January 21, 2020

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: <u>IEX D-Limit Proposal (File No. SR-IEX-2019-15)</u>

Dear Ms. Countryman:

ACS Execution Services, LLC ("ACS")[1] is pleased to have the opportunity to comment on the proposed rule change filed by the Investors Exchange LLC ("IEX") to add a new Discretionary Limit ("D-Limit") order type.

ACS believes the proposed rule change raises important policy issues and, to that end, issues of importance to ACS and other similarly situated market participants. For the reasons discussed below, while we support the goals of the proposed order type, there are several open questions about its impact on the markets and operation that remain. We therefore recommend that the Commission carefully consider the issues surrounding the D-Limit order type in its examination whether to approve the proposed rule change.

Addressing Predatory and Other Harmful Trading Practices

IEX states that the D-Limit order type is designed to protect liquidity providers from "potential adverse selection by latency arbitrage trading strategies in a fair and nondiscriminatory manner." ACS supports initiatives to reduce the amount of latency arbitrage and the times in which ACS and other broker-dealers may be "picked off" by predatory trading practices. Similarly, we support initiatives to enhance available liquidity and optimize price discovery by deemphasizing speed as a key factor in trading.[2] To the extent that the D-Limit order type provides protections to institutional investors and other ACS clients, and allows ACS to trade more effectively and efficiently for our customers, ACS supports the proposal.

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[1] ACS Execution Services, LLC is a registered broker-dealer and FINRA member that provides execution services to other broker-dealers through a platform designed by its affiliate Global Liquidity Partners. Global Liquidity Partners is a technology company providing Electronic Execution Technology driven by a highly efficient proprietary architecture. GLP's trading platform is built on a low latency chassis and combines speed and a state-of-the-art decision engine designed to source liquidity while minimizing information leakage. For further information on GLP, visit https://globalliquiditypartners.com.

[2] *See, e.g.,* letter from Tim Lang, Chief Executive Officer, ACS, to Vanessa Countryman, Secretary, SEC (File No. SR-CboeEDGA-2019-012), dated October 21, 2019.

Open Questions Regarding the D-Limit Order Type

While ACS supports the goals of the proposed order type, several questions remain, however, regarding its impact on the way ACS and others trade, as well as on the markets in general. For example, while we support deemphasizing speed as a key factor in trading, there are times when it is important for ACS (and other broker-dealers and market participants) to execute orders quickly and in their entirety. It is unclear how the D-Limit order type will impact some of the order types that ACS utilizes to sweep across market centers and access liquidity in those markets. We believe much of the potential benefits of the D-Limit order type would be lost if the order type would impede or prevent ACS from effectively working a large order. We therefore request clarification on how the order type would operate in this type of situation. Similarly, while IEX claims that the proposal will not result in a meaningful amount of quote fading compared to the quote fading that exists and is permitted today, we remain concerned that the proposed rule change could, in fact, lead to meaningful quote fading and that some IEX liquidity could become "illusory."

IEX also states that displayed D-Limit orders would qualify as "protected quotations" under Regulation NMS. If that is the case, the IEX D-Limit order type would differ from the Cboe EDGA delay mechanism, on which we previously commented. For example, if D-Limit orders truly qualify as "protected quotations" under Regulation NMS, that would address ACS' concerns with other delay mechanisms regarding the impact that an unprotected, manual quote may have on the markets as well as on a broker-dealer's obligation to obtain best execution. Nevertheless, as D-limit orders would be part of the SIP feed and therefore the public quote, it will remain important that we closely monitor its impact as it is unclear how often prices will be adjusted under the D-Limit order type and the subsequent effect on the markets as a whole.

Finally, while not a D-Limit order type specific issue, we remain concerned about the impact on the national market system if, as we have seen, exchanges continue to propose and implement similar delay mechanisms. We are not convinced that having exchanges compete to execute orders slower would necessarily benefit the markets overall.

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The IEX proposal raises important issues for investors, market participants, and the markets overall. We offer our assistance to the Commission as it examines these issues. If you have any questions on our comment letter, please feel free to contact me directly at ███████████████ or at ██████████.

Sincerely,

Tim Lang
Chief Executive Officer

cc: The Honorable Jay Clayton, Chair
        The Honorable Robert J. Jackson, Jr., Commissioner
        The Honorable Hester M. Peirce, Commissioner
        The Honorable Elad L. Roisman, Commissioner
        The Honorable Allison Herren Lee, Commissioner

        Brett Redfearn, Director, Division of Trading and Markets