

Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2025 - * 17

Amendment No. (req. for Amendments *)

Filing by Investors' Exchange LLC

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 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 establish IEX Options LLC as a facility of Investors Exchange LLC

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 07/17/2025

(Title *)

By Nathaniel Kolodny

Lead Regulation Counsel

(Name *)

Nathaniel
Kolodny

Digitally signed by Nathaniel
Kolodny
Date: 2025.07.17 15:06:41
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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.

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 EDFS website.

Form 19b-4 Information *

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IEX Options Governance Filing 19b4 v

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 *

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IEX Options Governance Filing Ex. 1.0

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 *

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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

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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

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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

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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

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IEX Options Governance Filing Ex. 5 v

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

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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” or “SEC”) a proposed rule change to establish IEX Options LLC (“IEX Options” or the “Company”) as a facility of the Exchange, as that term is defined in Section 3(a)(2) of the Act,³ that will operate the Exchange’s market for the listing and trading of options issued by the Options Clearing Corporation (“OCC”).⁴ The Exchange also proposes to adopt the Operating Agreement of IEX Options LLC (“IEX Options LLC Agreement”), in the form attached as Exhibit 5 hereto, prior to the commencement of operations by IEX Options LLC as a Facility of the Exchange that operates a market for the trading of options. Pursuant to the Operating Agreement, the Exchange will be the sole member of IEX Options. IEX Group, Inc. (“IEXG”), in turn, is the sole member of the Exchange and thus the sole indirect owner of IEX Options. The Exchange has

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Under the Act, the term “‘facility’ when used with respect to an exchange includes its premises, tangible or intangible property whether on the premises or not, any right to the use of such premises or property or any service thereof for the purpose of effecting or reporting a transaction on an exchange (including, among other things, any system of communication to or from the exchange, by ticker or otherwise, maintained by or with the consent of the exchange), and any right of the exchange to the use of any property or service.” See 15 U.S.C. 78(c)(a)(2).

⁴ See Securities Exchange Act Release No. 102190 (January 14, 2025), 90 FR 7205 (January 21, 2025), SR-IEX-2025-02 (“Initial Filing”); Securities Exchange Act Release No. 34-102663, 90 FR 12890 (March 13, 2025), Amendment No. 1 (“IEX Options Trading Rules Proposal”), available at <https://www.iexexchange.io/resources/regulation/rule-filings>. Amendment No. 1 superseded and replaced the Initial Filing. On April 21, 2025, the Commission instituted proceedings to determine whether to disapprove the proposed rule change. Securities Exchange Act Release No. 34-102895 (April 21, 2025), 90 FR 17474 (April 25, 2025). On June 13, 2025, the Exchange filed Amendment No. 2, which superseded and replaced Amendment No. 1. On June 17, 2025, the Exchange withdrew Amendment No. 2 and filed Amendment No. 3, which superseded and replaced Amendment No. 2.

designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁵

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

(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.

2. Procedures of the Self-Regulatory Organization

Senior management of the Exchange has approved the proposed rule change pursuant to authority delegated to them 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
646-629-5622

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

a. Purpose

As described in the IEX Options Trading Rules Proposal, the Exchange is proposing to adopt rules to govern the listing and trading of options issued by OCC on

⁵ 17 CFR 240.19b-4(f)(6)(iii).

IEX Options, which rules will, upon Commission approval, be incorporated into the Exchange’s rulebook. In connection with that Proposal, the Exchange proposes to establish IEX Options, LLC, a Delaware limited liability company wholly owned by the Exchange, as a Facility of the Exchange as that term is defined in Section 3(a)(2) of the Act.⁶ The proposed IEX Options LLC Agreement, together with the Third Amended and Restated Operating Agreement of Investors’ Exchange LLC, dated as of August 11, 2020 (“Exchange LLC Agreement”),⁷ to the extent it is incorporated by reference into the IEX Options LLC Agreement, are the source of governance and operating authority for IEX Options, and therefore function in a similar manner as articles of incorporation and bylaws function for a corporation. As detailed below, the proposed IEX Options LLC Agreement provisions are based upon, and are generally the same as, the provisions of the Exchange LLC Agreement unless specified otherwise in this rule filing. IEX notes that it is not novel for an affiliated entity registered as a limited liability company under the laws of Delaware to be operated as a facility of a national securities exchange.⁸

As an exchange, IEX is required to provide “fair access,” meaning fair and equal access to all qualified broker-dealers seeking to become IEX Members that meet financial responsibility and other applicable requirements, which also enables access to all investors who wish to trade through those broker-dealers.⁹ As a Facility of the Exchange,

⁶ 15 U.S.C. 78c(a)(2).

⁷ The Exchange LLC Agreement is available at: [Governance | Resources | IEX Exchange | IEX](#).

⁸ See, e.g., Securities Exchange Act Release No. 88806 (February 17, 2022), 87 FR 10401 (SR-BOX-2021-14) (February 24, 2022) (“BSTX Facility Approval Order”) (approving Boston Security Token Exchange, LLC, a Delaware limited liability company affiliated with BOX Exchange LLC, to operate as a facility of the BOX Exchange LLC).

⁹ 15 U.S.C. 78f(b)(2).

IEX Options would be subject to these “fair access” provisions, and any proposed IEX Options Rules applicable to the Facility would also be subject to review for compliance with such provisions. The proposed ownership and governance structure of IEX Options, which mirror requirements that have been applied consistently to all national securities exchanges and is subject to review of the Commission,¹⁰ is designed to promote fair access and non-discriminatory standards for trading across investors, broker members, and other market participants. Nothing in this filing would impact the manner in which the Exchange’s current market for continuous matching and execution of orders in equities operates.

Structure of the Company¹¹

IEX Options would be a wholly-owned subsidiary of the Exchange, and the Exchange Board (as well as each committee thereof) would have the same authority, functions, and responsibilities with respect to IEX Options as the Board (and its committees) have with respect to the Exchange.¹² Section 1(a) of proposed Art. III of the IEX Options LLC Agreement makes clear that the Board would have the authority “to do

¹⁰ See, e.g., Securities Exchange Act Release No. 34-78101, pp. 20-21 (June 17, 2016), 81 FR 41142, 41146-47 (June 23, 2016) (File No. 10-222) (“IEX Approval Order”) (approving IEX application); Securities Exchange Act Release No.102853 (April 11, 2025) (File No. 10-244), 90 FR 16207 (“GIX Exchange Approval Order”); Securities Exchange Act Release No.101777 (November 27, 2024), 89 FR 97092 (File No. 10-242) (“24X Exchange Approval Order”); Securities Exchange Act Release No. 88808 (May 4, 2020), 85 FR 27451 (May 8, 2020) (File No. 10-237) (“MEMX Exchange Approval Order”); BSTX Facility Approval Order, supra note 8; Securities Exchange Act Release No. 68341 (December 3, 2012), 77 FR 73089 (December 7, 2012) (File No. 10-207) (“MIAX Exchange Approval Order”); Securities Exchange Act Release No. 53382 (February 27, 2006), 71 FR 11271, 11256 (SR-NYSE-2005-77) (“Order Approving NYSE’s Merger with Archipelago Holdings”).

¹¹ References to “the Company” in the IEX Options LLC Agreement refer to IEX Options.

