



MODERN MARKETS
INITIATIVE

July 17, 2019

Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-0609

Re: File No. SR-CBOEEDGA-2019-012; CBOE EDGA Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Introduce a Liquidity Provider Protection on EDGA

Dear Ms. Countryman:

Modern Markets Initiative (“MMI”), the education and advocacy association devoted to the role of technological innovation in creating the world’s best markets, appreciates the opportunity to provide written comments to the SEC in connection with the recent proposed rule change from CBOE EDGA Exchange Inc. (“EDGA”).

MMI stands in broad support of global regulatory efforts to establish holistic, data-driven policies to best ensure the stability of the markets for all participants, and to offer tools for the advancement of secure savings and investment through innovation. It has come to our attention that CBOE’s proposal for EDGA would seek to implement an “asymmetric” speed bump. For the reasons discussed below, MMI respectfully urges the SEC to make data and previous studies on the impact of speedbumps on market quality available to the public; further, MMI believes that the SEC should decline the proposed EDGA asymmetric speedbump, which would harm market quality, trade execution, and add complexity to the markets.

As you know, the Securities and Exchange Commission (“SEC”) tasked the Division of Economic and Risk Analysis (“DERA”) with preparing a “Report on the Effects of IEX’s Intentional Access Delay on Market Quality, Including Price Discovery,” (August 13, 2018), that the SEC never publicly released. We believe this may serve as a reference point for consideration of CBOE’s EDGA, and from which information including data and inferences on the impact of a speedbump, generally, on market quality could be ascertained, including data on potential negative impacts of a speedbump on integrity of the markets.

We believe it would be prudent for the SEC to release the August 2018 DERA’s report to provide commentators with useful data regarding the initial experience with an Exchange that operates a speed bump. The report could enable better-informed commentary on potential drawbacks and risks raised by speedbumps. Without consideration of such data, venues may be subjecting markets to additional risk and complexity that might be mitigated. It would be helpful to industry stakeholders for the SEC to make DERA’s study public during the comment and review process of CBOE’s EDGA such that industry can have access to the data and analysis in the study in submitting comments to the SEC.

Generally, MMI is opposed to speedbumps due to their potential negative consequences on market quality, including: widened spreads in the markets; negative impact on price discovery; unintended negative consequences on market quality, and added levels of complexity to the markets. MMI believes that the SEC's study on speedbumps would be helpful for addressing questions and analyzing such potential negative impacts on market quality, and therefore should be used as a reference before any further speedbumps are approved by the SEC.

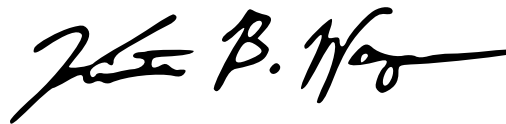
The CBOE's EDGA proposal is for an "asymmetric" speedbump that creates a four millisecond delay for incoming *liquidity taking* orders. An asymmetric speedbump raises questions regarding fairness and an unlevel playing field, and questions of preferential treatment of certain market participants over others. It also creates an additional level of complexity in the markets. These are all issues where the SEC's latest research on the operation of an exchange with speedbumps would be invaluable.

MMI stands in support of an open and transparent process in the consideration of market structure innovations, including speedbump proposals, and encourages the SEC to make the redacted DERA "Report on the Effects of IEX's Intentional Access Delay on Market Quality, Including Price Discovery," publicly available so that its findings can be used in the comment process regarding the CBOE proposal. MMI urges the SEC to make this study available to the public for an open and transparent process as the SEC reviews CBOE's EDGA proposal, and to not approve additional speedbump applications until this study is made public.

MMI is pleased to continue to be a resource for information to the SEC as it works to ensure the best markets ever for investors through prudent regulation that instills investor confidence.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kirsten B. Wegner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kirsten Wegner
Chief Executive Officer
Modern Markets Initiative