Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2025 - * 07
Amendment No. (req. for Amendments *)

Filing by Investors' Exchange LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
✓	☐	☐	☐	✓	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
✓ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change to Amend the Exchange's Fee Schedule Pursuant to IEX Rule 15.110(a) and (c).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Nathaniel
Last Name * Kolodny
Title * Lead Regulation Counsel
E-mail * nathaniel.kolodny@iextrading.com
Telephone * (646) 343-2034
Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Investors' Exchange LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 05/16/2025

By Nathaniel Kolodny
(Name *)

(Title *)
Lead Regulation Counsel

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Nathaniel Kolodny

Digitally signed by Nathaniel Kolodny
Date: 2025.05.16 13:41:20 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add Remove View Supplemental Market Quality Program	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View Supplemental Market Quality Program	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2- Notices, Written Comments, Transcripts, Other Communications Add Remove View	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. ☐ Exhibit Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add Remove View	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. ☐ Exhibit Sent As Paper Document
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View Supplemental Market Quality Program	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act")[1], and Rule 19b-4 thereunder[2], Investors Exchange LLC ("IEX" or "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the Exchange's fee schedule applicable to Members[3] (the "Fee Schedule"[4]) pursuant to IEX Rule 15.110(a) and (c) to establish an Supplemental Market Quality Program, which is designed to improve displayed liquidity and promote order flow to the Exchange by offering a financial incentive for Members to enter displayed orders or quotes priced at the NBBO[5] on the Exchange in certain securities designated by the Exchange. Changes to the Fee Schedule pursuant to this proposal are effective upon filing.[6]

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 See IEX Rule 1.160(s).

4 See Investors Exchange Fee Schedule, available at https://www.iexexchange.io/resources/trading/fee-schedule.

5 See IEX Rule 1.160(u).

6 15 U.S.C. 78s(b)(3)(A)(ii).

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange's governing documents. Therefore, the Exchange's internal procedures with respect to the proposed rule change are complete.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Claudia Crowley
Chief Regulatory Officer
Investors Exchange LLC
917-509-9001

Nathaniel Kolodny
Lead Regulation Counsel
Investors Exchange LLC
646-343-2034

3. Self-Regulatory Organization's Statement on the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to modify its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to establish a Supplemental Market Quality Program ("SMQ" or the "Program"). The Program is intended to increase displayed liquidity and promote order flow to the Exchange by offering a financial incentive for Members to enter displayed orders or quotes (i.e., displayed trading interest) priced at the NBBO on the Exchange in certain securities designated by the Exchange. As discussed below, the SMQ is designed to reward Members that make a significant contribution to market quality by providing liquidity at the NBBO in a select group of securities for a significant portion of the day ("SMQ Securities"). IEX previously filed a proposal to establish an SMQ on April 28, 2025 ("First SMQ Filing").[7] The First SMQ Filing was published for comment in the

[7] See Securities Exchange Act Release No. 102964 (May 1, 2025), 90 FR 19326 (May 7, 2025) (SR-IEX-2025-06).

Federal Register on May 7, 2025.[8] The Exchange withdrew the First SMQ Filing on May 16, 2025, and now submits this proposal for immediate effectiveness ("Second SMQ Filing"). The Second SMQ Filing makes no changes to the functionality and fees of the SMQ Program described in the First SMQ Filing, but provides additional detail about the manner in which IEX selects the SMQ Securities.

The Program is designed to incentivize the posting of displayed trading interest in SMQ Securities through incentive payments. In determining which securities to designate as SMQ Securities, IEX applies several objective factors concerning each security's trading characteristics and generally designates the securities that meet certain thresholds with respect to these factors to be SMQ Securities.[9] These factors include IEX's current relative quote presence in each security (i.e., displayed order volume and time at the NBBO for each security traded on the Exchange), the number of market-wide daily price changes and the average market-wide quote size for each security, and each security's share price and average notional value traded.

IEX uses the above factors to assess which securities are suitable for inclusion in the list of SMQ Securities, with a goal of identifying securities in which increased quoting would be impactful to both IEX and the market, but not unduly burdensome to its Members in meeting the quoting requirements to qualify for the SMQ.

IEX will publish the list of SMQ Securities on its website (on the Fee Schedule), and prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Securities. Any updates to the list of SMQ Securities will be

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8 See supra note 7. The Commission has received no comments on the First SMQ Filing.

9 The Exchange has discussed with Commission staff the thresholds it intends to apply to these objective factors.

published on IEX's Fee Schedule no later than one day prior to the start of the month (the Exchange will endeavor to update its SMQ Securities up to five trading days before the next month). IEX believes that the incentives created by the SMQ are likely to increase quoting in the SMQ Securities, thereby providing improved trading conditions for all market participants through narrower spreads and increased depth of liquidity available at the NBBO in the SMQ Securities.