¹² See proposed Art. III, Section 1(f) of the IEX Options LLC Agreement. The Board and each committee would continue to be selected and operate in accordance with the Exchange LLC Agreement.

any and all acts necessary, convenient or incidental to or for the furtherance of” managing the business and affairs of the Company. In addition, the Board would have the authority to appoint, remove and replace the Company’s officers, employees or agents, and the authority to delegate any of its powers to any officer, employee or agent, or any committee appointed pursuant to Article V of the Exchange LLC Operating Agreement.¹³ As a result, the Board’s authority over and ability to manage the business and affairs of IEX Options would be equivalent to, and coextensive with, its authority with regard to managing the business and affairs of the Exchange. Accordingly, the proposed IEX Options LLC Agreement’s governance provisions would be generally the same in all material respects as those provided in the Exchange LLC Agreement with the exception of certain conforming changes applicable only to IEX Options, for example, providing that the effective and operational dates in IEX Options LLC Agreement would refer to the effective and operational dates of IEX Options, not the Exchange.¹⁴

As proposed, IEX Options’ ownership structure would be substantially similar to that of its direct owner, the Exchange, but for minor variances and corporate formalities designed to maintain the separation of the organizational structure of IEX Options. For example, by virtue of being wholly owned by the Exchange which is in turn wholly owned by IEXG, IEX Options would have the same Commission-approved restrictions on ownership and voting interests as the Exchange and IEXG. These include ownership and voting limits that apply to the direct or indirect ownership and voting control of

¹³ See proposed Art. III, Section 1(a) of the IEX Options LLC Agreement.

¹⁴ See *id.*, proposed Art. VIII, Section 1.

IEXG, as the Exchange's sole shareholder and IEX Options' sole indirect shareholder.¹⁵

They also include limits on the amount of IEXG stock that can be owned by any single Member.¹⁶ As a Facility of the Exchange, IEX Options would be subject to the provision of the IEX Rulebook with respect to ownership limitations applicable to Options Members.¹⁷

The day-to-day management of IEX Options would be conducted by the officers of IEX Options. In addition, the Chief Regulatory Officer ("CRO") of the Exchange, who reports to the Regulatory Oversight Committee ("ROC") of the Exchange's Board of Directors, would serve as the CRO of IEX Options. IEX Options' regulatory functions (such as disciplinary proceedings, membership matters, proposed rule changes, and other regulatory matters) performed by Exchange staff reporting to the CRO for the Exchange would be handled in the same manner for IEX Options. And with respect to the funding and capitalization of IEX Options, proposed Article IV, Section 4 of IEX Options LLC Agreement would specify that IEX Options and the Exchange have entered into an expense sharing agreement.

¹⁵ See Exchange LLC Agreement, *supra*, note 7, Section III.B.1, pp. 16-17. See Third Amended and Restated Certificate of Incorporation of IEX Group, Inc. ("IEXG Cert. of Incorpor."), TENTH Section B(1), available at [Governance | Resources | IEX Exchange | IEX](#). No person, either alone or together with related persons, may beneficially own more than 40% of any class of capital stock of IEXG.

¹⁶ See IEXG Cert. of Incorpor., *supra* note 15. No Member, either alone or together with related persons, may own more than 20% of any class of capital stock of IEXG.

¹⁷ See IEX Rule 2.210 ("No Affiliation between Exchange and any Member"). Specifically, no person alone or together with related persons may own more than 40% of any class of stock in IEXG, unless the Board and the Commission approve a waiver. In addition, no Member of the Exchange alone or together with related persons may own more than 20% of any class of stock in IEXG unless the Commission approves otherwise. Further, no person, alone or together with related persons, may directly or indirectly vote or cause the voting of more than 20% of the voting power of the IEXG, unless the Board and the Commission approve a waiver. See IEXG Cert. of Incorpor., TENTH Section B(2.2), *supra* note 15; IEX Approval Order, Section III.B.1, *supra* note 10.

IEX has separately filed a proposed rule change to establish the trading rules for the IEX Options.¹⁸ Upon effectiveness of all applicable rule filings filed with the Commission, IEX Options would begin operating as a Facility of the Exchange that IEX Members¹⁹ can qualify to use for the continuous matching and execution of orders in options. These proposals, as discussed herein, are based on established parameters that the Commission has historically applied to all national securities exchanges to ensure compliance with the requirements of the Act, particularly Section 6(b)(1),²⁰ and are designed to ensure that IEX Options is able to carry out its regulatory obligations to enforce compliance by its members and persons associated with its members with, and to operate in a manner consistent with, the provisions of the Act, the rules and regulations thereunder, and the IEX Options Rules. Furthermore, all IEX rules are subject to review and approval by the Commission to ensure that they do not unfairly discriminate among member firms.²¹

The Governance of the Company

The proposed governance rules are designed to help ensure the role of IEX Options, as a Facility of the Exchange, as a neutral platform to facilitate trading for others, as well as the independence of its regulatory function to discharge the oversight responsibilities under the Act. The IEX Options LLC Agreement provides that the

¹⁸ See IEX Options Trading Rules Proposal, supra note 4.

¹⁹ See IEX Rule 1.160(s). IEX intends to allow any Member of the Exchange to transact on IEX Options if they meet certain qualifications. See IEX Options Trading Rules Proposal, supra note 4, Rule 2.160 and Chapter 18.

²⁰ 15 U.S.C. 78f(b)(1).

²¹ 15 U.S.C. 78f(b)(5). See also Exchange LLC Agreement, supra note 7, Art. X, Section 1(a); and proposed Art. VII, Section 1(a) of the IEX Options LLC Agreement.

Exchange's Board of Directors would oversee the business and affairs of IEX Options based on the applicable requirements for establishing and operating IEX Options as a Facility of the Exchange under Section 6 of the Act, including, that the IEX Options Rules shall be designed to protect investors and the public interest; and the Exchange shall be so organized and have the capacity to carry out the purposes of the Act and to enforce compliance by its members and persons associated with its members.

As proposed and discussed below, IEX Options would be subject to regulatory oversight by the Exchange's regulatory function. These provisions, including an independent regulatory program, "are designed to minimize the potential that a person or entity can improperly interfere with or restrict the ability of IEX to effectively carry out its regulatory oversight responsibilities under the Act."²² In addition, the IEX Options' Rules "provide it with the ability to comply, and with the ability to enforce compliance by its members and persons associated with its members, with the provisions of the Act, the rules and regulations thereunder, and the rules of IEX."²³ Further, the ownership and voting restrictions discussed above applicable to Options Members support these objectives by limiting the ability of one or more Options Members to interfere with or attempt to influence the ability of the Exchange to effectively carry out its regulatory oversight responsibilities under the Act.²⁴

As proposed, IEX Options would be a separate legal entity from the Exchange. In

²² See IEX Approval Order, supra note 10, pp. 20-21 (stating that "[t]he Commission believes that IEX's and IEXG's proposed governance provisions are consistent with the Act, including Section 6(b)(1), which requires, in part, an exchange to be so organized and have the capacity to carry out the purposes of the Act.").

²³ See IEX Approval Order, supra note 10, p. 81.

