities; and
- would create significant risks for investors.

To better protect investors and the markets, we recommend the SEC adopt the framework outlined by the Healthy Markets Association².

Healthy Markets Association Proposal

The SEC should evaluate each proposed delay, regardless of its duration, and specifically determine that it is designed and applied in a manner that is consistent with the purposes of the Exchange Act.³ Many potential delays, including those under one millisecond in duration, will likely not pass this test.

Further, the SEC should expressly condition any "de minimis" delay upon meeting at least the following conditions:

1. Any response time delays, intentional or not, are always less than one millisecond.
2. All intentional response time delays must be applied equally to all participants in their use of the market, and across all order types. Response time delays cannot be altered by any means, including fees. This ensures fair access and just and equitable principles of trade. Time delays should not apply to an exchange's ability to price orders on behalf of all participants (i.e. Pegging).
3. There are no intentional delays in sending data to the Securities Information Processor.
4. The purpose of each intentional response time delay is clearly stated, the delay is expressly intended to benefit long-term investors, and the delay is the simplest means of achieving the stated purpose.

In addition, the SEC should consider the likely different impacts of deterministic or randomized delays on market liquidity, quote accessibility and market integrity.

Conclusion

The SEC should approve IEX without delay.

Separately, if the SEC elects to revise its interpretation of an "automated quotation," we urge it to revise the proposed interpretation as recommended above.

² Letter from Dave Lauer, Healthy Markets Association, to Brent Fields, SEC, (April 1, 2016), available at <https://www.sec.gov/comments/s7-03-16/s70316-3.pdf>.

³ Specifically, it should be "designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, ..., to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and [] not designed to permit unfair discrimination between customers, issuers, brokers, or dealers." See, Securities Exchange Act of 1934, Section 6.

Regards,

A handwritten signature in blue ink, appearing to read "Bryan Thomson". The signature is fluid and cursive, with the first name "Bryan" written in a larger, more prominent script than the last name "Thomson".

Bryan Thomson
Senior Vice President, Public Equities