To qualify for the SMQ, a Member must enter displayed trading interest (i.e., at least one displayed order or quote of at least one round lot size[10]) at either the NBB, the NBO, or the NBBO, for at least 40% of time during regular trading hours in at least 50 of the SMQ Securities on average per day during the month (the "Percent Time at NBBO" requirement). On a daily basis, the Exchange will calculate the number of SMQ Securities for which each Member's Percent Time at NBBO was at least 40% ("SMQ Qualifying Activity"). At the end of the month, the Exchange will calculate the monthly average of the Member's SMQ Qualifying Activity. If a Member has SMQ Qualifying Activity in at least 50 of the SMQ Securities during the month, the Exchange will pay the Member the "SMQ Incentive Fee" of $125 per SMQ Security for which the Member satisfied the SMQ requirements.[11]

The following example illustrates how the SMQ will work:

Example

Assume that in a particular month, IEX has designated 150 securities as SMQ Securities. There are 21 trading days in that month, and on eleven of those days Member

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[10] See IEX Rule 11.180(a).

[11] SMQ Payments will be made for all qualified securities if Member had SMQ Qualifying Activity in at least 50 SMQ Securities during the month.

A's Percent Time at NBBO is at least 40% for 100 of the SMQ securities. On the other ten trading days, Member A's Percent Time at NBBO is at least 40% for 50 of the SMQ securities. At the end of the month, IEX calculates the number of SMQ Securities which Member A has at least 40 Percent Time at NBBO to be 76[12] SMQ Securities. IEX provides a lump sum payment of $9,500 to Member A ($125 times 76 SMQ Securities) (the "SMQ Payment"). In that same month, Member B's monthly average Percent Time at NBBO is at least 40% for 60 SMQ Securities for eleven trading days. On the other ten trading days, Member B's Percent Time at NBBO is at least 40% for 30 SMQ Securities. At the end of the month, IEX calculates Member B's SMQ Qualifying Activity to average out to 46 SMQ Securities.[13] Because Member B's SMQ Qualifying Activity was in less than 50 SMQ Securities, Member B does not receive any lump sum payment pursuant to the Program.

As proposed, the Percent Time at NBBO calculation will exclude days with system disruptions that last for more than 60 minutes and days with scheduled early closes when determining the numerator and the denominator. An Exchange system disruption may occur, for example, where a certain group of securities traded on the Exchange is unavailable for trading due to an Exchange system issue. Similarly, the Exchange may be able to perform certain functions with respect to accepting and processing orders, but may have a failure to another significant process, such as routing to other market centers, that would lead Members that rely on such process to avoid

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12 As set forth in the proposed changes to the Fee Schedule, the Exchange will calculate the SMQ Qualifying Activity by taking the average of the number of SMQ Securities for which the Member's Percent Time at NBBO was at least 40% and round that number to the nearest whole number. Thus, 76.19 SMQ Securities is rounded to 76.

13 45.71 is rounded to 46.

utilizing the Exchange until the Exchange's entire system was operational. The Exchange believes that these types of Exchange system disruptions could preclude Members from participating on the Exchange to the extent that they might have otherwise participated on such days, and thus, the Exchange believes it is appropriate to exclude such days when determining a Member's Percent Time at NBBO to avoid penalizing Members that might otherwise have met the SMQ requirements. For similar reasons, the Exchange believes it is appropriate to exclude trading days with scheduled early closes, because the shorter trading days are likely to result in a lower daily quoting activity for each Member. The Exchange notes that excluding system disruption days and trading days with scheduled early closes is consistent with the methodologies used by other exchanges that offer incentive payments for quoting activity on the Exchange.[14]

Additionally, as proposed, the Exchange will exclude from its calculations of Percent Time at NBBO for each SMQ Security any portion of regular trading hours when the SMQ Security is subject to a trading halt or Limit Up-Limit Down pause.[15] If an SMQ Security were subject to a trading halt on IEX, Members would be unable to provide displayed trading interest in that security until it resumes trading, and thus not excluding the halted time from the Percent Time at NBBO would be unfair to Members trying to provide displayed trading interest in the SMQ Security. Thus, IEX proposes only to calculate the Percentage Time at NBBO for each SMQ Security during times when trading in the security is not halted. For example, if an SMQ Security was halted for 30 minutes during one trading day, and a Member provided displayed trading interest

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14 See Securities Exchange Act Release No. 94929 (May 17, 2022), 87 FR 31269 (May 23, 2022) (SR-PEARL-2022-21) (filing establishing a Market Quality program similar to this proposal).

15 See, e.g., IEX Rules 11.271 and 11.280.

in that security at the NBBO for 2.4 hours of that trading day, the Member's Percent Time at NBBO for that day would be 40%, because 2.4 hours is 40% of 6 hours.[16]

The Exchange will allow Members to aggregate their Percent Time at NBBO with other Members with which they are affiliated[17], if Members provide prior notice to the Exchange. As proposed, to the extent that two or more affiliated companies maintain separate memberships with the Exchange and can demonstrate their affiliation by showing they control, are controlled by, or are under common control with each other, the Exchange would permit such Members to aggregate their Percent Time at NBBO. Members will be responsible for having proper internal documentation in their books and records substantiating that the two or more Members seeking to aggregate their Percent Time at NBBO are affiliates of one another. IEX notes that this grouping of Member affiliates is consistent with how IEX allows Member affiliates to group their trading activity to qualify for IEX's Displayed Liquidity Adding Rebate Tiers.