²⁴ See IEXG Cert. of Incorporation, supra note 15.

respect of the corporate form, IEX Options would be separately and adequately capitalized, with distinct assets, books and records, and other appropriate corporate formalities as compared to the Exchange. The discussion below describes the variances between the IEX Options and Exchange LLC Agreements, which the Exchange believes reflect minor changes and corporate governance formalities. Throughout the IEX Options LLC Agreement, references to the “LLC Member” would refer to the Exchange, instead of IEXG, as in the Exchange LLC Agreement. Additionally, references to the Board (or Board of Directors) would refer to the Exchange Board, just as they do in the Exchange LLC Agreement because IEX Options would not have its own Board of Directors.²⁵ References to meetings of the LLC Member in the Exchange LLC Agreement²⁶ would, in the corresponding provisions of the IEX Options LLC Agreement, instead refer to meetings of the Board of Directors of the Exchange, rather than meetings of the Board of Directors of IEXG.²⁷ Article X of the Exchange LLC Agreement (“Exchange Authorities”) would, in the IEX Options LLC Agreement, be renumbered as Article VII and renamed as “Authorities of the Board over the Company as a Facility of the Exchange” to reflect that the IEX Options LLC Agreement describes the Board’s oversight of IEX Options as a Facility of the Exchange. Similarly, references to the Exchange in Article X of the Exchange LLC Agreement would, in the corresponding

²⁵ As set forth above, IEX Options, as proposed, would not have its own Board of Directors, but rather will be governed by the Exchange’s Board of Directors. Therefore, the Articles of the Exchange LLC Agreement relating to the constitution, selection, and functions of the Board of Directors are not replicated in the IEX Options LLC Agreement. Instead, the proposed IEX Options LLC Agreement, where relevant, describes the manner in which the Exchange and its Board would provide governance and oversight of IEX Options. See, e.g., proposed Arts. III, IV and VII of the IEX Options LLC Agreement.

²⁶ See Exchange LLC Agreement, supra note 7, Art. IV.

²⁷ See id., proposed Art. III, Sections 2 and 3 of the IEX Options LLC Agreement.

provisions of the IEX Options LLC Agreement, be changed to refer to the Company or the Company as a Facility of the Exchange, as applicable.²⁸

Most of Articles III (Board of Directors), IV (LLC Member), and V (Committees of the Board) of the Exchange LLC Agreement have not been replicated in the IEX Options LLC Agreement because, as proposed, IEX Options would not have its own separate board of directors and, as previously noted, the Board and each Board committee would have the same functions and responsibilities with respect to IEX Options as the Board and such committees have with respect to the Exchange.²⁹ For the same reason, the Exchange proposes to not include in the IEX Options LLC Agreement other similar provisions that pertain specifically to the Board, such as the composition of the Board, terms of Directors, nomination and election of Directors, and vacancies of Directors.³⁰ However, Exchange LLC Agreement Article III, Sections 1(a)-(e), which pertain to governance, have been replicated in the IEX Options LLC Agreement, with edits to

²⁸ See id., proposed Art. IV.

²⁹ See id., proposed Art. III, Section 1(f). The Exchange does propose to replicate Art. IV, Section 4 (Assignment) from the Exchange LLC Agreement, which provides that the LLC Member (i.e., the Exchange) may not transfer or assign its ownership interest in IEX Options unless such transfer or assignment is approved by the Commission pursuant to Section 19 of the Exchange Act. See id., proposed Art. III, Section 6 and proposed Art. VIII, Section 12.

³⁰ Specifically, the Exchange is not proposing to adopt provisions in the IEX Options LLC Agreement that correspond to Art. III, Sections 2 through 13, and 16 of the Exchange LLC Agreement (Composition of the Board; Terms of Office; Nomination and Election; Chairman of the Board; Vacancies; Removal and Resignation; Place and Mode of [Board] Meetings; Exchange Member Meetings; Voting, Quorum and Action by the Board; Presumption of Assent; Action in Lieu of Meeting; Waiver of Notice; Compensation of Board and Committee Members) because there is no separate board for IEX Options. Pursuant to Art. III, Section 1(a), however, the Board shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of managing the business and affairs of the Company. In addition, to the fullest extent permitted by applicable law, the IEX Options LLC Agreement, the Exchange LLC Agreement, and the IEX Options Rules, the Board would have the authority to appoint, remove and replace any officers, employees or agents of the Company, and may delegate any of its powers to a committee appointed pursuant to Art. V of the Exchange LLC Operating Agreement, or to any officer, employee, or agent of the Company.

reflect that IEX Options is governed by the Exchange Board. For example, references to the Board have been changed to “LLC Member” to reflect that IEX Options does not have its own board and is fully owned and controlled by the Exchange and uses the Exchange Board.

The proposed IEX Options LLC Agreement would further provide that, in discharging his or her responsibilities as a member of the Board of Directors or as an officer or employee of IEX Options, each such director, officer or employee shall comply with the federal securities laws and the rules and regulations thereunder and shall cooperate with the Commission, the Exchange, and IEX Options pursuant to its regulatory authority.³¹ The IEX Options LLC Agreement, where relevant and as set forth in more detail below, further describes the governance and oversight roles the Exchange and its Board would provide for IEX Options.³²

Proposed Article VIII, Section 1 of the IEX Options LLC Agreement establishes that IEX Options will not operate as a Facility of the Exchange until this rule filing is effective. In addition, the proposed IEX Options LLC Agreement would authorize the Board to adopt rules and amendments thereto that it “deem[s] necessary or appropriate pertaining to the Company as a Facility” and further provides that any such rules or amendments would become effective upon approval by the Commission or otherwise as provided in the Exchange Act, and the rules or amendments would become operative as of the date of Commission approval or effectiveness unless the Exchange declared a later

³¹ See proposed Art. III, Section 1(d) of the IEX Options LLC Agreement.

³² See proposed Arts. III (Management), IV (Officers, Agents and Employees), and VII (Authorities of the Board over the Company as a Facility of the Exchange) of the IEX Options LLC Agreement.

operative date.³³

Regulatory Oversight

The Exchange believes that by leveraging the existing regulatory structure set forth in the Exchange LLC Agreement and proposed IEX Options LLC Agreement, the Exchange would be able to carry out its regulatory responsibilities for IEX Options in a manner consistent with the Exchange Act. The proposed IEX Options LLC Agreement creates a regulatory structure that is designed to ensure the independence of the Exchange's regulatory oversight over IEX Options as a Facility of the Exchange. Specifically, the IEX Options LLC Agreement would require that, in light of the unique nature of the Company as a Facility of the Exchange, the Board evaluate any proposal that comes before it by taking into account factors such as (i) the potential impact on the integrity of the national securities exchange; and (ii) whether the proposal promotes just and equitable principles of trade with respect to facilitating transactions in securities.³⁴

Article III, Section 1(d) of the IEX Options LLC Agreement would require the Board, in managing the business and affairs of the Company, to consider the applicable requirements for establishing and operating the Company as a Facility of the Exchange under Section 6 of the Exchange Act, including that the IEX Options Rules shall be designed to protect investors and the public interest, and that the Exchange shall be so organized and have the capacity to carry out the purposes of the Exchange Act and to enforce compliance by its "members" as that term is defined in Section 3 of the Exchange

³³ See proposed Art. VII, Section 1(a) of the IEX Options LLC Agreement.

³⁴ See proposed Art. III, Section 1(e) of the IEX Options LLC Agreement. The Exchange LLC Agreement has a similar provision regarding the Board's consideration of any proposal concerning the Exchange. See Exchange LLC Agreement, supra note 7, Art. III, Section 1(e).

Act.

Article V, Section 6(c) of the Exchange LLC Agreement mandates that the Board's ROC, as part of its role in overseeing the adequacy and effectiveness of the Exchange's regulatory and SRO responsibilities, assess the Exchange's regulatory performance, and assist the Board and Board committees in reviewing the regulatory plan and the overall effectiveness of the Exchange's regulatory functions. The Exchange LLC Agreement also requires the Board take all steps reasonably necessary to ensure that the CRO and senior regulatory personnel are able to act independently of the commercial interests of the Exchange.³⁵ In addition, the Exchange LLC Agreement establishes procedures for maintaining confidentiality of information and records relating to the SRO function, and prohibitions on the use of confidential regulatory information for any commercial or other non-regulatory purposes.³⁶ For example, proposed Article VIII, Section 4 of the IEX Options LLC Agreement, which is substantially similar to Article XI, Section 4, of the Exchange LLC Agreement, specifies that the Exchange shall have "complete and full access" to the books and records of the Company pertaining to the SRO function. These provisions would apply with equal force to the Exchange's regulatory oversight of the Company. The proposed IEX Options LLC Agreement provides that the Board and Board committees will have the same authority, functions, and responsibilities with respect to IEX Options as they do with respect to the Exchange.³⁷

³⁵ See Exchange LLC Agreement, supra note 7, Art. V, Section 6(c).

