



February 20, 2020

Via Electronic Mail (rule-comments@sec.gov)

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE, Washington, DC 20549-0609

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

Dear Ms. Countryman:

Brandes Investment Partners, L.P. (“Brandes”) together with the undersigned firms appreciate the opportunity to comment on the above-referenced proposal to introduce the Discretionary Limit (“D-Limit”) order type on the Investors Exchange LLC (“IEX”).

We join the undersigned asset managers to express our support of IEX’s D-Limit order type. We believe it will diminish the effect of latency arbitrage, encourage the provision of displayed liquidity without introducing significant unintended consequences, improve the current trading environment and foster a more liquid and stable market across the board¹.

In a trading environment that has increasingly gone dark, we believe the new order type proposed by IEX is a timely and badly needed innovation that goes to the heart of the market forces that have caused this shift and has market participants increasingly avoiding trading “out loud” (therefore weakening the price discovery function of the markets).

We want to clarify that, while we are supportive of this order type on IEX, we encourage the Commission to consider different proposals separately and distinctly and with the same level of scrutiny that is being afforded to IEX’s D-Limit proposal.

Several commenters and SIFMA raised concerns regarding the proliferation of variations of time delays and price sliding orders on other exchanges. We have seen instances in the past where competitive

¹ Some of the world’s leading market makers, Virtu Financial and XTX Markets both share our sentiment. See letter at <https://www.sec.gov/comments/sr-iex-2019-15/sriex201915-6670178-203870.pdf> by Thomas M. Merritt, Deputy General Counsel, Virtu Financial, January 16, 2020: “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 “. See also letter by Eric Swanson, CEO, XTX Markets LLC (Americas), January 17, 2020 at <https://www.sec.gov/comments/sr-iex-2019-15/sriex201915-6671703-203990.pdf>. XTX Markets writes that the proposed D-Limit order type would “have the effect of mitigating the harm caused by aggressive liquidity-removing strategies that seek to exploit high speed information asymmetry advantages and will thereby incentivize liquidity providers to narrow spreads and display larger size for the benefit of end investors.”

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exchanges have taken innovations pioneered by IEX and offered variations that are inconsistent with the Exchange Act².

With the proposed D-Limit, we believe IEX would be promoting displayed orders – without simply offering a greater rebate or unfair option to select market participants. The important aspects of the proposal enumerated by those on both the buy and sell side have laid out a thoughtful case for D-Limit:

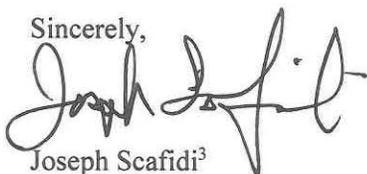
- D-Limit addresses shortcomings of the displayed trading experience and brings true innovation to the lit markets;
- D-Limit orders are non-discriminatory and offer protection for all market participants;
- The proposal is tailored to effectively level the playing field for displayed orders;
- The operation of IEX's CQI and the repricing of D-Limit orders are deterministic and transparent; and
- D-Limit addresses the root issue of latency arbitrage, without adding confusion to best-execution/pegged pricing processes.

Finally yet importantly, IEX also states that the signal is “on” *for only 0.02% of the trading day on a volume-weighted basis, but 24% of all IEX displayed trading occurs when the signal is “on”*. This is a disturbing observation, as it highlights that traditional full service and agency firms largely representing institutional and retail orders cannot change their behavior (including repricing or canceling their order) in such tiny increments of time while the predatory strategies interact at a much higher rate.

IEX's innovations generally seek to deemphasize the importance of speed, and so seek to level the playing field, particularly for the institutional investment community. We are already very familiar with IEX's Discretionary Peg order and the Crumbling Quote Indicator, which already assist us and other investors in accessing liquidity at the market midpoint.

Having followed the public comment process for D-Limit to date, we wanted to add our voices and that of the broader asset management community to many of the positive comment letters submitted for the proposal so far. We therefore urge the Commission to approve the D-Limit filing as a protected quote as filed.

Sincerely,



Joseph Scafidi³
Global Head of Trading



Carlos Oliveira
Head of Trading Analytics and Market Structure

² See comment letter by Healthy Markets on the CBOE EDGA Liquidity Provider proposal at <https://www.sec.gov/comments/sr-cboeedga-2019-012/srcboeedga2019012-5815372-187487.pdf>

³ Joseph Scafidi is a member of the Investors Exchange Board at IEX and the Buy-Side Trading Advisory Committee.

