

MEMO# 32008

October 14, 2019

Your Comments Requested by October 17: Draft Letter on Cboe EDGA Exchange Proposed Liquidity Provider Protection Delay Mechanism

[32008]

October 14, 2019 TO: Equity Markets Advisory Committee RE: Your Comments Requested by October 17: Draft Letter on Cboe EDGA Exchange Proposed Liquidity Provider Protection Delay Mechanism

The attached draft letter expresses opposition to the proposal by Chicago Board Options EDGA Exchange, Inc. to establish the Liquidity Provider Protection delay mechanism (the "Access Delay"), which intentionally would delay all liquidity taking orders by at least four milliseconds in order to allow liquidity providers time to adjust their quotations in response to new market data.^[1] The draft letter urges the Commission to disapprove the proposal.

The draft letter states that we strongly oppose the Proposal because, among other things, it:

1. would unfairly discriminate against liquidity takers as well as liquidity providers that are unable to update their quotes within four milliseconds;
2. would introduce intractable complexity to the duty of best execution and the market structure generally; and
3. is inconsistent with a fair and efficient national market system under Section 11A of the Securities Exchange Act of 1934. For these reasons, as described below, we believe the Proposal is inconsistent with the Exchange Act and the Commission therefore should disapprove it.

The final letter is due to the Commission by October 21. Please provide any comments on the draft letter as soon as possible but no later than noon on October 17 to Dorothy Donohue at ddonohue@ici.org or (202) 218-3563.

Dorothy M. Donohue
Deputy General Counsel - Securities Regulation

[Attachment](#)

endnotes

[1] Securities Exchange Act Release No. 86168, 84 FR 30282 (June 26, 2019) (the “Proposal”) *available at*

<https://www.govinfo.gov/content/pkg/FR-2019-06-26/pdf/2019-13537.pdf>.

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