³⁶ See id., Art. XI, Section 4.

³⁷ See proposed Art. III, Section 1(f) of the IEX Options LLC Agreement.

In addition, the Exchange proposes certain differences between the IEX Options LLC and Exchange LLC Agreements to make clear that the Exchange would carry out regulatory functions and oversight of IEX Options as a Facility of the Exchange. For example, proposed Art. III, Section 1(d) of the IEX Options LLC Agreement specifies that, in connection with managing the business and affairs of the Company, the Board shall consider applicable requirements for establishing the Company as a Facility of the Exchange, whereas the corresponding provision in the Exchange LLC Agreement provides that the Board shall consider applicable requirements for registration as a national securities exchange (rather than as a facility). In addition, consistent with the Company operating as a Facility of the Exchange, the Exchange proposes to specify in proposed Article VIII, Section 4 of IEX Options LLC Agreement that the Exchange shall have complete and full access to the books and records of the Company, including those that relate to the Exchange's regulatory oversight of the Company.

As part of the Exchange's regulatory oversight of the Company, the Exchange CRO would also serve as the CRO of the Company as a Facility of the Exchange.³⁸ As specified in proposed Article IV, Section 9 of IEX Options LLC Agreement, the Exchange CRO "shall have general supervision of the regulatory operations of the Company in the same manner as with respect to the Exchange, including responsibility for overseeing the surveillance, examination, and enforcement functions of the Exchange with respect to the Company and for administering any regulatory services agreements with another self-regulatory organization to which the Exchange is a party that pertain to

³⁸ See proposed Art. IV, Section 9 of the IEX Options LLC Agreement. IEX expects some, but potentially not all, of the officers of IEX Options would also be officers of the Exchange.

the Company.” As the senior executive and manager of the Exchange’s regulation staff, the CRO is knowledgeable of the Exchange’s rules, IEX Options’ proposed rules, and the regulations applicable to them. Accordingly, the CRO is well positioned to help ensure that the Exchange, including the operation of IEX Options as a Facility of the Exchange, continues to be so organized and has the capacity to carry out the purposes of the Act, including to prevent inequitable and unfair practices.

Regulatory Jurisdiction over Members

As a national securities exchange, IEX’s operations are subject to ongoing SEC oversight, including reviews to determine that the Exchange is fulfilling its self-regulatory obligations. This comprehensive SEC oversight will extend to IEX Options as a Facility of the Exchange. The CRO would have responsibility for overseeing the surveillance, examination, and enforcement functions of the Exchange with respect to the Company.³⁹ To assist it in complying with its regulatory obligations, the Exchange intends to update its existing regulatory services agreement (“RSA”) with the Financial Industry Regulatory Authority (“FINRA”)⁴⁰ to engage FINRA to conduct IEX Options-related market surveillance, examination, investigation, and enforcement functions on IEX’s behalf. The amended RSA would enable the Exchange to leverage FINRA’s substantial regulatory resources and experience in fulfilling its regulatory obligations with respect to IEX Options. The Exchange would oversee FINRA’s activities and would remain directly responsible for the discharge of its SRO duties with respect to IEX

³⁹ See proposed Art. IV, Section 9 of the IEX Options LLC Agreement.

⁴⁰ See IEX Approval Order, supra note 10, Section III.B.4(b), pp. 29-30.

Options, as is the case today with respect to the Exchange.⁴¹

In addition, prior to IEX Options' commencement of operations, the Exchange will join the existing options industry agreements pursuant to Section 17(d) of the Act.⁴² Section 17(d) of the Exchange Act and the related Exchange Act rules permit SROs to allocate certain regulatory responsibilities to avoid duplicative oversight and regulation. Exchange Act Rule 17d-2⁴³ permits SROs to allocate among each other the responsibility to receive regulatory reports from, and examine and enforce compliance with the Exchange Act, the rules and regulations thereunder, and SRO rules by, firms that are members of more than one SRO. These agreements include the Options Sales Practices Agreement and the Options-Related Market Surveillance Agreement.⁴⁴ The Exchange and FINRA are also party to a bilateral Rule 17d-2 agreement that requires minor modifications due to the proposed launch of IEX Options. The Exchange intends to modify and seek Commission approval of the modified bilateral Rule 17d-2 agreement prior to commencing operations for IEX Options.

Regulatory Funds

“Regulatory Funds” would remain a defined term in proposed Article I of IEX Options LLC Agreement, but the definition would be modified to reflect that IEX Options would not have its own regulatory operations. Specifically, proposed Article I(t) defines “Regulatory Funds” as “fees, fines, or penalties derived from the regulatory

⁴¹ See proposed Art. IV, Section 9 of the IEX Options LLC Agreement, which provides that the CRO would be responsible “for administering any regulatory services agreements . . . to which the Exchange is a party that pertain to the Company.”

⁴² 15 U.S.C. 78q(d).

⁴³ 17 CFR 240.17d-2.

⁴⁴ See IEX Options Trading Rules Proposal, supra note 4, 90 FR at 12906.

operations of the Exchange in enforcing IEX Options Rules related to trading on or through the Company as a Facility of the Exchange. ‘Regulatory Funds’ shall not be construed to include revenues derived from listing fees, market data revenues, transaction revenues, or any other aspect of the commercial operations of the Exchange or the Company, even if a portion of such revenues are used to pay costs associated with the regulatory operations of the Company.”

Similarly, proposed Article VII, Section 4 of IEX Options LLC Agreement (“Fees, Dues, Assessments, and Other Charges”) is almost identical to Article X, Section 4 of the Exchange LLC Agreement, with the exception that the IEX Options LLC Agreement would provide that any regulatory funds resulting from enforcement of IEX Options Rules would be applied to fund the Exchange’s regulatory operations, including those pertaining to the Company as a Facility of the Exchange. By contrast, the Exchange LLC Agreement does not permit the Exchange to distribute regulatory funds to its member, IEXG, because IEXG performs no regulatory services for the Exchange or any of its facilities. Because the Exchange would perform regulatory services, including enforcement of the options rules, on behalf of the Company as a Facility of the Exchange, the Exchange believes that it is appropriate that any regulatory funds resulting therefrom be applied to fund the Exchange’s regulatory operations.

b. Statutory Basis

The Exchange believes that this proposed rule change is consistent with Section 6(b) of the Act,⁴⁵ in general, and furthers the objectives of Section 6(b)(1),⁴⁶ in particular,

⁴⁵ 15 U.S.C. 78f(b).

⁴⁶ 15 U.S.C. 78f(b)(1).

in that it enables the Exchange, and the Company as a Facility of the Exchange, to be so organized so as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its Members – whether they trade on the Exchange, IEX Options, or both – with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange.⁴⁷ The Exchange also believes that this filing furthers the objectives of Section 6(b)(5) of the Act⁴⁸ in that it is designed to facilitate transactions in securities, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

Specifically, the Exchange believes that the existing ownership and governance provisions, which have historically been applied to all national securities exchanges, and are designed to mitigate inherent conflicts of interest, support the Commission’s ability to find that the Company, as a Facility of the Exchange, is so organized as to be able to meet the requirements of the Act.⁴⁹ The Exchange believes the provisions discussed above in the Purpose section, limiting an Options Member to a maximum of 20% economic

⁴⁷ See, e.g., GIX Exchange Approval Order, supra note 10, 90 FR at 16208 (“[T]he Commission shall by order grant an application for registration as a national securities exchange if the Commission finds, among other things, that the proposed exchange is so organized and has the capacity to carry out the purposes of the Act and can comply, and can enforce compliance by its members and persons associated with its members, with the provisions of the Act, the rules and regulations thereunder, and the rules of the exchange.”).

