



> Abel/ Noser Corp.  
One Battery Park Plaza, 6th Floor, New York, NY 10004-1405  
phone: 646.432.4000 / 800.322.2610 / fax: 212.363.7571  
website: [www.abelnoser.com](http://www.abelnoser.com) >  
Member FINRA, NYSE and SIPC

December 17, 2015

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

**Re: Investor's Exchange LLC Application, Release No. 34-75925 File No. 10-222**

Dear Mr. Fields:

Thank you for the opportunity to comment on this matter. Abel/Noser measures trading costs for hundreds of the world's largest investment managers. Our clients use our services to help them achieve best execution. Our clients are almost unanimous in their enthusiasm for IEX.

Abel/Noser supports IEX's effort to become a national securities exchange. We believe that IEX's innovations can help all investors. As an ATS, IEX offers its services only to broker dealers. As an exchange, IEX can offer the advantages of their "fair to all" structure to all investors.

IEX offers two unique innovations. First, they delay all participants' orders. Second they charge all traders the same fee rate.

#### **The Built-in Delay or, "The Shoebox":**

Most bids and offers published by exchanges do not represent long-term investors' trading interest. Instead, short-term traders publish most prices - usually in reaction to one another. When I look at a screen, the bids and offers I see show a sign of the insiders' contingent willingness to trade with me. When my trade actually occurs, the market clears and the game commences again.

For the most part, exchanges need insiders to publish bids and offers. To attract insiders, the exchanges must offer some advantages. The insiders enjoy the advantage of superior information due to speed from their co-location.

The limitations of physical communications systems and distance delay all information that stock exchanges publish. Market insiders overcome delays by "co-locating" autonomous trading computers inside exchange data centers. Insiders program their computers to play a game of "hot-potato" within each exchange. As a result, prices appear to flicker as computers race to outguess each other. The rate of quote changes to actual trades often exceeds twenty to one.

Insiders have enjoyed similar advantages since the beginning of markets. Today, these advantages have become intolerable to other market participants. IEX proposes to offer a solution to the perceived "rigging". All communications in and out of IEX encounter a 350 microsecond delay. Every message passes through a "shoebox" containing thirty-odd miles of fiber. We can see no reason that they shouldn't be able to subject their solutions to the market test. If the shoebox solves traders' problems, IEX will attract market share and succeed. If the answer isn't in the shoebox, we will all learn from the experiment and move on.

The IEX "speed-bump" appears to treat all market participants in the same manner. To the human eye, the IEX "speed-bump" price will not differ from the rest of the National Market System.

The stock which trades most frequently (SPY) trades only once every 80,000 microseconds on average. A delay of 350 microseconds is not of consequence when we examine trades not quotes, which are 95% cancelled with no money changing hands.

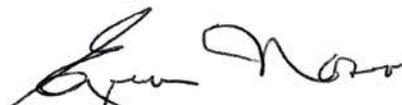
#### **One Fee Rate:**

Unlike many exchanges, IEX proposes to charge all participants the same fee rate (9 cents per 100 shares to buyer and seller). This differs from the "maker/taker" model prevalent on many other exchanges. We do not see how "one price for all" will disadvantage investors. Some insiders who rely on rebates might prefer not to trade using the IEX model. This could reduce the quickly cancelled quotes. Thirty percent of quotes are cancelled before their publication reaches California. Again, we prefer to let the market decide.

#### **Conclusion:**

We thank you for the opportunity to comment on the review process. We believe that IEX wants to introduce positive changes into our troubled markets. We hope that the commission will give them the chance they deserve.

Sincerely,



Eugene Noser

Cc: Mary Jo White, Chair  
Luis A. Aguilar, Commissioner  
Michael S. Piwowar, Commissioner  
Kara M. Stein, Commissioner  
Stephen Luparello, Director, Division of Trading and Markets  
Gary Goldsholle, Deputy Director, Division of Trading and Markets  
David S. Shillman, Associate Director, Division of Trading and Markets  
Richard Holley III, Associate Director, Division of Trading and Markets