

From: [Suzanne Shatto](#)
To: [Rule-Comments](#)
Subject: Release No. 34-75925, File No. 10-222 Investors" Exchange LLC
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Attachments: [IEXOpponentsConflictsofInterest.pdf](#)

Investors' Exchange LLC; Notice of Filing of Application, as Amended, for Registration as a National Securities Exchange under Section 6 of the Securities Exchange Act of 1934

[Release No. 34-75925, File No. 10-222]

Dear SEC:

You might have wondered why certain people do not want IEX to become an exchange. Perhaps you should look at the PDF attachment to view their principal points and their conflict of interest in this matter. This might also explain why these entities seek to shame, denigrate, and otherwise marginalize other points of view.

In a capitalistic economy, there is no reason to try to keep others from competing. However, these financial entities currently have an oligopoly, and use licensing as a significant barrier to entry. They are attempting to use this as a blackball, to keep IEX from competing.

Currently, several named entities are also preventing retail/institutional orders from being executed at a venue of their choice by purchasing order flow from their brokers. The truth is that retail/institutional customers are not receiving best execution because the financial intermediaries are receiving it.

The SEC should act in the interest of the public, not in the interest of the chosen few who are benefiting from the current preferences and current barriers to entry. Of course, if the staff at the SEC is hoping to become employed by one of the chosen financial entities in the future, perhaps they will have difficulty making a decision in the interest of the public.

Sincerely,

Suzanne Hamlet Shatto
Seattle, WA



Individual	Selected Efforts that Appear to Undermine IEX	Potential/Apparent Conflicts of Interest
Paul Atkins, former chairman of the SEC	<ul style="list-style-type: none"> ● Submitted a WSJ Op Ed in January 2016 stating it is more urgent for the SEC to completely reform Reg. NMS than approve IEX's Form 1 application. 	<ul style="list-style-type: none"> ● Mr. Atkins recently served as non-executive chairman of BATS Global Markets, Inc. BATS is expecting to IPO in 2016. ● Atkins never disclosed his BATS affiliation in the WSJ Op Ed.
Larry Tabb, CEO of Tabb Group	<ul style="list-style-type: none"> ● Testified to Senate in September 2012 "Stop granting new exchanges and ATS licenses immediately", 4 months after IEX's commercial intentions had been announced in a May 2012 WSJ article. ● Posted in WSJ in April 2014, shortly after the Flash Boys release, defended US market structure and dismissed Michael Lewis claims that the stock market is rigged. Within weeks, the US Justice Department, FBI, SEC, FINRA, and NY AG are investigating HFT, dark pools, and exchanges and multiple class action lawsuits are filed. ● Posted an IEX Comment letter in November 2015, encouraging IEX to eliminate its speed bump, which someone in his position should know would subject investor orders to latency arbitrage. ● Published an article in BloombergView calling for a regulatory review of market data, and becomes part of a growing chorus calling for a more comprehensive review of regulation <i>prior</i> to any IEX approval. 	<ul style="list-style-type: none"> ● A 2009 TABB Group research report characterized latency arbitrage as "predatory". Yet, 7 years later, Tabb doesn't like the idea of IEX eliminating it. ● Meanwhile, TABB's customers include the banks and exchanges that are directly competing with IEX.
Hal Scott, Harvard Law School Professor	<ul style="list-style-type: none"> ● Offered testimony before U.S. Senate in defense of HFT firms in July 2014. ● Capital Markets Committee on Regulation, on which Ken Griffin of Citadel and Mr. Scott are Members, issues a December 2014 "Fact Statement" on HFT, refuting Flash Boys. ● Published Op Ed in Washington Times in January 2016, with the Citadel mantra "<i>investors have never had it better</i>", IEX is unfair, and the SEC should not approve IEX. 	<ul style="list-style-type: none"> ● In February 2014, Citadel LLC's founder and CEO, Ken Griffin, donated \$150 million to Harvard University, the largest gift in Harvard College history.
Citadel LLC	<ul style="list-style-type: none"> ● John Nagel, Esq., Managing Director, Citadel LLC, submitted three public comments on IEX's Form 1 (1), (2), (3), states that IEX will harm investors. Citadel offers suggestions to IEX, including eliminating the POP and to put the IEX router in a laser race with HFT. Both 	<ul style="list-style-type: none"> ● Large high frequency trading firm and largest Wholesaler involved in practice of paying retail brokers money to send customer orders to trade with Citadel.