⁴⁸ 15 U.S.C. 78f(b)(5).

⁴⁹ See supra note 10.

ownership and 20% voting ownership of IEXG, and by extension, the Exchange or IEX Options, unless the Commission approves otherwise, are consistent with the requirements of the Act.⁵⁰ Further, consistent with ownership provisions that have been consistently approved by the Commission for IEX and other exchanges, provisions that limit any person, either alone or together with its related persons, from beneficially owning shares constituting more than 40% of any class of capital stock of the exchange or exchange owner, unless the Commission approves otherwise, are consistent with the Exchange Act, particularly Section 6(b)(1) thereof, which requires, in part, that an exchange be so organized and have the capacity to carry out the purposes of the Act. These ownership and voting limits provisions, which largely mirror those of other national securities exchanges, are designed to provide the Exchange and IEX Options as its Facility the ability to fairly and objectively carry out their regulatory responsibilities under the Act, particularly with Section 6(b)(1) of the Exchange Act,⁵¹ by minimizing the potential that a person or entity could improperly interfere with the Exchange's ability to carry out its regulatory oversight responsibilities under the Act.⁵² Accordingly, the Exchange does not believe that this proposed structure, where an affiliated entity operates as a facility of a national securities exchange, raises any new or novel issues not already considered by the Commission.

⁵⁰ 15 U.S.C. 78f(b)(1); see IEX Approval Order, supra note 10, Section III.B.1; c.f. Securities Exchange Act Release No. 59281 (January 22, 2009), 74 FR 5014, 5018-19 (January 28, 2009) (SR-NYSE-2008-120) (“NYBX Order”) (Commission-approved exception to exchange membership ownership restrictions to allow a member firm to hold a 50% interest in a new facility of NYSE provided a number of restrictions, procedures, and internal controls were adhered to for the preservation of regulatory independence).

⁵¹ 15 U.S.C. 78f(b)(1).

⁵² See, e.g., GIX Approval Order, supra note 10, pp. 16-18.

The Exchange is the entity that will have and will exercise regulatory oversight of IEX Options. As discussed above, the Exchange believes that the requirement for Commission approval for certain changes in ownership will help to ensure the independence of the Exchange's regulatory oversight of IEX Options and facilitate the ability of the Exchange to carry out its regulatory responsibilities and operate in a manner consistent with the Act. The Exchange further believes these limits, which already apply to IEXG and the Exchange, continue to be appropriate in connection with IEX Options as a Facility of the Exchange, and are consistent with the requirements of the Act and Section 6(b)(1) thereof, which requires, in part, that an exchange be so organized and have the capacity to carry out the purposes of the Act.⁵³

Subject to the Exchange's independent regulatory oversight, the proposed Facility's directors, officers, and employees would have full independent authority to manage the development, operations, business and affairs of IEX Options.⁵⁴ As discussed in the Purpose section, the directors, officers, and employees of the Exchange and IEX Options must give due regard to the preservation of the independence of the self-regulatory functions of the Exchange and IEX Options, respectively, and must not take any action that would interfere with the effectuation of such regulatory functions (including disciplinary matters) or interfere with their ability to carry out their regulatory responsibilities under the Act.⁵⁵ In addition, the Exchange has an independent CRO who would oversee IEX Options' regulatory operations and who reports to the ROC. The

⁵³ 15 U.S.C. 78f(b)(1).

⁵⁴ See proposed Art. IV, Sections 1, 5 – 13 of the IEX Options LLC Agreement.

⁵⁵ See, e.g., IEX Approval Order, supra note 10, pp. 21 – 25.

Exchange believes these provisions, which are designed to maintain the independence of IEX Options' regulatory function, are appropriate and consistent with the requirements of the Act, particularly with Section 6(b)(1), which requires, in part, an exchange to be so organized and have the capacity to carry out the purposes of the Act.⁵⁶

Finally, the Exchange believes that the few variances between the IEX Options LLC Agreement and the Exchange LLC Agreement described in the Purpose section are consistent with the Exchange Act because they reflect minor changes and corporate formalities designed to maintain the separation of the organizational structure of IEX Options. The Exchange believes that IEX Options' organizational structure will allow it to promote just and equitable principles of trade while retaining the regulatory independence required to prevent fraudulent and manipulative acts and practices, all of which should perfect the mechanism of a free and open market and a national market system that protects investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Given the substantial growth of investors trading in standardized options,⁵⁷ the Exchange believes that providing a facility of a national securities exchange that can list and trade options issued by OCC, subject to transparent rules reviewed or approved

⁵⁶ 15 U.S.C. 78f(b)(1).

⁵⁷ See, e.g., Staff Report on Equity and Options Market Structure Conditions in Early 2021, (Oct. 14, 2021) at 16 n. 52 (discussing the substantial increase of investors trading in options and noting that “[b]y the end of the first quarter of 2020, standardized listed options trading had grown to over 30 million contracts a day on average, more than 50% higher than the 19.6 million contracts per day traded in December 2019”), available at <https://www.sec.gov/files/staff-report-equity-options-market-struction-conditions-early-2021.pdf>

by the Commission, allows for a well-regulated, competitive market for the trading of options. Moreover, as noted above, the provisions proposed herein are of the type that the Commission has required consistently of every national securities exchange that trades options.⁵⁸ Consequently, the Exchange does not believe that these provisions 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 intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the proposal is designed to enhance IEX's competitiveness with other markets by creating a trading platform subject to SRO oversight on which options issued by OCC can be listed and traded. Moreover, other exchanges are free to adopt similar provisions subject to the Commission's rule filing process.

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)

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act⁵⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.⁶⁰ The Exchange

⁵⁸ See, e.g., BSTX Exchange Approval Order, supra note 8; MIAX Exchange Approval Order, supra note 10.

⁵⁹ 15 U.S.C. 78s(b)(3)(A).

⁶⁰ 17 C.F.R. 240.19b-4(f)(6).

believes that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, and (3) will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that this proposed rule change does not raise any new or novel issues not already considered by the Commission. As discussed in the Purpose and Statutory Basis sections, providing a facility of a national securities exchange that can list and trade options with governance and ownership provisions based on established parameters that the Commission has historically applied to all national securities exchanges to ensure compliance with the Act, particularly Section 6(b)(1), does not raise any new or novel issues.⁶¹ In addition, the provisions of the proposed IEX Options LLC Agreement are based upon, and are generally the same as, the provisions of the Exchange LLC Agreement, which the Commission found in 2016 to be “consistent with the Act, including Section 6(b)(1), which requires, in part, an exchange to be so organized and have the capacity to carry out the purposes of the Act.”⁶² The Exchange proposes to update its rule book to add rules that are specific to the operation of a national securities exchange for the listing and trading of OCC options.⁶³ Thus, if approved by the Commission, IEX Options’ rule book will be substantially similar to the Exchange’s rule book. Accordingly, for the foregoing reasons, this rule filing qualifies for immediate

⁶¹ See supra, note 10.

⁶² See IEX Approval Order, supra note 10.

⁶³ See IEX Options Trading Rules Proposal, supra note 4.

effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4.⁶⁴

Furthermore, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

The governance structure proposed herein is based on the existing IEX governance framework, including the Exchange LLC Agreement, as discussed in the Purpose section as well as those of GIX, 24X, MEMX, MIAX, BSTX, and NYSE Arca, as discussed in the Statutory Basis section.

