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January 8, 2016

The Honorable Mary Jo White
Chair
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Chair White,

While our financial markets have generally promoted capital formation and price discovery, significant concerns have now been raised that the Security and Exchange Commission's (S.E.C.) delay in ruling on Investors' Exchange LLC's (IEX) application to become a registered national securities exchange serves to undermine that mission.

As you know, under the status quo, the exchanges are profiting by catering to high-frequency trading firms. Many exchanges allow high-frequency traders to pay to co-locate their servers inside the exchanges' order execution centers so these firms can get access to trading information before the average investor. The exchanges are also creating complex order types that give an additional edge to high-frequency traders. This is leading many investors to rightfully question the integrity of our equity market.

On its face, IEX's proposal will help fix our broken equity market by utilizing a model that levels the playing field for investors. It does this by imposing a "speed bump" that provides a 350 microsecond delay on trades. This ensures that market participants cannot trade on IEX in reaction to changes in market prices before IEX is aware of the movement.¹ This creates a fairer marketplace and also protects average investors from predatory high-frequency traders. Since the National Market System requires brokers to route trades to the exchange displaying the best price, exchanges are crucial to properly pricing equities. By seeking exchange status, IEX is attempting to protect more investors from high-speed traders that are adding unnecessary risks, costs and complexity to our financial markets.

According to Joe Saluzzi, Partner at Themis Trading LLC and co-author of *Broken Markets -- How High Frequency Trading and Predatory Practices on Wall Street are Destroying Investor*

¹ See <http://www.sec.gov/comments/10-222/10222-26.pdf>

Confidence, "In today's conflicted and complex marketplace, IEX offers an unconflicted, investor-friendly alternative. IEX is seeking to help long term investors achieve best execution while not catering to short-term, high speed traders. This is an idea that most current exchanges seem to have forgotten a long time ago."

IEX filed its application for exchange status in September and the S.E.C. originally said it would move ahead with IEX's application by December 21st. I would appreciate if the S.E.C. would provide us with an update on IEX's application to become a registered national securities exchange and the reasons for the 90 day delay in rendering a decision on IEX's exchange status.

The United States capital markets have been the envy of the world not just because they are extremely deep, but also because they are perceived to be transparent and fair to all investors. Transparency instills trust in the markets, which in turn encourages participation in our capital markets by both large institutional investors and smaller retail investors. It is critical for the S.E.C. to address the prevalence of high-frequency traders who are gaming the system. Timely consideration of the IEX application would be an important first step towards that goal.

Thank you in advance for your efforts to work with members of Congress to protect small investors and restore the integrity of U.S. financial markets.

I look forward to your response.

Sincerely,



Stephen F. Lynch

Member of Congress