	suggestions would turn IEX into an absolutely toxic HFT-infested cesspool.	
NYSE Group	<ul style="list-style-type: none"> ● Elizabeth K. King, NYSE General Counsel & Secretary, formerly of Getco, submitted one public comment on IEX's Form 1 on Nov. 12, 2015. NYSE criticized IEX for being unfair because of the IEX POP, designed to protect investors from HFT trading against stale quotes (meanwhile NYSE uses the stale SIP for its pegged orders), and the IEX Router, which was designed to avoid latency arbitrage enabled by NYSE laser beams. 	<ul style="list-style-type: none"> ● Large US equities exchange with 3 competing exchanges, makes \$100's of millions of dollars from the sale of technology to enable HFT to conduct latency arbitrage.
Nasdaq, Inc.	<ul style="list-style-type: none"> ● Joan C. Conley, Senior Vice President and Corporate Secretary, submitted one public comment in Nov 2015 on IEX's Form 1. The comments made clear that Nasdaq hadn't really read the IEX Form 1. Nasdaq asked the SEC to require IEX to make updates so that Nasdaq could read a Final Draft instead. 	<ul style="list-style-type: none"> ● Large US equities exchange with 3 competing exchanges, making \$100's of millions of dollars from the sale of technology to enable HFT to conduct latency arbitrage.
Hudson River Trading LLC	<ul style="list-style-type: none"> ● Adam Nunes, Head of Business Development for Hudson River Trading (HRT), a firm named in the NY AG case against Barclays which cited Barclays employees describing HRT as historically "very toxic". ● Nunes submitted 2 comment letters (1) and (2) against IEX, expressing concern on the potential market structure consequences of an IEX approval, ignoring the fact that HRT's profits would be harmed by IEX success. The first comment letter explicitly identifies the pattern of manipulation IEX was designed to eliminate. 	<ul style="list-style-type: none"> ● A 2014 WSJ article on HRT written by Bradley Hope, followed by another blog post the same day, noted that HRT does 5% of US stock trading with Nunes quoted, "<i>We [also] don't try to race ahead of an institution's order or sniff out whether someone is trying to place an order here or there.</i>" ● Ironically, Nunes' first IEX Comment Letter outlined the fact that HRT doesn't believe IEX should be approved because IEX won't allow HRT to race ahead of an institutional order or pick off a stale quote.
BATS Global Markets, Inc.	<ul style="list-style-type: none"> ● Eric Swanson, EVP General Counsel, submitted two public comments on IEX's Form 1. The first Comment letter suggested that IEX's router, (which stops latency arbitrage), was unfair. The second Comment letter re-emphasized that the IEX router should be subject to the IEX speed bump, which BATS' owners know would enable latency arbitrage. See Citadel above. 	<ul style="list-style-type: none"> ● Exchange founded by HFT and big banks, plans to IPO in 2016 with a \$2 billion valuation. Fast technology with 4 unique exchanges in a strategic geographic location enables HFT members and owners to conduct latency arbitrage against orders being routed in parallel to other Exchanges. Use of inverted venue pricing on 2 of 4 exchanges provides

		latency arbitrage signal factory against brokers routing to capture rebates.
Modern Markets Initiative	<ul style="list-style-type: none"> ● Bill Harts, CEO of MMI submits SEC comment letter in December 2015, calling for the SEC to reject IEX's exchange application. 	<ul style="list-style-type: none"> ● MMI was founded by 4 HFT firms, including Hudson River Trading. ● A lobbyist's livelihood depends upon successfully convincing Congress and the SEC whatever the client wants.
Rep Sean Duffy	<ul style="list-style-type: none"> ● Submitted a SEC comment letter in January 2016, calling for the SEC to consider changing Reg NMS prior to approving IEX, becoming part of a steadily growing chorus of influential, yet ignorant parties asking to delay IEX. 	<ul style="list-style-type: none"> ● Duffy recently received a political contribution from Citadel. ● See Citadel above.