The SMQ will be open to all Members and will not impose any two-sided quotation obligations on any Member seeking to qualify for the SMQ. Accordingly, the SMQ is designed to attract liquidity from any firm that is willing to provide liquidity at the NBB or NBO in SMQ Securities. The Exchange is proposing to provide Members an opportunity to earn an SMQ Payment as a means of recognizing the value of market participants that consistently enter displayed trading interest at the NBBO in the SMQ Securities. Through the Program, the Exchange seeks to provide enhanced liquidity for

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16 If IEX did not exclude the time a security is halted from its calculation of Percent Time at NBBO, in this example the Member's Percent Time at NBBO would be 37% (2.4 hours divided by the full 6.5 hour trading day), and the Member's trading activity in that security for that day would not count towards its SMQ Qualifying Activity.

17 As defined in Rule 12b-2 under the Act, 17 CFR 240.12b-2.

all market participants through more displayed trading interest, narrower bid-ask spreads, and increased depth of liquidity in the SMQ Securities.

The Exchange notes that the proposed Supplemental Market Quality Program is similar to the Enhanced Market Quality Program offered by Nasdaq BX[18], which also pays a fixed sum to Members that quote exchange-specified securities at the NBBO for at least a minimum percentage time of the day.[19] The proposed SMQ is also similar to the "Market Quality" program offered by MIAX PEARL.[20] In particular, the process by which the Exchange proposes to select SMQ Securities is similar to the process applied by MIAX PEARL in selecting securities to be "MQ Securities."[21] Additionally, IEX's process for selecting SMQ Securities, which, as described above, is designed to use objective criteria to identify securities in which increased quoting would be impactful to both IEX and the market is analogous to the manner in which Cboe EDGA's new NBBO Setter Program provides a rebate for quoting in "illiquid securities on the

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18 See Nasdaq BX Equities VII Section 118(g).

19 Nasdaq BX's Enhanced Market Quality Program ("EMQP") sets different percentage thresholds depending upon if the security is quoted on Tape A or B (and does not Tape C securities). The EMQP also increases its incentive fees based upon the number of securities quoted at the NBBO for at least the threshold percentage of market hours. Id. These differences between the proposed SMQ and the EMQP reflect different pricing approaches of different exchanges, but the core functionality of the two programs is substantially similar.

20 See supra note 14. While MIAX PEARL uses quoting at the NBBO in the "Market Quality Securities" as a means of qualifying for certain rebate tiers (and not to pay a flat sum to qualifying Members like IEX proposes), the Market Quality program is like IEX's proposed SMQ in that it provides financial incentives to Members based upon increased quoting in a subset of securities specified by the exchange. Id.

21 MIAX PEARL's original Market Quality program filing described its methodology for selecting "MQ Securities" as an analysis of volume statistics and time at the NBBO. See supra note 14. In subsequent filings, MIAX PEARL stated that the "list of MQ Securities is generally based on the top multi-listed symbols by ADV across all U.S. securities exchanges." See Securities Exchange Act Release No. 101611 (November 13, 2024), 89 FR 91455 (November 19, 2024) (SR-PEARL-2024-50).

Exchange."[22] Finally, the Exchange notes that its proposed SMQ is also similar to recently discontinued quote revenue sharing program of Nasdaq PSX.[23]

(b) Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)[24] of the Act in general, and furthers the objectives of Sections 6(b)(4)[25] of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange believes that the proposed fee change is reasonable, fair and equitable, and non-discriminatory.

The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. IEX has concluded that, in the context of current regulatory requirements governing access fees and rebates, it is able to more effectively compete with other exchanges for order flow by offering Members an additional incentive for posting displayed liquidity on the Exchange in securities that have a relatively lower volume of displayed orders priced at the NBBO on the Exchange

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22 See Securities Exchange Act Release No. 102842 (April 11, 2025), 90 FR 16356 (April 17, 2025) (SR-CboeEDGA-2025-009) (providing a rebate for quoting in approximately 9,700 securities that are not on an excluded securities list, with the excluded securities list being a combination of securities included in the S&P 500 Index, the Nasdaq 100 Index, and "certain ETPs the Exchange believes have a high level of liquidity").

23 See Securities Exchange Act Release No. 34-100060 (May 3, 2024), 89 FR 39668 (May 9, 2024) (SR-Phlx-2024-18) (Establishing the quote revenue sharing program) and Securities Exchange Act Release No. 34-102844 (April 11, 2025), 90 FR 16226 (April 17, 2025) (SR-Phlx-2025-19) (terminating the program because it "no longer provides a growth incentive that is aligned with the Exchange's needs").

24 15 U.S.C. 78f.

25 15 U.S.C. 78f(b)(4).

compared to other securities. Based upon informal discussions with market participants, IEX believes that Members and other market participants may be more willing to send displayed trading interest to IEX if the proposed fee change is adopted.