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 Brandes Investment Partners, referencing File No. SR-IEX-2019-15.

Signature:  _____

Name: Michael Liu _____

Title: Head Trader _____

Firm: Discovery Capital _____



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Signature:

A handwritten signature in black ink, appearing to read "R. P. Cancelmo, Jr.", written over a solid horizontal line.

Name: Richard P. Cancelmo, Jr.

Title: Head of Trading

Firm: Bridgeway Capital Management, Inc.

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 Brandes Investment Partners, referencing File No. SR-IEX-2019-15.

Signature: Jeff M. McGinn

Name: Jeff McGinn

Title: Head Trader

Firm: PAR Capital Management

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Signature: 

Name: Edward Detmer

Title: Trader

Firm: HB Vora Capital Management

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Signature: 

Name: JOSEPH DOBRZYNSKI

Title: DIRECTOR OF TRADING

Firm: MCKINLEY CAPITAL MANAGEMENT, LLC

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Signature:  _____

Name: Cheryl Cargio _____

Title: SVP, Head Trader _____

Firm: Ariel Investments _____

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Signature: Timothy W. Fetter

Name: Timothy W. Fetter

Title: Vice President Director Equity Trading

Firm: Eaton Vance Management

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Signature:  _____

Name: Thomas W. Coleman Jr.

Title: Director of Trading

Firm: TSW

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Signature:  _____

Name: JOHN R. MYLES

Title: HEAD TRADER

Firm: WESTFIELD CAPITAL MANAGEMENT



LevinEasterly

595 Madison Avenue, 17th Floor, New York, NY 10022 Phone: 212-259-0800 Fax: 212-259-0859

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Signature: _____

Name: _____

MICHAEL VECCHIARELLI

Title: _____

HEAD OF TRADING

Firm: _____

LEVIN EASTERLY PARTNERS, LLC

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Signature: 

Name: E. F. GEDULD

Title: PRES

Firm: COUGAR CAPITAL L.L.C.

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Signature: 

Name: RICH VIGORES

Title: SVP - GLOBAL HEAD EQUITY TRADING

Firm: NORTHERN TRUST ASSET MANAGEMENT

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Signature:  _____

Name: Ramy Saad

Title: Head Trader

Firm: Pershing Square Capital Mgmt

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Signature: 

Name: Paul Greff

Title: Chief Investment Officer

Firm: Ohio Public Employees Retirement System

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Signature: 

Name: David Murray

Title: Head Equity Trader

Firm: Boston Trust Walden Company

MFP

INVESTORS LLC

909 Third Avenue, 33rd Floor, New York, NY 10022 • 212-752-7280 TEL • 212-752-7265 FAX

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Signature: 

Name: Michael F. Price

Title: Managing Member

Firm: MFP Investors LLC

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Signature:



Name:

TERECK FARES

Title:

Director Equity Trading

Firm:

CHICAGO EQUITY PARTNERS

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Signature: Thomas Duff

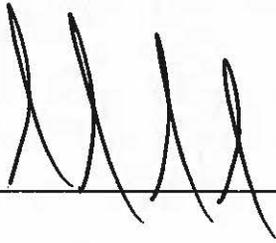
Name: Thomas Duff

Title: Principal

Firm: GW&K Investment Management

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Signature:



Name:

Daniel B. Royal

Title:

Global Head of Equity Trading

Firm:

Janus Henderson Investors

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Signature: Alex

Name: Alex Jenkins

Title: Head Trader

Firm: Polar Capital

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Signature: 

Name: W. Douglas Schrank

Title: Head of Trading

Firm: Southeastern Asset Management

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Firm: Maverick Capital

Signature: _____

Handwritten signature of Lee Sanford Ainslie III in black ink, written over a horizontal line.

Name: Lee Sanford Ainslie III

Title: Managing Partner

Signature: _____

Handwritten signature of Andrew Lentz in black ink, written over a horizontal line.

Name: Andrew Lentz

Title: Head Trader

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Signature:

Ronick Sanon

Name:

Ronick Sanon

Title:

Investment Analyst

Firm:

Strycker View Capital

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Signature:  _____

Name: Michael Warlan

Title: Head of Global Trading

Firm: Third Avenue Management