



January 22, 2020

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

Re: Notice of Filing of a Proposed Rule Change to Add a New Discretionary Limit Order Type (File No. SR-IEX-2019-15)

Dear Ms. Countryman,

IMC Chicago, LLC d/b/a IMC Financial Markets (“IMC”) appreciates the opportunity to submit comments to the Securities & Exchange Commission (“Commission”) regarding the Investors’ Exchange, LLC (“IEX”) proposal to introduce a new “Discretionary Limit” order type (the “Proposal”).¹ IMC is a proprietary trading firm and registered market maker engaged in providing liquidity in nearly every listed equities and derivatives market in the U.S. As a member of FIA’s Principal Traders Group (“FIA PTG”), we write in support of FIA PTG’s comment letter urging the Commission to disapprove this Proposal.

Several Critical Concerns Raised by FIA PTG

FIA PTG correctly identifies several critical concerns with the Proposal warranting its disapproval. As noted in the letter dated January 21, 2020, the FIA PTG correctly notes that the Proposal will lead to “increased quote fading by liquidity providers and a less reliable displayed NBBO, negatively impacting institutional and retail investors, as well as overall market competition.” FIA PTG correctly raises three primary concerns requiring the Proposal’s disapproval, namely:

- The negative impact on institutional and retail investors;
- The inappropriate benefits for IEX liquidity providers; and
- The inappropriate benefits for IEX versus member firms.

Indeed, for the reasons enumerated by FIA PTG, the Proposal:

- impermissibly burdens market competition and unfairly advantages IEX liquidity providers, inconsistent with Sections 6(b)(5), 6(b)(8), and 11A of the Exchange Act;
- impermissibly burdens market competition for the benefit of IEX, inconsistent with Sections 6(b)(8) and 11A of the Exchange Act; and

¹ 84 FR 71997 (Dec. 30, 2019), available at: <https://www.govinfo.gov/content/pkg/FR-2019-12-30/pdf/2019-28024.pdf>.

- does not protect investors and the public interest, and does not improve overall market quality, inconsistent with Section 6(b)(5) of the Exchange Act.

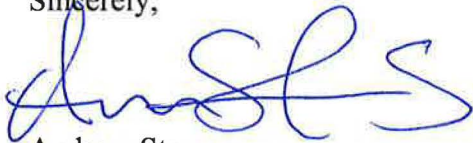
Moreover, we further agree with FIA PTG that, if approved, displayed quotes using the “Discretionary Limit” order type will not qualify as “automated quotations” for purposes of Rule 611.

Conclusion

For the foregoing reasons, IMC supports the letter submitted by FIA PTG and we respectfully urge the Commission to disapprove the IEX Proposal. Permitting an order type that allows systematic quote fading is not just novel, as even IEX acknowledges,² but a perilous gimmick that creates a safe zone for illusory orders. The U.S. equities market is the hallmark of transparency, reliability and liquidity for investors across the globe. Proposals that weaken competition and reduce the reliability of displayed liquidity should not be tolerated.

Should you have any questions in connection with our comments, please feel free to contact me at 312-244-3355.

Sincerely,



Andrew Stevens
General Counsel

² Id. at 72004.