

September 30, 2015

Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

*Re: Investors' Exchange LLC Exchange Application (File No: 10-222)*

Dear Mr. Fields,

Southeastern Asset Management, Inc. ("SAM") is submitting this comment letter on behalf of the group of undersigned asset managers, who appreciate the opportunity to express our collective support for the exchange application of Investors' Exchange LLC ("IEX") with the Securities and Exchange Commission ("Commission").

For context, SAM was founded in 1975 and is the investment advisor to the Longleaf Partners mutual funds and over 120 separately managed accounts – representing the interests of individual investors, pensioners, foundations, and endowments. SAM employs a concentrated, value-oriented, multi-year investment horizon approach with over \$26 billion of assets under management as of June 30, 2015.

Over the past few decades, technological advancement and Commission rulemaking have combined in an attempt to increase market competition and lower execution costs for the benefit of investors. While largely successful, the pursuit of these improvements has resulted in various unintended consequences that have been explored in numerous comment letters from buy-side firms, including SAM<sup>1,2</sup>. These consequences often run counter to the US equity market's purpose of facilitating the allocation of capital from investors to businesses.

To further improve the investor's market experience, SAM supports IEX's application to become a national securities exchange. SAM is not an investor in IEX, though we share many of the same goals – innovating to benefit the end investor, reducing structural inefficiencies in the market, and offering a more balanced and simplified market design.

IEX's introduction to the National Market System is a market-based solution that will help evolve the competitive landscape to consider investors' interests while addressing many industry concerns:

- **Conflict-Free Pricing:** IEX charges a low fee to both liquidity makers and takers, thus eliminating rebate distortions and further aligning brokers with their clients.
- **Simple Order Types:** IEX offers just a handful of order types that provide simplistic functionality to all market participants, rather than hundreds of complex order types that benefit specific classes of participants.

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<sup>1</sup> SAM Comment Letter (<http://www.sec.gov/comments/s7-02-10/s70210-164.pdf>), April 28, 2010.

<sup>2</sup> SAM Comment Letter (<http://www.sec.gov/comments/s7-02-10/s70210-295.pdf>), October 19, 2010.



- **Safe Technology:** Instead of offering co-location and enhanced connectivity that advantage a select few, IEX utilizes a 350-microsecond “speed bump” that precludes certain participants from exploiting advance price information from other markets.
- **Equal Access:** IEX welcomes all participants on equal terms. As a result, certain high-frequency trading firms have become active users, showing that all types of firms can provide valuable liquidity to the market under IEX’s construct.
- **Transparency:** IEX was the first ATS to publically disseminate their SEC Form ATS and IEX’s website details available order types, order parameters, and market data as well as execution costs and order-book priority. Other ATSs have followed IEX’s lead and SAM expects IEX to implement additional transparency initiatives as an exchange.

Approving IEX’s exchange application will further the Commission’s long-held goals of increasing market competition and improving the end investor’s market experience. IEX offers market participants a differentiated choice with regard to how to trade their orders as they pursue the best execution possible. The equity market’s structure and all participants will fully realize the benefits of this choice when IEX begins operating as an exchange.

Through ongoing discussions with our peers, we realize that our desire to see IEX become a national stock exchange is shared by many other firms. We are proud to submit this comment letter on behalf of the undersigned asset managers.

Sincerely,



O. Mason Hawkins, CFA  
Chairman & CEO



Richard W. Hussey  
Principal & COO



Deborah L. Craddock, CFA  
Principal & Head of Trading



Jeffrey D. Engelberg, CFA  
Principal & Senior Trader



W. Douglas Schrank  
Principal & Senior Trader

cc: The Honorable Mary Jo White, Chair  
The Honorable Luis A. Aguilar, Commissioner  
The Honorable Daniel M. Gallagher, Commissioner  
The Honorable Michael S. Piwowar, Commissioner  
The Honorable Kara M. Stein, Commissioner

Stephen I. Luparello, Director, Division of Trading and Markets  
Gary L. Goldsholle, Deputy Director, Division of Trading and Markets  
David S. Shillman, Associate Director, Division of Trading and Markets  
Daniel M. Gray, Senior Special Counsel, Division of Trading and Markets  
Richard R. Holley III, Assistant Director, Division of Trading and Markets

The following firm supports the exchange application of Investors' Exchange LLC. This endorsement is memorialized by way of the signature below, as an appendix to the comment letter submitted by Southeastern Asset Management, Inc. referencing File No. 10-222.