Accordingly, IEX has designed the proposed change to further incentivize Members to send displayed quotes at the NBBO in lower displayed volume securities. IEX believes that an increase in displayed liquidity and order flow to the Exchange will, in turn, improve the quality of the IEX market and increase its attractiveness to existing and prospective participants. In addition, the proposal is equitable and not unfairly discriminatory as the proposal would equitably allocate SMQ Payments among Members by paying Members based on their total quoting activity in SMQ Securities in any given month.

Additionally, IEX believes the manner in which it selects securities for inclusion in the SMQ Securities list is consistent with the Act because it is reasonable, equitable, and not unfairly discriminatory (to customers, issuers, brokers or dealers). As discussed in the Purpose section, IEX designates securities to be SMQ Securities by applying several objective factors concerning each security's trading characteristics and generally designating the securities that meet certain thresholds with respect to these factors to be SMQ Securities. These factors are designed to identify securities in which increased quoting would be impactful to both IEX and the market, but not unduly burdensome to its Members in meeting the quoting requirements to qualify for the SMQ. Because the process of selecting SMQ Securities is designed to use objective criteria to create a list of securities for which inclusion in the Program could meaningfully increase displayed liquidity (increasing price improvement opportunities for those securities), it is consistent with the goals of the Act to remove impediments to and perfect the mechanism of a free and open market.

As noted in the Purpose section, the Exchange believes the proposed incentive payments in the Supplemental Market Quality Program will incentivize Members to direct additional displayed liquidity-providing orders to the Exchange in SMQ Securities, thereby promoting price discovery and market quality in the SMQ Securities and more generally on the Exchange, and, further, that the resulting increased displayed liquidity and narrower spreads will benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, enhancing quoting competition across all exchanges, and promoting market transparency.

As discussed above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. Within that context, the proposed incentive payments are designed to attract more displayed trading interest to the Exchange. The proposed SMQ is comparable to the MQ Tiers of MIAX PEARL and the Enhanced Market Quality Program of Nasdaq BX, and thus IEX does not believe that the proposal raises any new or novel issues not already considered by the Commission in the context of other exchanges' fees.[26]

Finally, to the extent this proposed fee change is successful in incentivizing the entry and execution of displayed trading interest on IEX, such greater liquidity will benefit all market participants by increasing price discovery and price formation as well as market quality and execution opportunities.

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[26] See supra notes 14 and 18.

4. Self-Regulatory Organization's Statement on Burden on Competition

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if fee schedules at other venues are viewed as more favorable. Consequently, the Exchange believes that the degree to which IEX fees could impose any burden on competition is extremely limited and does not believe that such fees would burden competition between Members or competing venues. Moreover, as noted in the Statutory Basis section, the Exchange does not believe that the proposed changes raise any new or novel issues not already considered by the Commission.

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different Members may qualify for different amounts of SMQ Payments, these payments are not based on the type of Member entering the displayed trading interest, but rather on the amount of displayed trading interest each Member submits to the Exchange. Further, the proposed fee changes are intended to incentivize market participants to bring increased order flow to the Exchange, which benefits all market participants.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,[27] IEX has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act to determine whether the proposed rule change should be approved or disapproved.[28]

8. Proposed Rule Change Based on the Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

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[27] 15 U.S.C. 78s(b)(3)(A)(ii).

[28] 15 U.S.C. 78s(b)(2)(B).

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of the Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 – Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 - ; File No. SR-IEX-2025-07)

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IEX's Fee Schedule Pursuant to IEX Rule 15.110(a) and (c)

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that, on (date), the Investors Exchange LLC ("IEX" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) under the Act[4], and Rule 19b-4 thereunder[5], the Exchange is filing with the Commission a proposed rule change to amend the Exchange's fee schedule applicable to Members[6] (the "Fee Schedule"[7])

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1 15 U.S.C. 78s(b)(1).

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

4 15 U.S.C. 78s(b)(1).

5 17 CFR 240.19b-4.

6 See IEX Rule 1.160(s).

7 See Investors Exchange Fee Schedule, available at https://www.iexexchange.io/resources/trading/fee-schedule.

pursuant to IEX Rule 15.110(a) and (c) to establish an Supplemental Market Quality Program, which is designed to improve displayed liquidity and promote order flow to the Exchange by offering a financial incentive for Members to enter displayed orders or quotes priced at the NBBO[8] on the Exchange in certain securities designated by the Exchange. Changes to the Fee Schedule pursuant to this proposal are effective upon filing.[9]

The text of the proposed rule change is available at the Exchange's website at https://www.iexexchange.io/resources/regulation/rule-filings, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to modify its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to establish a Supplemental Market Quality Program ("SMQ" or the

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8 See IEX Rule 1.160(u).

9 15 U.S.C. 78s(b)(3)(A)(ii).

