

February 24, 2020

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

Re: IEX Proposal for D-Limit Order Type; File No. SR-IEX-2019-15

Dear Ms. Countryman:

Ontario Teacher's Pension Plan ("OTPP"), Caisse de dépôt et placement du Québec ("CDPQ"), the Office of New York City Comptroller Scott M. Stringer, and the group of undersigned asset owners, fiduciaries and advocates submit this comment letter to express our support for the pending proposal by Investors Exchange LLC ("IEX") to introduce a new Discretionary Limit ("D-Limit") order type. We urge the Securities and Exchange Commission ("SEC") to approve the D-Limit order, which will help to increase the diversity and depth of displayed liquidity in the US markets and will give investors like OTPP, CDPQ and the New York City Retirement Systems an innovative tool to improve investment results for the millions of beneficiaries we represent.

Collectively, this group of North American asset owners, fiduciaries and advocates, with over 24 million members and over \$3.3 trillion in assets, has a deep interest in market structure reform that enhances our ability to responsibly invest plan assets and meet our obligations to our members and beneficiaries. The long-term nature of our investments and liabilities, and our responsibilities as a fiduciary to our members, drive our interest in market innovations that protect the interests of long-term investors and seek to improve the overall liquidity and efficiency in US markets.

Technological and regulatory changes in the U.S. equity markets have created some efficiencies, but they have also brought increasing complexity and unintended consequences, one of which is the importance of increasingly small speed advantages in determining execution outcomes. These speed advantages have tilted the playing field in favor of firms specializing in "latency arbitrage", reducing the willingness of both long-term investors and market makers to display quotes, to the detriment of price discovery and market efficiency. A January 2020 report in the Wall Street Journal¹ cites evidence of a decline in the amount of displayed liquidity across many US markets, corresponding to a greater presence of high-speed traders and less participation by traditional liquidity providers. Another recent report in the Wall Street Journal² described a study by the UK Financial Conduct Authority confirming the existence of latency arbitrage, and the multi-billion dollar tax it imposes on institutional investors.

¹ See "Buying or Selling Stocks? It Isn't Always Easy", Wall Street Journal, January 2, 2020, avail. at <https://www.wsj.com/articles/buying-or-selling-stocks-it-isnt-always-easy-11577961000>.

² See "Ultrafast Trading Costs Stock Investors Nearly \$5 Billion a Year, Study Says", Wall Street Journal, January 27, 2020, avail. at <https://www.wsj.com/articles/ultrafast-trading-costs-stock-investors-nearly-5-billion-a-year-study-says-11580126036>

Meanwhile, many exchanges continue to profit from creating *additional* latency arbitrage activities by selling speed advantages in the form of microwave and other advanced technology.³

IEX's D-Limit order type provides an innovative method of protecting the interests of all participants who choose to display liquidity by adapting the IEX signal, which has proven effective at improving non-displayed trading performance, for use in a displayed order type. We believe that D-Limit will encourage greater amounts of displayed liquidity from a wide diversity of participants, to the benefit of the US equity market overall. Importantly, D-Limit is non-discriminatory in that it can be used equally by institutional investors represented by agent brokers, as well as by market makers. We are encouraged by the supportive D-Limit comment letter submitted by Virtu, an electronic market maker, where they stated:

“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.”⁴

We also believe that it is important D-Limit quotes be approved as “protected quotations” under Regulation NMS. We believe that an IEX D-Limit quote will be as “immediately accessible” within the meaning of the regulations as quotes on other exchanges because it is narrowly-tailored to protect against latency arbitrage without preventing access to liquidity by investors and their brokers. Currently, other exchanges with protected quotations sell multiple speeds of technology and data, which may make their quotations less accessible to those who do not purchase the same tier of access from the exchange. So, in practical terms, we believe that IEX D-Limit meets the current standards of a protected quote and these quotes will likely be more accessible to traditional investors than quotes on other exchanges.

Finally, D-Limit is an innovation that seeks to attract displayed liquidity without paying a rebate, which is the primary method of competition among exchanges today. In commenting previously on the SEC's transaction fee pilot, many of the largest asset managers in the world, including OTPP, have noted that rebates have been widely criticized as creating a potential conflict of interest between brokers and their investors.⁵

³ “Exchange fee fight moves from NYSE floor to data center rooftop”, Reuters, August 6, 2019, avail. at <https://www.reuters.com/article/us-usa-exchanges-virtu/exchange-fee-fight-moves-from-nyse-floor-to-data-center-rooftop-idUSKCN1UW24U>.

