



OppenheimerFunds®

The Right Way
to Invest

OppenheimerFunds, Inc.
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November 5, 2015

Via Electronic Mail (rule-comments@sec.gov)

Brent J. Fields, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Investors' Exchange, LLC Exchange Application (File No: 10-222)

Dear Mr. Fields,

OppenheimerFunds, Inc. ("OppenheimerFunds")¹ is submitting this comment letter in support of Investors' Exchange, LLC ("IEX") application under the Securities Exchange Act of 1934 seeking registration as a national securities exchange with the Securities and Exchange Commission (the "Commission").²

Over the last twenty years the U.S. equity markets have undergone an extensive transformation from an ecosystem of manual trading centers to one driven by automation. Today, securities trading and liquidity are dispersed over "lit" and "dark" trading venues where participants operate in high-speed. The Commission has taken thoughtful steps over the past two decades to address these structural changes by way of meaningful rules and regulation designed to promote transparency, fairness and competition in the national market system. The resultant market efficiencies are evident today in trading conditions with narrower bid-ask spreads and reduced commission costs.

¹ OppenheimerFunds is a registered investment adviser, providing investment management and transfer agent services to nearly 100 registered investment companies. OppenheimerFunds has been in the investment advisory business since 1960, and with its subsidiaries, has more than \$213 billion in assets under management as of September 30, 2015.

² OppenheimerFunds is a subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"). MassMutual Ventures LLC, a subsidiary of MassMutual, is an investor in IEX.



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Despite these advantages, rapid technological trading advancements and practices coupled with increased complexity and fragmentation have led to inefficiencies and potential conflicts of interest that erode investor confidence in the U.S. equity markets.

In its 2010 Concept Release on Equity Market Structure, the Commission noted its task has been to facilitate an appropriately balanced market structure that promotes competition among markets, while minimizing the potentially adverse effects of fragmentation on efficiency, price transparency, best execution of investor orders, and order interaction.

We believe that IEX is a market-based solution designed to address several of these issues. It was the first alternative trading system to voluntarily publish its SEC Form ATS which effectively made IEX a transparent dark pool. This transparency initiative did not go unnoticed as several alternative trading systems followed suit.

Further, as opposed to an existing framework of hundreds of order types across multiple trading centers that vary in complexity, IEX supports a limited number of order types which lends to simplicity, leveling the playing field for its subscribers.

In terms of technological innovation, IEX introduced a 350 microsecond delay to neutralize the potential for speed and informational price advantages, and this innovation will continue to be a beneficial differentiator in its operation as an exchange. In connection with a broker-dealer's order routing behavior, potential conflicts of interest that may arise due to incentives/disincentives associated with rebates and access fees are abated given that IEX charges a flat-fee to both makers and takers of liquidity. Additionally, IEX provides subscribers with equal access to its features and functions. As a fiduciary, we believe that IEX is a beneficial trading venue for our clients as it promotes transparency, simplicity and fairness.

The U.S. equity markets are not broken but in the face of their continuing rapid evolution, we believe that existing rules and regulations should be carefully reviewed and evaluated toward the goal of solidifying the fundamental tenets of the national market system – efficiency, transparency and fairness – while promoting healthy competition. It is in this light that we support IEX's application in seeking registration to operate as a national securities exchange. We thank the Commission for the opportunity to share our views and appreciate the Commission's consideration of the above comments.



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Respectfully submitted,

Krishna Memani
Executive Vice President &
Chief Investment Officer

George R. Evans
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Keith Spencer
Head of Equity Trading &
Senior Vice President

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Manager of Equity Trading &
Vice President

cc: The Honorable Mary Jo White, Chair
The Honorable Luis A. Aguilar, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
The Honorable Michael S. Piwowar, Commissioner
The Honorable Kara M. Stein, Commissioner

Stephen I. Luparello, Director, Division of Trading and Markets
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