"Program"). The Program is intended to increase displayed liquidity and promote order flow to the Exchange by offering a financial incentive for Members to enter displayed orders or quotes (i.e., displayed trading interest) priced at the NBBO on the Exchange in certain securities designated by the Exchange. As discussed below, the SMQ is designed to reward Members that make a significant contribution to market quality by providing liquidity at the NBBO in a select group of securities for a significant portion of the day ("SMQ Securities"). IEX previously filed a proposal to establish an SMQ on April 28, 2025 ("First SMQ Filing").[10] The First SMQ Filing was published for comment in the Federal Register on May 7, 2025.[11] The Exchange withdrew the First SMQ Filing on May 16, 2025, and now submits this proposal for immediate effectiveness ("Second SMQ Filing"). The Second SMQ Filing makes no changes to the functionality and fees of the SMQ Program described in the First SMQ Filing, but provides additional detail about the manner in which IEX selects the SMQ Securities.

The Program is designed to incentivize the posting of displayed trading interest in SMQ Securities through incentive payments. In determining which securities to designate as SMQ Securities, IEX applies several objective factors concerning each security's trading characteristics and generally designates the securities that meet certain thresholds with respect to these factors to be SMQ Securities.[12] These factors include IEX's current relative quote presence in each security (i.e., displayed order volume and time at the NBBO for each security traded on the Exchange), the number of market-wide daily price

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10 See Securities Exchange Act Release No. 102964 (May 1, 2025), 90 FR 19326 (May 7, 2025) (SR-IEX-2025-06).

11 See supra note 10. The Commission has received no comments on the First SMQ Filing.

12 The Exchange has discussed with Commission staff the thresholds it intends to apply to these objective factors.

changes and the average market-wide quote size for each security, and each security's share price and average notional value traded.

IEX uses the above factors to assess which securities are suitable for inclusion in the list of SMQ Securities, with a goal of identifying securities in which increased quoting would be impactful to both IEX and the market, but not unduly burdensome to its Members in meeting the quoting requirements to qualify for the SMQ.

IEX will publish the list of SMQ Securities on its website (on the Fee Schedule), and prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Securities. Any updates to the list of SMQ Securities will be published on IEX's Fee Schedule no later than one day prior to the start of the month (the Exchange will endeavor to update its SMQ Securities up to five trading days before the next month). IEX believes that the incentives created by the SMQ are likely to increase quoting in the SMQ Securities, thereby providing improved trading conditions for all market participants through narrower spreads and increased depth of liquidity available at the NBBO in the SMQ Securities.

To qualify for the SMQ, a Member must enter displayed trading interest (i.e., at least one displayed order or quote of at least one round lot size[13]) at either the NBB, the NBO, or the NBBO, for at least 40% of time during regular trading hours in at least 50 of the SMQ Securities on average per day during the month (the "Percent Time at NBBO" requirement). On a daily basis, the Exchange will calculate the number of SMQ Securities for which each Member's Percent Time at NBBO was at least 40% ("SMQ Qualifying Activity"). At the end of the month, the Exchange will calculate the monthly

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13 See IEX Rule 11.180(a).

average of the Member's SMQ Qualifying Activity. If a Member has SMQ Qualifying Activity in at least 50 of the SMQ Securities during the month, the Exchange will pay the Member the "SMQ Incentive Fee" of $125 per SMQ Security for which the Member satisfied the SMQ requirements.[14]

The following example illustrates how the SMQ will work:

<u>Example</u>

Assume that in a particular month, IEX has designated 150 securities as SMQ Securities. There are 21 trading days in that month, and on eleven of those days Member A's Percent Time at NBBO is at least 40% for 100 of the SMQ securities. On the other ten trading days, Member A's Percent Time at NBBO is at least 40% for 50 of the SMQ securities. At the end of the month, IEX calculates the number of SMQ Securities which Member A has at least 40 Percent Time at NBBO to be 76[15] SMQ Securities. IEX provides a lump sum payment of $9,500 to Member A ($125 times 76 SMQ Securities) (the "SMQ Payment"). In that same month, Member B's monthly average Percent Time at NBBO is at least 40% for 60 SMQ Securities for eleven trading days. On the other ten trading days, Member B's Percent Time at NBBO is at least 40% for 30 SMQ Securities. At the end of the month, IEX calculates Member B's SMQ Qualifying Activity to average out to 46 SMQ Securities.[16] Because Member B's SMQ Qualifying Activity was in less than 50 SMQ Securities, Member B does not receive any lump sum payment

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[14] SMQ Payments will be made for all qualified securities if Member had SMQ Qualifying Activity in at least 50 SMQ Securities during the month.

[15] As set forth in the proposed changes to the Fee Schedule, the Exchange will calculate the SMQ Qualifying Activity by taking the average of the number of SMQ Securities for which the Member's Percent Time at NBBO was at least 40% and round that number to the nearest whole number. Thus, 76.19 SMQ Securities is rounded to 76.

[16] 45.71 is rounded to 46.

pursuant to the Program.

