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December 19, 2017

Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-0609

Re: NASDAQ PHLX LLC; Notice of a Proposed Rule Change to Introduce the  
Intellicator Analytical Tool  
Release No. 34-81754; File No. SR-PHLX-2017-74

Dear Mr. Fields:

The FIA Principal Traders Group (“FIA PTG”)<sup>1</sup> appreciates the opportunity to comment in support of the November 8, 2017 letter (“the Letter”)<sup>2</sup> filed by The Securities Industry and Financial Markets Association (“SIFMA”) on the proposal by NASDAQ PHLX LLC (“PHLX” or “Exchange”) to introduce the Intellicator Analytical Tool (the “Intellicator”) (the “Proposal”).<sup>3</sup> We join SIFMA in respectfully urging the Securities and Exchange Commission (the “Commission”) to disapprove the Proposal.

Our members utilize automated methods of trading and have invested substantial time and financial resources in the development of the trading systems and strategies they use. We were particularly concerned to read in the Proposal that “A purchaser of Single-Factor

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<sup>1</sup> FIA PTG is an association of more than 20 firms that trade their own capital on exchanges in futures, options and equities markets worldwide. FIA PTG members engage in manual, automated and hybrid methods of trading, and they are active in a wide variety of asset classes, including equities, fixed income, foreign exchange and commodities. FIA PTG member firms serve as a critical source of liquidity, allowing those who use the markets, including individual investors, to manage their risks and invest effectively. The presence of competitive professional traders contributing to price discovery and the provision of liquidity is a hallmark of well-functioning markets. FIA PTG advocates for open access to markets, transparency and data-driven policy and has previously made recommendations about a variety of equity market structure issues, including Regulation NMS (see <https://ptg.fia.org/keywords/equity-market-structure>).

<sup>2</sup> <https://www.sec.gov/comments/sr-phlx-2017-74/phlx201774-2676231-161460.pdf>

<sup>3</sup> <https://www.federalregister.gov/documents/2017/10/04/2017-21279/self-regulatory-organizations-nasdaq-phlx-llc-notice-of-filing-of-proposed-rule-change-to-introduce>

Brent J. Fields, U.S. Securities and Exchange Commission

December 19, 2017

Page 2

Analytic Bundles may, under certain circumstances, be able to reverse-engineer factor calculations to obtain transaction-specific information not otherwise available on the Exchange's data feeds...Such information may be useful in identifying the investment strategies of particular customer categories.”<sup>4</sup> We join SIFMA in questioning how a product that can be used to reverse engineer proprietary client identifying data is consistent with the Securities Exchange Act of 1934 (“Exchange Act”).

We also share SIFMA’s concerns about the blurring of roles between broker dealers and exchanges. This is not the first time we have seen the boundaries of the exchange role pushed in recent exchange proposals,<sup>5</sup> and believe this is something the Commission should monitor closely.

Accordingly, we respectfully urge the Commission to disapprove this Proposal. If you have any questions about these comments, or if we can provide further information, please do not hesitate to contact Joanna Mallers ([jmallers@fia.org](mailto:jmallers@fia.org)).

Respectfully,

FIA Principal Traders Group

A handwritten signature in blue ink that reads "Joanna Mallers". The signature is written in a cursive style and is placed on a light yellow rectangular background.

Joanna Mallers  
Secretary

cc: Walter J. Clayton, Chairman  
Michael S. Piwowar, Commissioner  
Kara M. Stein, Commissioner

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<sup>4</sup> The Proposal at 46320.

<sup>5</sup> See [FIA PTG Comment Letter on IEX Crumbling Quote Remove Fee](#) at 4.