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

Not applicable.

⁶⁴ 17 C.F.R. 240.19b-4(f)(6).

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-2025-17)

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Establish IEX Options LLC as a facility of Investors Exchange LLC

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 Act⁴ and Rule 19b-4 thereunder,⁵ the Exchange is filing with the Commission a proposed rule change to establish IEX Options LLC (“IEX Options” or the “Company”) as a facility of the Exchange, as that term is defined in Section 3(a)(2) of the Act,⁶ that will operate the Exchange’s market for the listing and

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 Under the Act, the term “‘facility’ when used with respect to an exchange includes its premises, tangible or intangible property whether on the premises or not, any right to the use of such premises or property or any service thereof for the purpose of effecting or reporting a transaction on an exchange (including, among other things, any system of communication to or from the exchange, by ticker or otherwise, maintained by

trading of options issued by the Options Clearing Corporation (“OCC”).⁷ The Exchange also proposes to adopt the Operating Agreement of IEX Options LLC (“IEX Options LLC Agreement”), in the form attached as Exhibit 5 hereto, prior to the commencement of operations by IEX Options LLC as a Facility of the Exchange that operates a market for the trading of options. Pursuant to the Operating Agreement, the Exchange will be the sole member of IEX Options. IEX Group, Inc. (“IEXG”), in turn, is the sole member of the Exchange and thus the sole indirect owner of IEX Options. The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁸

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

or with the consent of the exchange), and any right of the exchange to the use of any property or service.” See 15 U.S.C. 78(c)(a)(2).

⁷ See Securities Exchange Act Release No. 102190 (January 14, 2025), 90 FR 7205 (January 21, 2025), SR-IEX-2025-02 (“Initial Filing”); Securities Exchange Act Release No. 34-102663, 90 FR 12890 (March 13, 2025), Amendment No. 1 (“IEX Options Trading Rules Proposal”), available at <https://www.iexexchange.io/resources/regulation/rule-filings>. Amendment No. 1 superseded and replaced the Initial Filing. On April 21, 2025, the Commission instituted proceedings to determine whether to disapprove the proposed rule change. Securities Exchange Act Release No. 34-102895 (April 21, 2025), 90 FR 17474 (April 25, 2025). On June 13, 2025, the Exchange filed Amendment No. 2, which superseded and replaced Amendment No. 1. On June 17, 2025, the Exchange withdrew Amendment No. 2 and filed Amendment No. 3, which superseded and replaced Amendment No. 2.

⁸ 17 CFR 240.19b-4(f)(6)(iii).

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

As described in the IEX Options Trading Rules Proposal, the Exchange is proposing to adopt rules to govern the listing and trading of options issued by OCC on IEX Options, which rules will, upon Commission approval, be incorporated into the Exchange’s rulebook. In connection with that Proposal, the Exchange proposes to establish IEX Options, LLC, a Delaware limited liability company wholly owned by the Exchange, as a Facility of the Exchange as that term is defined in Section 3(a)(2) of the Act.⁹ The proposed IEX Options LLC Agreement, together with the Third Amended and Restated Operating Agreement of Investors’ Exchange LLC, dated as of August 11, 2020 (“Exchange LLC Agreement”),¹⁰ to the extent it is incorporated by reference into the IEX Options LLC Agreement, are the source of governance and operating authority for IEX Options, and therefore function in a similar manner as articles of incorporation and bylaws function for a corporation. As detailed below, the proposed IEX Options LLC Agreement provisions are based upon, and are generally the same as, the provisions of the Exchange LLC Agreement unless specified otherwise in this rule filing. IEX notes that it is not novel for an affiliated entity registered as a limited liability company under the laws of Delaware to be operated as a facility of a national securities exchange.¹¹

⁹ 15 U.S.C. 78c(a)(2).

¹⁰ The Exchange LLC Agreement is available at: [Governance | Resources | IEX Exchange | IEX](#).

¹¹ See, e.g., Securities Exchange Act Release No. 88806 (February 17, 2022), 87 FR 10401 (SR-BOX-2021-14) (February 24, 2022) (“BSTX Facility Approval Order”) (approving Boston Security Token Exchange, LLC, a Delaware limited liability company affiliated with BOX Exchange LLC, to operate as a facility of the BOX Exchange LLC).

As an exchange, IEX is required to provide “fair access,” meaning fair and equal access to all qualified broker-dealers seeking to become IEX Members that meet financial responsibility and other applicable requirements, which also enables access to all investors who wish to trade through those broker-dealers.¹² As a Facility of the Exchange, IEX Options would be subject to these “fair access” provisions, and any proposed IEX Options Rules applicable to the Facility would also be subject to review for compliance with such provisions. The proposed ownership and governance structure of IEX Options, which mirror requirements that have been applied consistently to all national securities exchanges and is subject to review of the Commission,¹³ is designed to promote fair access and non-discriminatory standards for trading across investors, broker members, and other market participants. Nothing in this filing would impact the manner in which the Exchange’s current market for continuous matching and execution of orders in equities operates.

Structure of the Company¹⁴

IEX Options would be a wholly-owned subsidiary of the Exchange, and the Exchange Board (as well as each committee thereof) would have the same authority, functions, and responsibilities with respect to IEX Options as the Board (and its committees) have with respect

¹² 15 U.S.C. 78f(b)(2).

¹³ See, e.g., Securities Exchange Act Release No. 34-78101, pp. 20-21 (June 17, 2016), 81 FR 41142, 41146-47 (June 23, 2016) (File No. 10-222) (“IEX Approval Order”) (approving IEX application); Securities Exchange Act Release No. 102853 (April 11, 2025) (File No. 10-244), 90 FR 16207 (“GIX Exchange Approval Order”); Securities Exchange Act Release No. 101777 (November 27, 2024), 89 FR 97092 (File No. 10-242) (“24X Exchange Approval Order”); Securities Exchange Act Release No. 88808 (May 4, 2020), 85 FR 27451 (May 8, 2020) (File No. 10-237) (“MEMX Exchange Approval Order”); BSTX Facility Approval Order, *supra* note 11; Securities Exchange Act Release No. 68341 (December 3, 2012), 77 FR 73089 (December 7, 2012) (File No. 10-207) (“MIAX Exchange Approval Order”); Securities Exchange Act Release No. 53382 (February 27, 2006), 71 FR 11271, 11256 (SR-NYSE-2005-77) (“Order Approving NYSE’s Merger with Archipelago Holdings”).

¹⁴ References to “the Company” in the IEX Options LLC Agreement refer to IEX Options.

to the Exchange.¹⁵ Section 1(a) of proposed Art. III of the IEX Options LLC Agreement makes clear that the Board would have the authority “to do any and all acts necessary, convenient or incidental to or for the furtherance of” managing the business and affairs of the Company. In addition, the Board would have the authority to appoint, remove and replace the Company’s officers, employees or agents, and the authority to delegate any of its powers to any officer, employee or agent, or any committee appointed pursuant to Article V of the Exchange LLC Operating Agreement.¹⁶ As a result, the Board’s authority over and ability to manage the business and affairs of IEX Options would be equivalent to, and coextensive with, its authority with regard to managing the business and affairs of the Exchange. Accordingly, the proposed IEX Options LLC Agreement’s governance provisions would be generally the same in all material respects as those provided in the Exchange LLC Agreement with the exception of certain conforming changes applicable only to IEX Options, for example, providing that the effective and operational dates in IEX Options LLC Agreement would refer to the effective and operational dates of IEX Options, not the Exchange.¹⁷

As proposed, IEX Options’ ownership structure would be substantially similar to that of its direct owner, the Exchange, but for minor variances and corporate formalities designed to maintain the separation of the organizational structure of IEX Options. For example, by virtue of being wholly owned by the Exchange which is in turn wholly owned by IEXG, IEX Options would have the same Commission-approved restrictions on ownership and voting interests as the Exchange and IEXG. These include ownership and voting limits that apply to the direct or

¹⁵ See proposed Art. III, Section 1(f) of the IEX Options LLC Agreement. The Board and each committee would continue to be selected and operate in accordance with the Exchange LLC Agreement.

