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January 5, 2016

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 Form 1 Application (Release No. 34-75925; File No. 10-222)

Dear Mr. Fields:

fi360, Inc. ("fi360")¹ is pleased to submit this comment letter to the Securities and Exchange Commission (the "SEC" or "Commission") in support of the application by Investor's Exchange LLC ("IEX") for registration as a national securities exchange (the "Application").

Unlike some of IEX's competitors, fi360 has no vested interest in the Application other than to make the observation that the IEX business model admirably complements the due diligence processes of investment fiduciaries through greater transparency of revenue-sharing arrangements. We also believe that, given the recent interest of the SEC to adopt a uniform fiduciary standard for the retail markets, new exchanges such as the IEX model enhance the much broader SEC mission of protecting investors, maintaining fair, orderly and efficient markets, and facilitating capital formation.

A transparent and orderly market, among other things, greatly facilitates the work of investment fiduciaries, which have a duty of best execution on behalf of their clients. Consistent with a Form ADV requirement to disclose how a firm seeks best execution, investment managers should establish control procedures to minimize trading costs. These procedures should be part of a much broader policy that periodically reviews potential conflicts of interest such as "soft dollar" rebates, directed brokerage, and commission recapture.

¹ Founded in 1999, fi360's mission is to help investment fiduciaries gather, grow and protect assets through better investment and business decision-making. fi360's clients are fiduciaries under securities, pension and trust law, including investment advisers, managers, trustees, and plan sponsors. With legally substantiated practices as its foundation, fi360 offers training, tools and resources in support of that mission. fi360 manages the Accredited Investment Fiduciary® (AIF®), Accredited Investment Fiduciary Analyst® (AIFA®) and Professional Plan Consultant™ (PPC™) designation programs. At present, there are more than 8,100 active AIF, AIFA, and PPC designees. For more information, please visit

<http://www.fi360.com/>.

Unfortunately, the due diligence process is largely ineffectual once orders move through the rest of the trading cycle. It is certainly true that the brokerage firm through which trades are placed is also subject to a fiduciary duty of best execution, but the nature of that duty is not articulated in terms of a duty of loyalty, but rather with a focus on a duty of care that requires exercising “reasonable diligence” and finding the most favorable pricing “under prevailing market conditions.”² Among the factors used in determining reasonable diligence under FINRA Rule 5310 are price, volatility, liquidity, size and type of order, and the number of markets checked.

From there, what is left of the best execution duty is lost in a sea of conflicts at the exchanges. Some of the challenges, often unbeknownst to the investor and the advisor, are the complexities of the current market structure that include dark pools, opaque payments for order flow, and co-location of data feeds that provide high-frequency traders critical pricing information milliseconds before other parties – an activity that appears to be a technical loophole for front-running, an illegal activity if performed by investment fiduciaries.

The Supreme Court in *SEC v. Capital Gains Research Bureau, Inc.*³ affirmed a broad proscription against any practice that operates as a fraud or deceit upon a client or prospective client of an investment adviser. So-called “front running” -- or more specifically, “scalping” -- was singled out by the Court in *Capital Gains* as a violation of the anti-fraud provisions of the Investment Advisers Act of 1940. In *Capital Gains* the Commission sought an injunction against a registered investment adviser for failure to disclose to its newsletter subscribers a practice of purchasing shares of a security for its own account shortly before recommending the same stock as a long-term investment. Capital Gains employees would then immediately sell their shares at a profit upon the rise in market price following the recommendation.

Today, fiduciary advisors generally have no viable alternative trading venues to assure clients are afforded an optimal chance of efficient trading execution. The old bricks-and-mortar Capital Research Bureau has been superseded by high-frequency traders who essentially engage in the same front-running practice but without clients or any relevant market conduct standard that would maintain fair and orderly markets for other investors.

Regulators – especially the Department of Labor, the SEC, and the Municipal Securities Rulemaking Board – have been active in fiduciary rulemaking. However, for investors’ best interests to be served consistently and as a matter of due course, the financial services industry must do more to promote a culture of fiduciary responsibility. The IEX Application represents a significant market-based initiative to better serve

² See, i.e. FINRA Rule 5310(a)(1), “Best Execution and Interpositioning; and FINRA Rule 2121, “Fair Prices and Commissions.”

³ *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 184-85 (1963).

investor interests and is an important complement to the Commission's initiative to extend fiduciary accountability to all who provide investment advice to retail investors.⁴

This unique Application affords advisors a trading forum with greater transparency through conflict-free pricing and simple order types, providing them with an alternative that conforms more closely to their own fiduciary duty of best execution.

Under the status quo, advisors seeking comprehensive best execution could ask money managers and the broker-dealers used for trading about the best-execution practices they employ. The questions could include where trades are executed, whether they are paid for order flow, how trades are prioritized for execution, and so forth. However, this does not appear to be a common due diligence practice. IEX provides fiduciary-friendly answers to such questions. The competitive pressure introduced by the IEX model in the marketplace of exchanges will help promote business practices that better serve investor interests.

We would be happy to answer any questions that the Commission may have with respect to the information presented in this letter.

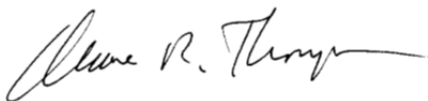
Very truly yours,



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⁴ See Agency Rule List -- Fall 2015, Securities and Exchange Commission, "Personalized Investment Advice Standard of Conduct."

cc: The Honorable Mary Jo White, Chairman
The Honorable Kara M. Stein, Commissioner
The Honorable Michael S. Piwowar, Commissioner

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