As proposed, the Percent Time at NBBO calculation will exclude days with system disruptions that last for more than 60 minutes and days with scheduled early closes when determining the numerator and the denominator. An Exchange system disruption may occur, for example, where a certain group of securities traded on the Exchange is unavailable for trading due to an Exchange system issue. Similarly, the Exchange may be able to perform certain functions with respect to accepting and processing orders, but may have a failure to another significant process, such as routing to other market centers, that would lead Members that rely on such process to avoid utilizing the Exchange until the Exchange's entire system was operational. The Exchange believes that these types of Exchange system disruptions could preclude Members from participating on the Exchange to the extent that they might have otherwise participated on such days, and thus, the Exchange believes it is appropriate to exclude such days when determining a Member's Percent Time at NBBO to avoid penalizing Members that might otherwise have met the SMQ requirements. For similar reasons, the Exchange believes it is appropriate to exclude trading days with scheduled early closes, because the shorter trading days are likely to result in a lower daily quoting activity for each Member. The Exchange notes that excluding system disruption days and trading days with scheduled early closes is consistent with the methodologies used by other exchanges that offer incentive payments for quoting activity on the Exchange.[17]

Additionally, as proposed, the Exchange will exclude from its calculations of

[17] See Securities Exchange Act Release No. 94929 (May 17, 2022), 87 FR 31269 (May 23, 2022) (SR-PEARL-2022-21) (filing establishing a Market Quality program similar to this proposal).

Percent Time at NBBO for each SMQ Security any portion of regular trading hours when the SMQ Security is subject to a trading halt or Limit Up-Limit Down pause.[18] If an SMQ Security were subject to a trading halt on IEX, Members would be unable to provide displayed trading interest in that security until it resumes trading, and thus not excluding the halted time from the Percent Time at NBBO would be unfair to Members trying to provide displayed trading interest in the SMQ Security. Thus, IEX proposes only to calculate the Percentage Time at NBBO for each SMQ Security during times when trading in the security is not halted. For example, if an SMQ Security was halted for 30 minutes during one trading day, and a Member provided displayed trading interest in that security at the NBBO for 2.4 hours of that trading day, the Member's Percent Time at NBBO for that day would be 40%, because 2.4 hours is 40% of 6 hours.[19]

The Exchange will allow Members to aggregate their Percent Time at NBBO with other Members with which they are affiliated[20], if Members provide prior notice to the Exchange. As proposed, to the extent that two or more affiliated companies maintain separate memberships with the Exchange and can demonstrate their affiliation by showing they control, are controlled by, or are under common control with each other, the Exchange would permit such Members to aggregate their Percent Time at NBBO. Members will be responsible for having proper internal documentation in their books and records substantiating that the two or more Members seeking to aggregate their Percent

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18 See, e.g., IEX Rules 11.271 and 11.280.

19 If IEX did not exclude the time a security is halted from its calculation of Percent Time at NBBO, in this example the Member's Percent Time at NBBO would be 37% (2.4 hours divided by the full 6.5 hour trading day), and the Member's trading activity in that security for that day would not count towards its SMQ Qualifying Activity.

20 As defined in Rule 12b-2 under the Act, 17 CFR 240.12b-2.

Time at NBBO are affiliates of one another. IEX notes that this grouping of Member affiliates is consistent with how IEX allows Member affiliates to group their trading activity to qualify for IEX's Displayed Liquidity Adding Rebate Tiers.

The SMQ will be open to all Members and will not impose any two-sided quotation obligations on any Member seeking to qualify for the SMQ. Accordingly, the SMQ is designed to attract liquidity from any firm that is willing to provide liquidity at the NBB or NBO in SMQ Securities. The Exchange is proposing to provide Members an opportunity to earn an SMQ Payment as a means of recognizing the value of market participants that consistently enter displayed trading interest at the NBBO in the SMQ Securities. Through the Program, the Exchange seeks to provide enhanced liquidity for all market participants through more displayed trading interest, narrower bid-ask spreads, and increased depth of liquidity in the SMQ Securities.

The Exchange notes that the proposed Supplemental Market Quality Program is similar to the Enhanced Market Quality Program offered by Nasdaq BX[21], which also pays a fixed sum to Members that quote exchange-specified securities at the NBBO for at least a minimum percentage time of the day.[22] The proposed SMQ is also similar to the "Market Quality" program offered by MIAX PEARL.[23] In particular, the process by

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21 See Nasdaq BX Equities VII Section 118(g).

22 Nasdaq BX's Enhanced Market Quality Program ("EMQP") sets different percentage thresholds depending upon if the security is quoted on Tape A or B (and does not Tape C securities). The EMQP also increases its incentive fees based upon the number of securities quoted at the NBBO for at least the threshold percentage of market hours. Id. These differences between the proposed SMQ and the EMQP reflect different pricing approaches of different exchanges, but the core functionality of the two programs is substantially similar.

