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VIA E-MAIL

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

Re: Investors' Exchange LLC Form 1 Application (Release No. 34-75925; File No. 10-222)

Dear Mr. Fields:

The NYSE Group appreciates the opportunity to comment again on IEX's application to register as a national securities exchange. We had hoped that any additional comments we provided to the Commission on IEX's application would be on the amendments IEX committed to making to clarify the many questions that remain about its application.<sup>1</sup> Instead of filing amendments, however, IEX has decided to mount a publicity campaign and divert attention from its deficient application with, among other claims, misleading and inaccurate statements regarding the two types of computer protocols offered by the NYSE Group exchanges. This comes on the heels of IEX making similarly misleading and inaccurate public statements about Nasdaq.<sup>2</sup>

Below we explain what a "protocol" is, and why NYSE offers its members a choice to suit their programming and bandwidth needs. Regardless, the different protocols offered by exchanges are irrelevant to the Commission's decision concerning whether or not to approve IEX's registration as a national securities exchange. While we believe that it is necessary to correct IEX's misleading public statements about NYSE, we do not believe that the correction we provide here is any more relevant to the SEC's decision regarding IEX's exchange application than are IEX's misstatements.

NYSE Group provides members access to its exchanges using two different types of protocols, FIX and binary. A protocol is nothing more than the language spoken by computer systems that process messages. Because most trading is electronic, messages are used to transfer data between market participants, including between trading venues and their members or participants. There are two protocols offered by

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<sup>1</sup> See Comment letter dated November 23, 2015 from Sophia Lee, General Counsel, IEX Group, Inc., p17.

<sup>2</sup> See Comment letter dated January 29, 2016 from Joan Conley, SVP and Corporate Secretary, Nasdaq, Inc.

NYSE Group, each of which costs exactly the same. Members of the exchange choose the option that best suits their needs – with many choosing both.

FIX is a protocol that has been in use since the 1990s. FIX is a standard protocol across the financial services industry, and is used by all major exchanges, dark pools, bulge bracket brokers, and institutional asset managers. FIX has the benefit of offering firms great flexibility and features, and often can be more easily integrated into a firm's back office and client reporting systems -- which typically also standardize around FIX protocols. The FIX protocol enables a broker-dealer that has clients who use FIX, or is a member of several exchanges and dark pools, to use a single protocol to communicate across its business.

Many exchanges, dark pools and brokers also offer a binary protocol. Binary protocols allow for the more efficient use of bandwidth, partly because it offers fewer special features than FIX. For firms who seek a protocol that minimizes bandwidth and reduces data storage costs, a less bulky protocol like binary might be more suitable.

One computer protocol cannot be said to be inherently better than the other, and, importantly, neither has any artificial delay built into it by NYSE. IEX claims that, by offering a choice of protocols, NYSE is intentionally giving some market participants an advantage over others and providing this advantage to those willing to pay more, while failing to disclose any of it. IEX's claims are false. As is disclosed on our website,<sup>3</sup> NYSE provides all firms with the same access to both protocols at the same price and leaves it solely to the customer to decide which computer interface meets its needs.

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Within a highly competitive U.S. equity market, customers can choose from among 12 registered exchanges, more than 40 alternative trading systems (ATS), and many broker-dealers that execute trades without sending them either to an exchange or an ATS. IEX contributes to this dynamic and competitive landscape through its current ATS offering.

NYSE Group does not oppose competition, innovation or the introduction of new exchanges. When BATS applied to become an exchange in 2008, NYSE did not oppose or comment on the filing. When EDGX and EDGA applied to become exchanges in 2009, NYSE did not oppose or comment on the filings. When BATS Y applied to become an exchange in 2010, NYSE did not oppose or comment on the

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<sup>3</sup> [https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSEUTPDirect\\_Specification.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSEUTPDirect_Specification.pdf);  
[https://www.nyse.com/publicdocs/nyse/markets/nyse/Client\\_Session\\_Request\\_Form.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse/Client_Session_Request_Form.pdf)

filing. When NASDAQ OMX PHLX introduced a cash equities exchange in 2010, NYSE did not oppose or comment on the filing despite its introduction of a market model that de-emphasized speed. And, most recently, when the National Stock Exchange proposed to re-launch trading operations, NYSE did not oppose or comment on the filing. Contrary to IEX's claims that NYSE would oppose a new entrant for competitive reasons,<sup>4</sup> numerous exchange applications and new trading platforms by already registered exchanges have been filed in recent years that did not warrant a response from NYSE because they were each consistent with statutory and regulatory requirements for exchanges. That is not the case with the IEX exchange application.

As we and others have argued, IEX's proposed systematic, patent-pending delay in accessing its displayed quotation is inconsistent with Regulation NMS and provides its affiliated routing broker, which is not subject to this delay, an unfair advantage. If the Commission were to approve IEX's exchange registration with its delay attribute, it would be providing a benefit to IEX and its shareholders not enjoyed by other exchanges.

IEX has passionately argued that its delay and routing process are valuable to its clients. If this is true, IEX can certainly continue to operate as an ATS and carry on providing these offerings without change. However, IEX has chosen to seek exchange registration from the Commission, and registered exchanges are subject to different, more stringent rules than ATSs -- rules from which IEX seeks to be unilaterally exempted.

Contrary to the intimations of IEX's publicity campaign, NYSE has never suggested that IEX is not within its right to seek exchange registration. We do strongly believe, however, that, as a registered exchange, IEX must comply with the same requirements as all other exchanges. We are mystified that IEX finds this notion debatable.

Sincerely,



Elizabeth K. King

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<sup>4</sup> See Comment letter dated November 23, 2015 from Sophia Lee, General Counsel, IEX Group, Inc., p19.