¹⁶ See proposed Art. III, Section 1(a) of the IEX Options LLC Agreement.

¹⁷ See *id.*, proposed Art. VIII, Section 1.

indirect ownership and voting control of IEXG, as the Exchange's sole shareholder and IEX Options' sole indirect shareholder.¹⁸ They also include limits on the amount of IEXG stock that can be owned by any single Member.¹⁹ As a Facility of the Exchange, IEX Options would be subject to the provision of the IEX Rulebook with respect to ownership limitations applicable to Options Members.²⁰

The day-to-day management of IEX Options would be conducted by the officers of IEX Options. In addition, the Chief Regulatory Officer ("CRO") of the Exchange, who reports to the Regulatory Oversight Committee ("ROC") of the Exchange's Board of Directors, would serve as the CRO of IEX Options. IEX Options' regulatory functions (such as disciplinary proceedings, membership matters, proposed rule changes, and other regulatory matters) performed by Exchange staff reporting to the CRO for the Exchange would be handled in the same manner for IEX Options. And with respect to the funding and capitalization of IEX Options, proposed Article IV, Section 4 of IEX Options LLC Agreement would specify that IEX Options and the Exchange have entered into an expense sharing agreement.

IEX has separately filed a proposed rule change to establish the trading rules for the IEX

¹⁸ See Exchange LLC Agreement, *supra*, note 10, Section III.B.1, pp. 16-17. See Third Amended and Restated Certificate of Incorporation of IEX Group, Inc. ("IEXG Cert. of Incorpor."), TENTH Section B(1), available at [Governance | Resources | IEX Exchange | IEX](#). No person, either alone or together with related persons, may beneficially own more than 40% of any class of capital stock of IEXG.

¹⁹ See IEXG Cert. of Incorpor., *supra* note 18. No Member, either alone or together with related persons, may own more than 20% of any class of capital stock of IEXG.

²⁰ See IEX Rule 2.210 ("No Affiliation between Exchange and any Member"). Specifically, no person alone or together with related persons may own more than 40% of any class of stock in IEXG, unless the Board and the Commission approve a waiver. In addition, no Member of the Exchange alone or together with related persons may own more than 20% of any class of stock in IEXG unless the Commission approves otherwise. Further, no person, alone or together with related persons, may directly or indirectly vote or cause the voting of more than 20% of the voting power of the IEXG, unless the Board and the Commission approve a waiver. See IEXG Cert. of Incorpor., TENTH Section B(2.2), *supra* note 18; IEX Approval Order, Section III.B.1, *supra* note 13.

Options.²¹ Upon effectiveness of all applicable rule filings filed with the Commission, IEX Options would begin operating as a Facility of the Exchange that IEX Members²² can qualify to use for the continuous matching and execution of orders in options. These proposals, as discussed herein, are based on established parameters that the Commission has historically applied to all national securities exchanges to ensure compliance with the requirements of the Act, particularly Section 6(b)(1),²³ and are designed to ensure that IEX Options is able to carry out its regulatory obligations to enforce compliance by its members and persons associated with its members with, and to operate in a manner consistent with, the provisions of the Act, the rules and regulations thereunder, and the IEX Options Rules. Furthermore, all IEX rules are subject to review and approval by the Commission to ensure that they do not unfairly discriminate among member firms.²⁴

The Governance of the Company

The proposed governance rules are designed to help ensure the role of IEX Options, as a Facility of the Exchange, as a neutral platform to facilitate trading for others, as well as the independence of its regulatory function to discharge the oversight responsibilities under the Act. The IEX Options LLC Agreement provides that the Exchange's Board of Directors would oversee the business and affairs of IEX Options based on the applicable requirements for establishing and operating IEX Options as a Facility of the Exchange under Section 6 of the Act,

²¹ See IEX Options Trading Rules Proposal, supra note 7.

²² See IEX Rule 1.160(s). IEX intends to allow any Member of the Exchange to transact on IEX Options if they meet certain qualifications. See IEX Options Trading Rules Proposal, supra note 7, Rule 2.160 and Chapter 18.

²³ 15 U.S.C. 78f(b)(1).

²⁴ 15 U.S.C. 78f(b)(5). See also Exchange LLC Agreement, supra note 10, Art. X, Section 1(a); and proposed Art. VII, Section 1(a) of the IEX Options LLC Agreement.

including, that the IEX Options Rules shall be designed to protect investors and the public interest; and the Exchange shall be so organized and have the capacity to carry out the purposes of the Act and to enforce compliance by its members and persons associated with its members.

As proposed and discussed below, IEX Options would be subject to regulatory oversight by the Exchange's regulatory function. These provisions, including an independent regulatory program, "are designed to minimize the potential that a person or entity can improperly interfere with or restrict the ability of IEX to effectively carry out its regulatory oversight responsibilities under the Act."²⁵ In addition, the IEX Options' Rules "provide it with the ability to comply, and with the ability to enforce compliance by its members and persons associated with its members, with the provisions of the Act, the rules and regulations thereunder, and the rules of IEX."²⁶ Further, the ownership and voting restrictions discussed above applicable to Options Members support these objectives by limiting the ability of one or more Options Members to interfere with or attempt to influence the ability of the Exchange to effectively carry out its regulatory oversight responsibilities under the Act.²⁷

As proposed, IEX Options would be a separate legal entity from the Exchange. In respect of the corporate form, IEX Options would be separately and adequately capitalized, with distinct assets, books and records, and other appropriate corporate formalities as compared to the Exchange. The discussion below describes the variances between the IEX Options and Exchange LLC Agreements, which the Exchange believes reflect minor changes and corporate governance

²⁵ See IEX Approval Order, supra note 13, pp. 20-21 (stating that "[t]he Commission believes that IEX's and IEXG's proposed governance provisions are consistent with the Act, including Section 6(b)(1), which requires, in part, an exchange to be so organized and have the capacity to carry out the purposes of the Act.").

²⁶ See IEX Approval Order, supra note 13, p. 81.

²⁷ See IEXG Cert. of Incorpor., supra note 18.

formalities. Throughout the IEX Options LLC Agreement, references to the “LLC Member” would refer to the Exchange, instead of IEXG, as in the Exchange LLC Agreement.

