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February 23, 2016

Brent J. Fields  
Secretary  
U.S. 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,

We appreciate the opportunity to comment on the Investors' Exchange LLC's ("IEX") national securities exchange application. We support the IEX Exchange application and strongly recommend that the SEC approve it with no further delay. Quite simply, today's existing market structure will only benefit from the IEX Exchange.

Liquidnet is an institutional trading network that connects nearly 800 buy-side firms ("Members") from around the world, creating a pool of liquidity where they can execute large blocks of stock safely, efficiently, and with minimal market impact (i.e. what they can't do on an exchange today). This is, in fact, the original rationale behind the creation of "dark pools" (aka the upstairs market), and we have long espoused that new market entrants should provide value above and beyond what the lit exchanges currently offer (e.g. price improvement, size discovery).

If IEX's ambitions were to become an exchange without differentiation, we would question its value. That is the last thing this industry needs. But the IEX Exchange would bring to market significant features that will create a more level playing field that many institutional investors feel is lacking among the current exchanges. This includes: no co-location, no rebates or maker-taker fees, limited order types, and matching trades on a strict price/time priority.

It is not surprising, particularly in this industry, that those who are most critical of the IEX Exchange application are also those who feel the most threatened by it. But here is the irony. The Exchanges are looking at the support among institutional and retail investors for IEX the wrong way. At Liquidnet, we invite competition, as it has helped us continue to innovate and better serve our Members. The Exchanges should have the same approach toward the entire market. IEX is not a threat to their existing business; it is an opportunity to bring liquidity found in broker owned dark pools back to the lit market. If IEX is successful, it can only help to restore investor confidence in a marketplace that many investors believe is broken.

A strong IEX Exchange will ultimately benefit all exchanges.

Furthermore, we also submit that IEX's business model is good for the market. They plan to eliminate the conflict ridden, maker-taker model and make money through transaction fees. IEX will get paid on the explicit value of its



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liquidity rather than charging implicit fees like co-location and market data that are not inherently tied to the value of the liquidity they provide their subscribers.

Finally, we encourage the SEC to look at the vast variety of comment letters received on this issue in aggregate. A peripheral analysis of the opinions that have been submitted on this application is in itself revealing. Let's look at the pattern of the type of organizations that are generally in support of the application and those that are against. In the "for" column: individual investors, asset managers, and now, with this submission, an independent agency-only dark pool. Opposed: competing exchanges and high-frequency trading firms. That alone presents the clearest case on where an IEX Exchange would fit into the current market structure ecosystem.

No single trading venue can correct all of our market inefficiencies, but IEX is making a solid attempt to address many of them. These efforts should be applauded, and other exchanges would do well to look at the problems in the market the same way IEX does and deploy innovative solutions that attempt to assure that all public investors – individual and institutional – have full transparency into how their order is being handled, are treated fairly, and are protected in all marketplace transactions.

The SEC should approve the IEX application as a whole, and do so soon.

Kind regards,

Seth Merrin  
Founder and CEO, Liquidnet