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January 16, 2020

VIA ELECTRONIC DELIVERY

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Notice of Filing of Proposed Rule Change to Add a New Discretionary Limit Order Type, Release No. 87814, File No. SR-IEX-2019-15 (December 20, 2019)

Dear Ms. Countryman:

Virtu Financial (“Virtu”) respectfully submits this letter in support of the above-referenced rule change proposal¹ by Investors Exchange LLC (“IEX”) to add a new Discretionary Limit (“D-Limit”) order type. We believe that IEX’s proposal is a highly innovative, market-based solution that will mitigate the negative effects of certain predatory trading behaviors that have been spawned by the latency arbitrage that exists in today’s lightning speed markets.

In an April 2018 speech previewing the SEC’s upcoming agenda on equity market structure, SEC Chairman Jay Clayton observed:

One of the few certainties of trading markets is that they continually evolve. New technologies spur new market mechanisms, which, in turn, lead to new trading practices. And regulations affect that evolution. In short, the granular effects of technological developments – *think trade types, for example* – reflect the regulatory framework. And, the sum of those granular effects can have a significant impact on market function, and therefore, market efficiency, integrity and resilience. One of our key responsibilities as regulators is to strive to ensure that, as technology changes, our regulations continue to drive efficiency, integrity and resilience. (Emphasis added.)²

¹ Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing of Proposed Rule Change to Add a New Discretionary Limit Order Type (Dec. 20, 2019), available at <https://www.sec.gov/rules/sro/iex/2019/34-87814.pdf>.

² Jay Clayton, Chairman, U.S. Securities and Exchange Commission, *Remarks at the Equity Market Structure Symposium Sponsored by the University of Chicago and the STA Foundation* (Apr. 10, 2018), available at <https://www.sec.gov/news/speech/speech-clayton-2018-04-10>.

Virtu respectfully submits that IEX's creation of the D-Limit order type is a clear example of innovation born from competition. Less resourced market participants will directly benefit without the need to spend precious capital, which would otherwise be allocated to endeavors focused on their core business. The D-Limit operates in conjunction with IEX's Crumbling Quote Indicator (known as the IEX Signal or CQI), which is designed to protect resting limit orders against adverse selection. The result is a fairer, more competitive market where order flow from disparate sources can interact. The ultimate beneficiaries are long term investors for whom the secondary market provides a reliable means of price formation. To this end, D-Limit's approval is consistent with Chairman Clayton's stated objective of driving "efficiency, integrity, and resilience" in the capital markets.

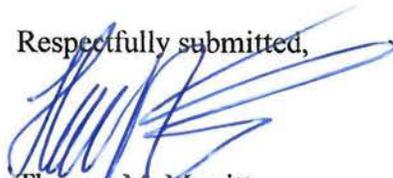
Virtu believes that IEX's proposal benefits market participants by allowing buyers and sellers to interact in a manner consistent with their fundamental intentions. Regardless of investment horizon, passive order protection at the National Best Bid and Offer benefits everyone. In particular, the IEX proposal would enable market makers who would otherwise be exposed to the risk of adverse selection to provide narrower spreads and larger quotes.

* * *

Virtu appreciates the opportunity to submit this letter in support of IEX's proposed D-Limit order type. We believe that it is consistent with the SEC's recent efforts to modernize and enhance U.S. equity market structure, and represents an innovative mitigant to predatory market behaviors. IEX's proposal is also consistent with the SEC's mission of protecting investors, promoting capital formation, and ensuring the orderly and efficient operation of the markets. In leveling the playing field, D-Limit will result in fairer, more competitive, and more efficient markets, and will enhance execution quality for investors.

Please do not hesitate to contact me if you have any questions about this submission.

Respectfully submitted,



Thomas M. Merritt
Deputy General Counsel

cc: Walter J. Clayton, III, Chairman
Robert J. Jackson, Jr., Commissioner
Allison H. Lee, Commissioner
Hester M. Peirce, Commissioner
Elad L. Roisman, Commissioner
Brett W. Redfearn, Director, Division of Trading and Markets