⁴ <https://www.sec.gov/comments/sr-iex-2019-15/sriex201915-6670178-203870.pdf>

⁵ <https://www.calpers.ca.gov/docs/legislative-regulatory-letters/sec-transaction-fee-pilot-national-market-system-stocks-05-25-2018.pdf>

D-Limit is a constructive alternative means of increasing displayed liquidity and promoting transparency on a regulated exchange market, which will benefit all market participants, and we urge the SEC to promptly approve it.

Sincerely,



Kevin Duggan
Managing Director, Global Trading,
Capital Markets
Ontario Teachers' Pension Plan



Benoît Gauvin
Vice-President, Index Management,
Trading & Securities Lending
Caisse de dépôt et placement
du Québec



Alex Doñé
Deputy Comptroller –
Asset Management & CIO
Office of New York City
Comptroller Scott M. Stringer

cc: The Honorable Jay Clayton, Chairman
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
David Shillman, Associate Director, Division of Trading and Markets
Richard Holley III, Assistant Director, Division of Trading and Markets

The following firms support the introduction of a new Discretionary Limit order type (a "D-Limit" order) as proposed by the Investors Exchange LLC. This endorsement is authorized by way of signature below, as an appendix to the comment letter submitted by Ontario Teachers' Pension Plan, Caisse de dépôt et placement du Québec and the Office of New York City Comptroller Scott M. Stringer, referencing File No. SR-IEX-2019-15.

Signature:  _____

Name: Sam Masoudi_____

Title: Chief Investment Officer_____

Firm: Wyoming Retirement System_____

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Signature: CAH

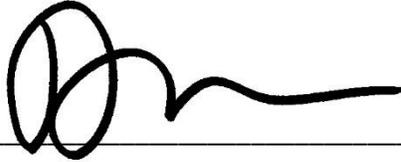
Name: Craig A. Hustling

Title: CHIEF INVESTMENT OFFICER

Firm: Public School + Education Employee
Retirement Systems of Missouri

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Signature:

A handwritten signature in black ink, consisting of a large, stylized initial 'H' followed by a series of loops and a long horizontal stroke.

Name: Hank Kim, Esq.

Title: Executive Director & Counsel

Firm: National Conference on Public Employee Retirement Systems (NCPERS)

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Signature:  _____

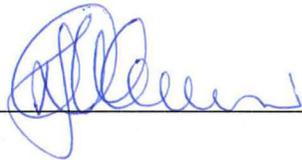
Name: Mark Holleran

Title: Vice President - Equities

Firm: Vestcore Inc.

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Signature:



Name:

DAMIAN MAROUN

Title:

HEAD OF EQUITY TRADING

Firm:

STATE OF WISCONSIN INVESTMENT BOARD.

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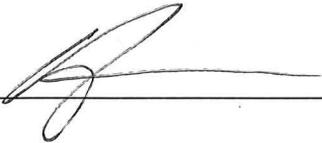
Name: Richard Wan

Title: DIRECTOR - PUBLIC EQUITIES

Firm: Alberta Investment Management Corp. (AIMCo)

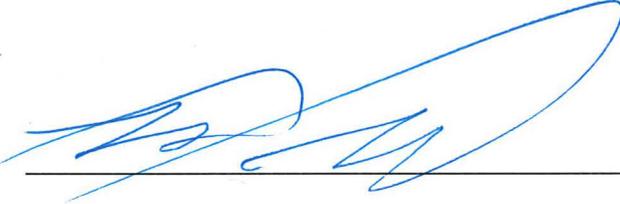


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Signature:  _____

Name: Brent Robertson _____

Title: Managing Director, Trading _____

Signature:  _____

Name: Robert Gouley _____

Title: Principal, Trading _____

Firm: OMERS _____

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Signature: June Kim

Name: June Kim
Director, Global Equity

Title: _____

Firm: California State Teachers Retirement System

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Signature: _____

Name: Brian Leu

Title: Head of Equity Trading, Execution Services and Strategy

Firm: California Public Employees' Retirement System



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

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

Re: IEX Proposal for D-Limit Order Type; File No. SR-IEX-2019-15

Dear Ms. Countryman,

The Arizona State Retirement System (ASRS) joins the Ontario Teacher's Pension Plan ("OTPP"), Caisse de dépôt et placement du Québec ("CDPQ"), the Office of New York City Comptroller Scott M. Stringer, and other major pension plans and asset owners in support for the pending proposal by Investors Exchange LLC ("IEX") to introduce a new Discretionary Limit ("D-Limit") order type.

Sincerely,

A handwritten signature in black ink, appearing to read "Karl Polen", is written over a horizontal line.

Karl Polen
Chief Investment Officer