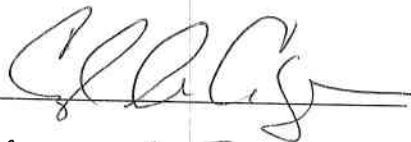
Signature: MMH

Name: Mark Montgomery

Title: Trader

Firm: Adelante Capital Management

The following firm supports the exchange application of Investors' Exchange LLC. This endorsement is memorialized by way of the signature below, as an appendix to the comment letter submitted by Southeastern Asset Management, Inc. referencing File No. 10-222.

Signature: 

Name: Cheryl A. Cargie

Title: Senior Vice President, Head Trader

Firm: Ariel Investments LLC

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Signature:  \_\_\_\_\_

Name: Gerald N. Brown

Title: Head Trader

Firm: Becker Capital Management, Inc.

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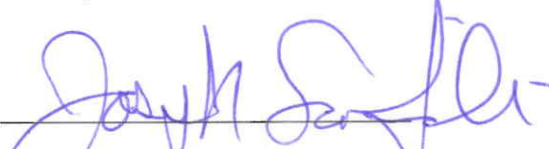
Signature: David L. Brooks

Name: David L. Brooks

Title: Managing Director, Global Equity Trading

Firm: The Boston Company Asset Management LLC

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Signature: 

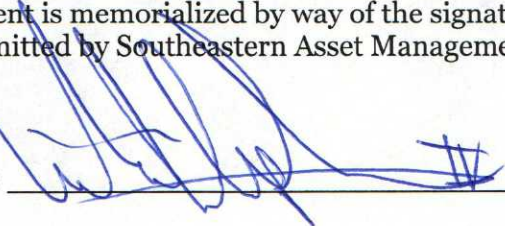
Name: Joseph Scalfidi

Title: Director

Firm: Brandes Investment Partners

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Signature: \_\_\_\_\_

A handwritten signature in blue ink, appearing to be 'William J. Stephenson IV', written over a horizontal line.

Name: William J. Stephenson IV

Title: Senior Vice President, Global Head of Trading

Firm: Franklin Templeton Investments

\* Franklin Resources Inc. (parent to Franklin Templeton Investments) is an investor in IEX.



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Signature: *Anthony Juliano*

Name: *Anthony Juliano*

Title: *Dir. of Equity Trading*

Firm: *Glennco Investment Mgmt*

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Signature: 

Name: Daniel Roitman

Title: COO

Firm: Greenlight Capital, Inc.

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Signature: William Kelly

Name: William Kelly

Title: Managing Director

Firm: Oaktros Capital Management

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**Pershing Square Capital Management, L.P.\***

By: PS Management GP, LLC, its General Partner

By:   
Name: William A. Ackman, Managing Member

\*Pershing Square Capital Management, L.P. is an investor in IEX.

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Signature: 

Name: Dennis Adams

Title: Managing Director, Trading

Firm: Sands Capital Management

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Signature:  \_\_\_\_\_

Name: Daniel Moses

Title: Managing Member Head Trader

Firm: Seawolf Capital LLC

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Signature:   
Name: William P. Haluday  
Title: COO / Principal  
Firm: Southern Sun Asset Management

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Signature: B

Name: Bernie Bozzelli

Title: Head TRADER

Firm: Teacher Retirement System of TEXAS