23 See supra note 17. While MIAX PEARL uses quoting at the NBBO in the "Market Quality Securities" as a means of qualifying for certain rebate tiers (and not to pay a flat sum to qualifying Members like IEX proposes), the Market Quality program is like IEX's proposed SMQ in that it provides financial incentives to Members based upon increased quoting in a subset of securities

which the Exchange proposes to select SMQ Securities is similar to the process applied by MIAX PEARL in selecting securities to be “MQ Securities.”[24] Additionally, IEX’s process for selecting SMQ Securities, which, as described above, is designed to use objective criteria to identify securities in which increased quoting would be impactful to both IEX and the market is analogous to the manner in which Cboe EDGA’s new NBBO Setter Program provides a rebate for quoting in “illiquid securities on the Exchange.”[25] Finally, the Exchange notes that its proposed SMQ is also similar to recently discontinued quote revenue sharing program of Nasdaq PSX.[26]

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)[27] of the Act in general, and furthers the objectives of Sections 6(b)(4)[28] of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its

specified by the exchange. Id.

24 MIAX PEARL’s original Market Quality program filing described its methodology for selecting “MQ Securities” as an analysis of volume statistics and time at the NBBO. See supra note 17. In subsequent filings, MIAX PEARL stated that the “list of MQ Securities is generally based on the top multi-listed symbols by ADV across all U.S. securities exchanges.” See Securities Exchange Act Release No. 101611 (November 13, 2024), 89 FR 91455 (November 19, 2024) (SR-PEARL-2024-50).

25 See Securities Exchange Act Release No. 102842 (April 11, 2025), 90 FR 16356 (April 17, 2025) (SR-CboeEDGA-2025-009) (providing a rebate for quoting in approximately 9,700 securities that are not on an excluded securities list, with the excluded securities list being a combination of securities included in the S&P 500 Index, the Nasdaq 100 Index, and “certain ETPs the Exchange believes have a high level of liquidity”).

26 See Securities Exchange Act Release No. 34-100060 (May 3, 2024), 89 FR 39668 (May 9, 2024) (SR-Phlx-2024-18) (Establishing the quote revenue sharing program) and Securities Exchange Act Release No. 34-102844 (April 11, 2025), 90 FR 16226 (April 17, 2025) (SR-Phlx-2025-19) (terminating the program because it “no longer provides a growth incentive that is aligned with the Exchange’s needs”).

27 15 U.S.C. 78f.

28 15 U.S.C. 78f(b)(4).

facilities. The Exchange believes that the proposed fee change is reasonable, fair and equitable, and non-discriminatory.

The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. IEX has concluded that, in the context of current regulatory requirements governing access fees and rebates, it is able to more effectively compete with other exchanges for order flow by offering Members an additional incentive for posting displayed liquidity on the Exchange in securities that have a relatively lower volume of displayed orders priced at the NBBO on the Exchange compared to other securities. Based upon informal discussions with market participants, IEX believes that Members and other market participants may be more willing to send displayed trading interest to IEX if the proposed fee change is adopted.

Accordingly, IEX has designed the proposed change to further incentivize Members to send displayed quotes at the NBBO in lower displayed volume securities. IEX believes that an increase in displayed liquidity and order flow to the Exchange will, in turn, improve the quality of the IEX market and increase its attractiveness to existing and prospective participants. In addition, the proposal is equitable and not unfairly discriminatory as the proposal would equitably allocate SMQ Payments among Members by paying Members based on their total quoting activity in SMQ Securities in any given month.

Additionally, IEX believes the manner in which it selects securities for inclusion in the SMQ Securities list is consistent with the Act because it is reasonable, equitable, and not unfairly discriminatory (to customers, issuers, brokers or dealers). As discussed in the Purpose section, IEX designates securities to be SMQ Securities by applying several objective factors concerning each security's trading characteristics and generally designating the securities that meet certain thresholds with respect to these factors to be SMQ Securities. These factors are designed to identify securities in which increased quoting would be impactful to both IEX and the market, but not unduly burdensome to its Members in meeting the quoting requirements to qualify for the SMQ. Because the process of selecting SMQ Securities is designed to use objective criteria to create a list of securities for which inclusion in the Program could meaningfully increase displayed liquidity (increasing price improvement opportunities for those securities), it is consistent with the goals of the Act to remove impediments to and perfect the mechanism of a free and open market.

As noted in the Purpose section, the Exchange believes the proposed incentive payments in the Supplemental Market Quality Program will incentivize Members to direct additional displayed liquidity-providing orders to the Exchange in SMQ Securities, thereby promoting price discovery and market quality in the SMQ Securities and more generally on the Exchange, and, further, that the resulting increased displayed liquidity and narrower spreads will benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, enhancing quoting competition across all exchanges, and promoting market transparency.

As discussed above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. Within that context, the proposed incentive payments are designed to attract more displayed trading interest to the

Exchange. The proposed SMQ is comparable to the MQ Tiers of MIAX PEARL and the Enhanced Market Quality Program of Nasdaq BX, and thus IEX does not believe that the proposal raises any new or novel issues not already considered by the Commission in the context of other exchanges' fees.[29]

Finally, to the extent this proposed fee change is successful in incentivizing the entry and execution of displayed trading interest on IEX, such greater liquidity will benefit all market participants by increasing price discovery and price formation as well as market quality and execution opportunities.

