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Mary Jo White, Chair
US Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Mary Joe White:

For SEC supporting IEX

Ethical Markets Media, LLC, Certified B Corporation, fully supports the Investors' Exchange, LLC, 10-222 Notice of Filing of Application, as Amended, for Registration as a National Securities Exchange.

We welcome the Investors' Exchange, LLC, platform as a market-based reform pursuant to restoring trust in our public markets for all investors. Computer-driven financial markets on unregulated electronic exchanges programmed by algorithms now dominate Wall Street, along with high-frequency trading (HFT). Electronic markets and high-frequency trading comprise over half of all securities trading on both public "lit" exchanges and "unlit" private exchanges (so called dark pools). Sal Arnuk and Joe Saluzzi's Broken Markets, Scott Patterson's Dark Pools and Michael Lewis's Flash Boys have all raised the alarm on the dangers of electronic front-running and other manipulative practices of HFT and the electronic exchanges on which they trade. We have already seen a number "flash crashes" such as the one in May 2010, where stocks in many pension funds suddenly fall to pennies before recovering in split seconds.

Confidence among retail investors has dropped since the 2010 Flash Crash and 16% of small investors have fled. Hearings in the US Senate, on investor loss of confidence, conflicts of interest, high-frequency trading and maker-taker models saw academic experts and even insiders calling for reforms. The IEX platform of Investors' Exchange, LLC, provides a transparent, well-designed alternative to help restore confidence.

While HFT proponents defend microsecond-based trading as "providing liquidity", this disappears quickly when markets become volatile. Furthermore, these electronic exchanges use "maker-taker" models (giving a transaction rebate to market makers providing liquidity (the makers); and charging a transaction fee to customers who take liquidity out of the market (the takers)). This has led to a race to the bottom where brokers who engage in these practices can then lower their execution fees – forcing others to follow suit.

Today, public trust in markets is battered by news of fraud, insider trading, rigging of interest rates and huge fines on formerly admired banks, but lack of individual indictment of the responsible financiers.

A particular concern in relation to regulation of electronic trading is that since regulators, such as the US Securities and Exchange Commission have limited funds, and have to compete for staff with Wall Street firms, they are being out-gunned by the faster computers and technology of HFT. Thus, people are looking to market-based reforms like the IEX platform of Investors' Exchange, LLC, to help fill the gap, and prevent further "flash crashes" and market losses to retail and institutional investors.

HFT poses many new issues and risks for our audience of asset managers and investors at Ethical Markets Media, as well as all the ethical, responsible investor movement, which now accounts for US$6.57 trillion invested according to SRI strategies in the US. These firms rely, for their ethical investment strategies, on well-policed "lit" public markets for their screened portfolio strategies. Therefore, they must be able to trust that these markets are fair and uncorrupted.

Public and NGO pressure on companies and governments have played a key role in enhancing regulation and encouraging and enforcing responsibility: reducing tax evasion, cancelling billions of un-repayable debts of poor countries, improving safety, pollution control, working conditions and minimum wages. Investor movements since the 1970s have sought to divest from companies involved in weapons, tobacco, alcohol, pollution, unfair working conditions and excessive executive pay. Campaigns for human rights through divestment contributed to the ending of apartheid in South Africa and there have been many recent efforts to shift assets from fossil fuels to cleaner, renewable energy. All have reformed and continue to transform finance, along with all the new metrics forcing formerly "externalized" social costs back on to financial balance sheets.

Unless the SEC moves on reform of our public markets, all the progress by investors in shaping more responsible corporate and financial practices can be undermined if the markets' underlying plumbing and structure is unsound. Today's broken markets are subject to new manipulations and misuse of computers and electronic platforms resting on global communications infrastructure: satellites, the Internet, fiber optics, the electromagnetic spectrum – all public goods funded by taxpayers. Therefore, Ethical Markets Media urges speedy approval and registration of the Investors' Exchange, LLC, 10-222 Notice of Filing of Application, as Amended, for Registration as a National Securities Exchange.

Ethical Markets Media's expert seminar in New York City, November 3, 2014, explored many needed reforms, including the market-based reforms innovated by Investors' Exchange, LLC, KOR Trading and others (see list of participants and UN published report "Perspectives on Reforming Electronic Markets and Trading").

Since our November 2014 seminar, physicist Mark Buchanan warned that the problems caused by speeding up financial markets will likely result in more "flash crashes" or cause a catastrophic event that could set off an economic collapse. In April 2015, US authorities sought to extradite from Britain 36-yearold British day trader Navinder Singh Sarao to face civil and criminal charges. They accuse him of "spoofing", a common form of market manipulation that helped cause the May 2010 Flash Crash. US Federal Reserve Chair Paul Volcker called for further overhaul of US financial regulations in April 2015. Clearly these problems are not going away.

Many public officials agree with the UK's former top financial regulator Lord Adair Turner and others who see no social utility in such market trading. There appears to be little evidence to support the two main arguments for HFT – that it provides liquidity and improves price discovery. Liquidity disappears during market turbulence since HFT firms have no obligation to market making that statutory specialists used to undertake. As for price discovery, HFT adds only noise by churning markets with its additional hundreds of thousands of trades per second – most of which are quickly cancelled in what are clearly "phishing" to see orders ahead of the public markets. In addition, equities markets are failing in price discovery, as mispricing of risks and stranded assets proliferate.

Sincerely,

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President and Founder, Ethical Markets Media

Co-signers:
Robert A. Monks, Author, *Citizens Disunited*; Co-founder and Chair, ValueEdge Advisors
Linda Crompton, CEO, Leadership Women; CEO, Crompton Consulting, LLC
Kim Ann Curtin, Founder and CEO, The Wall Street Coach