



# FIA PTG

## PRINCIPAL TRADERS GROUP

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February 26, 2025

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

Re: Investors Exchange LLC; Notice of Filing of a Proposed Rule Change to Adopt Rules to Govern the Trading of Options on the Exchange for a New Facility Called IEX Options ((Release No. 34-102190; File No. SR-IEX-2025-02)

Dear Ms. Countryman:

The FIA Principal Traders Group (“FIA PTG”)<sup>1</sup> appreciates the opportunity to submit this letter to the Securities and Exchange Commission (“SEC” or the “Commission”) in response to the above-referenced Investors Exchange LLC (“IEX” or “Exchange”) proposed rule change (the “Proposal”).<sup>2</sup> The Exchange plans to operate the new options exchange (“IEX Options”) as a fully automated trading system built on the core functionality of the Exchange’s equities platform. The Proposal states “IEX Options will utilize a de minimis delay on incoming order and quote messages designed to enable IEX to update its view of the market prior to processing orders and quotes, and an optional Market Maker quote parameter designed to protect Market Makers from excessive risk due to execution of stale quotes, in addition to other risk protections substantially similar to those offered by other options exchanges.”<sup>3</sup> Since 2015, FIA PTG has consistently opposed various IEX proposals regarding the delay mechanism on the IEX trading platform<sup>4</sup> — we oppose the current Proposal as well.

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<sup>1</sup> FIA PTG is an association of firms, many of whom are broker-dealers, who trade their own capital on exchanges in futures, options and equities markets worldwide. FIA PTG members engage in manual, automated and hybrid methods of trading, and they are active in a wide variety of asset classes, including equities, fixed income, foreign exchange and commodities. FIA PTG member firms serve as a critical source of liquidity, allowing those who use the markets, including individual investors, to manage their risks and invest effectively. The presence of competitive professional traders contributing to price discovery and the provision of liquidity is a hallmark of well-functioning markets. FIA PTG advocates for open access to markets, transparency and data-driven policy.

<sup>2</sup> See [Investors Exchange LLC; Notice of Filing of a Proposed Rule Change to Adopt Rules to Govern the Trading of Options on the Exchange for a New Facility Called IEX Options](#) (the “Proposal”).

<sup>3</sup> The Proposal at 1.

<sup>4</sup> See [Letter from Mary Ann Burns, Chief Operating Officer, FIA to Brett J. Fields, Secretary, SEC, dated November 6, 2015](#); Letter from Mary Ann Burns, Chief Operating Officer, FIA to Brett J. Fields, Secretary, SEC, dated March 3, 2016; [Letter from Mary Ann Burns, Chief Operating Officer, FIA to Brett J. Fields, Secretary, SEC, dated April 14, 2016](#); [Letter from Joanna Mallers, Secretary, FIA PTG to Brett J. Fields, Secretary, SEC](#).

Consistent with our previous opposition to IEX’s intentional artificially introduced latency delay (the “speedbump”) in their equity markets, FIA PTG opposes the Proposal’s plans for “a de minimis hardware based latency mechanism (or speedbump) of up to 350 microseconds added to each incoming order and quote message...”<sup>5</sup> at IEX Options. We continue to believe that designating intentionally delayed quotes as protected and requiring market participants to route orders to a delayed exchange whenever that exchange displays the best price – including when such price is stale and no longer accessible, results in inferior executions. Accordingly, we oppose replicating this model in the option markets.

FIA PTG also does not support the Proposal’s plan to provide additional protection to Options Market Makers through the use of an Options Risk Parameter (“ORP”). “[T]he ORP is designed to enable Market Makers to provide tighter and deeper quotes on IEX by providing protection from execution against stale quotes by identifying when the best Protected Bid or best Protected Offer of the Away Markets (as defined in Proposed Rule 22.160(a)(8)) in a particular options series is sufficiently dislocated from the price of the underlying security to indicate that the best Protected Bid or best Protected Offer of the Away Markets in the options series is likely in transition.”<sup>6</sup> As in our opposition to the IEX Discretionary Limit (“D-Limit”) order type where the Exchange manages the repricing of displayed quotes, we are concerned that ORP will lead to increased quote fading and a less reliable displayed NBBO, negatively impacting institutional and retail investors, as well as overall market competition. The potential harm associated with this Proposal will be even greater than those discussed in our prior letters, given that listed options must be executed on national securities exchanges and thus market participants will be forced to route to the resultant less reliable NBBO.

In addition to the similarities to D-Limit, ORP introduces the novel concept of a displayed options quote being repriced by the exchange based on a signal driven from equities trading activity. For the first time, an exchange will adjust prices of a quote in one asset class using inputs from another asset class. FIA PTG believes the uniqueness of this market structure mechanism warrants further industry discussion and evaluation before it is allowed.

For these reasons, FIA PTG encourages the Commission not to approve the Proposal. If you have any questions, please do not hesitate to contact Joanna Mallers at [jmallers@fia.org](mailto:jmallers@fia.org).

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[dated September 21, 2017](#); [Letter from Joanna Mallers, Secretary, FIA PTG to Brett J. Fields, Secretary, SEC, dated January 22, 2019](#); [Letter from Joanna Mallers, Secretary, FIA PTG to Brett J. Fields, Secretary, SEC, dated March 1, 2019](#); [Letter from Joanna Mallers, Secretary, FIA PTG to Vanessa Countryman, Secretary, SEC, dated January 21, 2020](#); and [Letter from Joanna Mallers, Secretary, FIA PTG to Vanessa Countryman, Secretary, SEC, dated April 23, 2020](#).

<sup>5</sup> See Proposal at 24.

<sup>6</sup> See Proposal at 48.

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Respectfully,

FIA Principal Traders Group

A handwritten signature in blue ink that reads "Joanna Mallers". The signature is written in a cursive, flowing style.

Joanna Mallers

Secretary

cc: Mark T. Uyeda, Acting Chair  
Hester M. Peirce, Commissioner  
Caroline A. Crenshaw, Commissioner