



american securities association

America's Voice for Main Street's Investors

July 9, 2025

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: 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; File No. SR-IEX-2025-02

Dear Ms. Countryman:

The American Securities Association (ASA) appreciates the opportunity to provide comments on the filing by Investors Exchange LLC (IEX) to introduce a new options market.¹

I. General.

IEX is proposing to offer market makers the ability to use an Options Risk Parameter (ORP). This would provide liquidity providers with protection from speed-based latency arbitrage strategies by adjusting or canceling “stale” quotes, but only in the microseconds when the quotes are at high risk of being “picked off” by ultra-fast trading firms.

Latency arbitrage basically imposes a tax on firms that provide liquidity in both equity and options markets. These costs are a result of a regulatory-driven technological arms race that often favors those with the largest budgets; namely, the largest bulge bracket Wall Street firms. This perverse outcome harms American investors because it skews the market by allowing a limited number of firms, who can afford the extremely high costs of competing at a microsecond speed level, the ability to set prices.

II. ASA Supports Innovation.

ASA members have supported a similar IEX innovation to address this problem on the equities market known as the “D-Limit” order type. In our view, the D-Limit initiative has been successful because it helped to increase liquidity on its platform, which has benefited investors that do not depend on speed-based business models.

We believe the IEX proposal is reasonably designed to offer the same positive choice in the options

¹ SEC Release No. 34-102190, 90 FR 26865 (June 24, 2025).



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markets.

III. Conclusion.

The strength of U.S. capital markets lies in the ability of private sector innovation, not regulatory micro-management. Markets must be allowed to evolve to meet the needs of all the participants that depend on them.

If a regulator doesn't allow private market innovation to respond to the differing needs of market participants, then the market cannot become more competitive. Private market innovations must be allowed to succeed or fail based on how the market reacts. The IEX proposal is fully consistent with these principles, and it should be allowed to succeed or fail on its merits.

Sincerely,

Kelli McMorrow

Kelli McMorrow
Chief Advocacy Officer
American Securities Association



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