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February 12, 2015

Ms. Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, N.W.
Washington, D.C. 20006-1506

Re: Regulatory Notices 14-47 and 14-48

Dear Ms. Asquith:

IEX Services LLC ("IEX") appreciates the opportunity to comment on two recent rule proposals by FINRA, which are among various FINRA initiatives relating to equity market structure and automated trading activities. In particular, IEX is commenting on: (i) the proposal to tighten business clock synchronization requirements (Regulatory Notice 14-47); and (ii) the proposal to publish OTC equity volume executed outside alternative trading systems ("ATSs") (Regulatory Notice 14-48). In general, IEX supports both of these proposals and believes that together they will usefully enhance FINRA's ability to conduct surveillance of equity trading on a cross-market basis and also provide additional transparency of off-exchange trading activity that will provide important additional information to aid investors and broker-dealers in evaluating trading in "dark" venues.

IEX presently operates a non-displayed ATS for U.S. equities. IEX offers a simplified and transparent model designed to eliminate many of the conflicts that are currently present in the financial markets. Also, with investor-centric order types and advance technology and architecture, IEX has sought to neutralize on its trading platform certain negative effects of structural inefficiencies in the national market system. IEX intends to apply for registration as a national securities exchange in the near term and, in advance of exchange operation, plans to introduce a non-protected "lit" quote that is accessible to its subscribers during the first quarter of 2015.

Clock Synchronization

FINRA is proposing to require that member firms synchronize their computer business clocks used to record the time of events pursuant to various FINRA rules to within 50 milliseconds of the NIST atomic clock. Under current rules, firms must synchronize their business clocks that are used for purposes of recording the date and time of any event that must be recorded pursuant to the FINRA Bylaws or other FINRA rules with respect to a time source as designated by FINRA. Further, the OATS technical specifications require that all computer system clocks must be synchronized to within one second of the NIST atomic clock.

IEX supports the proposal, although we believe that the permitted variance could be further reduced consistent with the systems capabilities of most member firms. The required synchronization of business clocks has far-reaching consequences for various regulatory reporting obligations and the ability of market regulators to conduct cross-market surveillance, as well as the ability of market participants to evaluate the performance of broker-dealers and market centers in satisfying best execution and other responsibilities. As FINRA notes in its Regulatory Notice, the evolution of automated trading systems since the one-second standard was first adopted has advanced such that routing and trading decisions are typically driven by timing differences of less than one millisecond. Also, the 50 millisecond standard is consistent with that recently proposed by the self-regulatory organizations in connection with the plan governing the consolidated audit trail. IEX in practice generally maintains synchronization of its business clocks to within approximately one millisecond based on our receipt of GPS signals that are processed by a local master clock and then passed on to our systems in Secaucus, New Jersey and Weehawken, New Jersey, as well as our disaster recovery systems in Chicago, to ensure that their individual systems are synchronized. Accordingly, we believe that the proposal represents an important and beneficial advance over the current standard. We also, believe, however, that FINRA, after acquiring experience in examining for compliance with and enforcing the 50 millisecond requirement, along with monitoring the evolution of industry capabilities, should consider a further reduction that would better narrow the gap between the time increments in which order and trade events are recorded and the allowable deviation from a standard time source.

<u>Publication of OTC Equity Trading Volume</u>

FINRA is proposing to publish the equity volume executed OTC by each member firm on a security-by-security basis. This proposal would complement the existing FINRA program, under which volume of each ATS by security is published. IEX supports the proposal. As FINRA noted in its Regulatory Notice, most of the off-exchange volume in NMS securities is executed away from ATSs. Accordingly, the effort to bring additional transparency to "dark" trading would be woefully deficient if it did not include data on trading that is internalized other than on an ATS. Such data can be used by market participants (including broker-dealers), regulators, and academics to better understand and track trends in off-exchange trading generally. It also will help investors to better evaluate the routing and execution practices of individual member firms and thereby promote useful dialogue on these practices between broker-dealers and their buy-side customers.

With respect to certain other specific requests for comment contained in the Regulatory Notice, IEX agrees with the proposal to publish non-ATS volume information at the firm, rather than MPID, level. Firms execute trades through separate MPIDs for various business purposes which generally are not relevant to understanding the volume of trading internalized in particular securities. A firm-by-firm measure will therefore better serve the public informational value of publishing the data. IEX also believes that the proposal to aggregate volume information for firms that conduct a de minimis amount of OTC volume is a reasonable way to assure that the published information will be meaningful and free of the "noise" that could otherwise arise from a broader publication measure. We would suggest, however, that an alternate notional volume measure might also be helpful as part of this threshold so that firms doing relatively few trades but in large notional volume are included.

Sincerely,

John Ramsay

John Ramsay
Chief Market Policy and Regulatory Officer

cc: Richard Ketchum, Chairman and Chief Executive Officer
Robert Colby, Chief Legal Officer
Steven Joachim, Executive Vice President, Transparency Services