

MEMO# 32018

October 21, 2019

ICI Letter Opposing Cboe EDGA Exchange Proposed Liquidity Provider Protection Delay Mechanism

[32018]

October 21, 2019 TO: ICI Members

Equity Markets Advisory Committee SUBJECTS: Trading and Markets RE: ICI Letter Opposing Cboe EDGA Exchange Proposed Liquidity Provider Protection Delay Mechanism

We filed a letter with the Commission today expressing opposition to a Chicago Board Options EDGA Exchange, Inc. proposal to establish the Liquidity Provider Protection delay mechanism (the “Access Delay”).^[1] The Access Delay 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.^[2] The letter urges the Commission to disapprove the proposal.

The 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 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.

Dorothy M. Donohue
Deputy General Counsel - Securities Regulation

[Attachment](#)

endnotes

^[1] The letter is available on the ICI’s website at https://www.ici.org/pdf/19_ltr_sec_liquidity.pdf.

[2] Securities Exchange Act Release No. [86168](#), 84 FR 30282 (June 26, 2019) (the “Proposal”).

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