B. Self-Regulatory Organization's Statement on Burden on Competition

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if fee schedules at other venues are viewed as more favorable. Consequently, the Exchange believes that the degree to which IEX fees could impose any burden on competition is extremely limited and does not believe that such fees would burden competition between Members or competing venues. Moreover, as noted in the Statutory Basis section, the Exchange does not believe that the proposed changes raise any new or novel issues not already considered by the Commission.

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[29] See supra notes 17 and 21.

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different Members may qualify for different amounts of SMQ Payments, these payments are not based on the type of Member entering the displayed trading interest, but rather on the amount of displayed trading interest each Member submits to the Exchange. Further, the proposed fee changes are intended to incentivize market participants to bring increased order flow to the Exchange, which benefits all market participants.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)[30] of the Act.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)[31] of the Act to determine whether the proposed rule change should be approved or disapproved.

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30 15 U.S.C. 78s(b)(3)(A)(ii).

31 15 U.S.C. 78s(b)(2)(B).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-IEX-2025-07 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-IEX-2025-07. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (https://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-IEX-2025-07 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[32]

Sherry R. Haywood,

Assistant Secretary.

[32] 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Change
Proposed new language is underlined; proposed deletions are in brackets.

Investors Exchange Fee Schedule

Effective [February 1, 2025]May 1, 2025

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Transaction Fees

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Fee Code Combinations and Associated Fees:

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[4] **Displayed Liquidity Adding Rebate Tiers (Applicable to Executions at or above $1):**

Tier	Required Criteria	Fee
Tier 1	Member adds less than 3,000,000 ADV of displayed liquidity	FREE
Tier 2	Member trades at least 5,000,000 non-displayed ADV and less than 10,000,000 non-displayed ADV	($0.0010)
Tier 3	Member: (1) adds at least 3,000,000 ADV of displayed liquidity and less than 10,000,000 ADV of displayed liquidity; or (2) trades at least 10,000,000 non-displayed ADV	($0.0014)
Tier 4	Member adds at least 10,000,000 ADV of displayed liquidity and less than 15,000,000 ADV of displayed liquidity	($0.0016)
Tier 5	Member adds at least 15,000,000 ADV of displayed liquidity and less than 20,000,000 ADV of displayed liquidity	($0.0018)
Tier 6	Member adds at least 20,000,000 ADV of displayed liquidity and less than 30,000,000 ADV of displayed liquidity	($0.0020)
Tier 7	Member adds at least 30,000,000 ADV of displayed liquidity	($0.0022)

[5] **Displayed Liquidity Removing Fee Tiers (Applicable to Executions at or above $1):**

Tier	Required Criteria	Fee
Tier 1	Member adds less than 25,000 ADV of displayed liquidity	$0.0030
Tier 2	Member adds at least 25,000 ADV of displayed liquidity	$0.0022

Supplemental Market Quality Program

- The Exchange offers a Supplemental Market Quality Program (“SMQ”) to incentivize quoting in certain securities.

- "SMQ Securities" shall mean a list of securities designated as such, that are used for purposes of qualifying for the SMQ. The universe of these securities will be determined by the Exchange and published on the Exchange's website **here**. Prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Securities, and it will publish the updated list on the Fee Schedule at least one day prior to the start of the month.
- "Percent Time at NBBO" means the aggregate of the percentage of time during regular trading hours where a Member has a displayed order of at least one round lot at either the national best bid ("NBB"), the national best offer ("NBO"), or the national best bid and offer ("NBBO").
    - The Exchange excludes from its calculations of Percent Time at NBBO any trading day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during regular trading hours and any day with a scheduled early market close.
    - The Exchange excludes from its calculations of Percent Time at NBBO for each SMQ Security any portion of regular trading hours when the SMQ Security is subject to a trading halt or pause.
    - With prior notice to the Exchange, a Member may aggregate its Percent Time at NBBO with other Members with which the Member is affiliated pursuant to Rule 12b-2 under the Act.
- "SMQ Qualifying Activity": On a daily basis, the Exchange will calculate the number of SMQ Securities for which the Member's Percent Time at NBBO threshold was at least 40% as set forth in the below SMQ Calculation Table. At the end of the month, the Exchange will calculate the SMQ Qualifying Activity by taking the average of the number of SMQ Securities for which the Member's Percent Time at the NBBO was at least 40% (rounded to the nearest whole number).
- "SMQ Incentive Fee" shall mean the fixed dollar amount paid per SMQ Security to a Member that satisfies the requirements for the SMQ listed herein.
- "SMQ Payment" shall mean the lump sum payment made by the Exchange at the end of each month to a Member. As set forth in the below SMQ Calculation Table, the Exchange will calculate the SMQ Payment by multiplying the SMQ Qualifying Activity times the SMQ Incentive Fee.

SMQ Calculation Table

Average daily number of SMQ Securities with a Percent Time at NBBO of at least 40% of the time during regular trading hours during the month	**SMQ Payment**
0-49	$0 per qualified security per month
50 or more SMQ Securities*	$125 per qualified security per month

* SMQ Payments will be made for all qualified securities if Member had SMQ Qualifying Activity in at least 50 SMQ Securities during the month.

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