Additionally, references to the Board (or Board of Directors) would refer to the Exchange Board, just as they do in the Exchange LLC Agreement because IEX Options would not have its own Board of Directors.²⁸

References to meetings of the LLC Member in the Exchange LLC Agreement²⁹ would, in the corresponding provisions of the IEX Options LLC Agreement, instead refer to meetings of the Board of Directors of the Exchange, rather than meetings of the Board of Directors of IEXG.³⁰ Article X of the Exchange LLC Agreement (“Exchange Authorities”) would, in the IEX Options LLC Agreement, be renumbered as Article VII and renamed as “Authorities of the Board over the Company as a Facility of the Exchange” to reflect that the IEX Options LLC Agreement describes the Board’s oversight of IEX Options as a Facility of the Exchange. Similarly, references to the Exchange in Article X of the Exchange LLC Agreement would, in the corresponding provisions of the IEX Options LLC Agreement, be changed to refer to the Company or the Company as a Facility of the Exchange, as applicable.³¹

Most of Articles III (Board of Directors), IV (LLC Member), and V (Committees of the Board) of the Exchange LLC Agreement have not been replicated in the IEX Options LLC Agreement because, as proposed, IEX Options would not have its own separate board of

²⁸ As set forth above, IEX Options, as proposed, would not have its own Board of Directors, but rather will be governed by the Exchange’s Board of Directors. Therefore, the Articles of the Exchange LLC Agreement relating to the constitution, selection, and functions of the Board of Directors are not replicated in the IEX Options LLC Agreement. Instead, the proposed IEX Options LLC Agreement, where relevant, describes the manner in which the Exchange and its Board would provide governance and oversight of IEX Options. See, e.g., proposed Arts. III, IV and VII of the IEX Options LLC Agreement.

²⁹ See Exchange LLC Agreement, supra note 10, Art. IV.

³⁰ See id., proposed Art. III, Sections 2 and 3 of the IEX Options LLC Agreement.

³¹ See id., proposed Art. IV.

directors and, as previously noted, the Board and each Board committee would have the same functions and responsibilities with respect to IEX Options as the Board and such committees have with respect to the Exchange.³² For the same reason, the Exchange proposes to not include in the IEX Options LLC Agreement other similar provisions that pertain specifically to the Board, such as the composition of the Board, terms of Directors, nomination and election of Directors, and vacancies of Directors.³³ However, Exchange LLC Agreement Article III, Sections 1(a)-(e), which pertain to governance, have been replicated in the IEX Options LLC Agreement, with edits to reflect that IEX Options is governed by the Exchange Board. For example, references to the Board have been changed to “LLC Member” to reflect that IEX Options does not have its own board and is fully owned and controlled by the Exchange and uses the Exchange Board.

The proposed IEX Options LLC Agreement would further provide that, in discharging his or her responsibilities as a member of the Board of Directors or as an officer or employee of IEX Options, each such director, officer or employee shall comply with the federal securities

³² See *id.*, proposed Art. III, Section 1(f). The Exchange does propose to replicate Art. IV, Section 4 (Assignment) from the Exchange LLC Agreement, which provides that the LLC Member (*i.e.*, the Exchange) may not transfer or assign its ownership interest in IEX Options unless such transfer or assignment is approved by the Commission pursuant to Section 19 of the Exchange Act. See *id.*, proposed Art. III, Section 6 and proposed Art. VIII, Section 12.

³³ Specifically, the Exchange is not proposing to adopt provisions in the IEX Options LLC Agreement that correspond to Art. III, Sections 2 through 13, and 16 of the Exchange LLC Agreement (Composition of the Board; Terms of Office; Nomination and Election; Chairman of the Board; Vacancies; Removal and Resignation; Place and Mode of [Board] Meetings; Exchange Member Meetings; Voting, Quorum and Action by the Board; Presumption of Assent; Action in Lieu of Meeting; Waiver of Notice; Compensation of Board and Committee Members) because there is no separate board for IEX Options. Pursuant to Art. III, Section 1(a), however, the Board shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of managing the business and affairs of the Company. In addition, to the fullest extent permitted by applicable law, the IEX Options LLC Agreement, the Exchange LLC Agreement, and the IEX Options Rules, the Board would have the authority to appoint, remove and replace any officers, employees or agents of the Company, and may delegate any of its powers to a committee appointed pursuant to Art. V of the Exchange LLC Operating Agreement, or to any officer, employee, or agent of the Company.

laws and the rules and regulations thereunder and shall cooperate with the Commission, the Exchange, and IEX Options pursuant to its regulatory authority.³⁴ The IEX Options LLC Agreement, where relevant and as set forth in more detail below, further describes the governance and oversight roles the Exchange and its Board would provide for IEX Options.³⁵

Proposed Article VIII, Section 1 of the IEX Options LLC Agreement establishes that IEX Options will not operate as a Facility of the Exchange until this rule filing is effective. In addition, the proposed IEX Options LLC Agreement would authorize the Board to adopt rules and amendments thereto that it “deem[s] necessary or appropriate pertaining to the Company as a Facility” and further provides that any such rules or amendments would become effective upon approval by the Commission or otherwise as provided in the Exchange Act, and the rules or amendments would become operative as of the date of Commission approval or effectiveness unless the Exchange declared a later operative date.³⁶

Regulatory Oversight

The Exchange believes that by leveraging the existing regulatory structure set forth in the Exchange LLC Agreement and proposed IEX Options LLC Agreement, the Exchange would be able to carry out its regulatory responsibilities for IEX Options in a manner consistent with the Exchange Act. The proposed IEX Options LLC Agreement creates a regulatory structure that is designed to ensure the independence of the Exchange’s regulatory oversight over IEX Options as a Facility of the Exchange. Specifically, the IEX Options LLC Agreement would require that, in light of the unique nature of the Company as a Facility of the Exchange, the Board evaluate any

³⁴ See proposed Art. III, Section 1(d) of the IEX Options LLC Agreement.

³⁵ See proposed Arts. III (Management), IV (Officers, Agents and Employees), and VII (Authorities of the Board over the Company as a Facility of the Exchange) of the IEX Options LLC Agreement.

³⁶ See proposed Art. VII, Section 1(a) of the IEX Options LLC Agreement.

proposal that comes before it by taking into account factors such as (i) the potential impact on the integrity of the national securities exchange; and (ii) whether the proposal promotes just and equitable principles of trade with respect to facilitating transactions in securities.³⁷

Article III, Section 1(d) of the IEX Options LLC Agreement would require the Board, in managing the business and affairs of the Company, to consider the applicable requirements for establishing and operating the Company as a Facility of the Exchange under Section 6 of the Exchange Act, including that the IEX Options Rules shall be designed to protect investors and the public interest, and that the Exchange shall be so organized and have the capacity to carry out the purposes of the Exchange Act and to enforce compliance by its “members” as that term is defined in Section 3 of the Exchange Act.

Article V, Section 6(c) of the Exchange LLC Agreement mandates that the Board’s ROC, as part of its role in overseeing the adequacy and effectiveness of the Exchange’s regulatory and SRO responsibilities, assess the Exchange’s regulatory performance, and assist the Board and Board committees in reviewing the regulatory plan and the overall effectiveness of the Exchange’s regulatory functions. The Exchange LLC Agreement also requires the Board take all steps reasonably necessary to ensure that the CRO and senior regulatory personnel are able to act independently of the commercial interests of the Exchange.³⁸ In addition, the Exchange LLC Agreement establishes procedures for maintaining confidentiality of information and records relating to the SRO function, and prohibitions on the use of confidential regulatory information for any commercial or other non-regulatory purposes.³⁹ For example, proposed Article VIII,

³⁷ See proposed Art. III, Section 1(e) of the IEX Options LLC Agreement. The Exchange LLC Agreement has a similar provision regarding the Board’s consideration of any proposal concerning the Exchange. See Exchange LLC Agreement, supra note 10, Art. III, Section 1(e).

³⁸ See Exchange LLC Agreement, supra note 10, Art. V, Section 6(c).

³⁹ See id., Art. XI, Section 4.

Section 4 of the IEX Options LLC Agreement, which is substantially similar to Article XI, Section 4, of the Exchange LLC Agreement, specifies that the Exchange shall have “complete and full access” to the books and records of the Company pertaining to the SRO function. These provisions would apply with equal force to the Exchange’s regulatory oversight of the Company. The proposed IEX Options LLC Agreement provides that the Board and Board committees will have the same authority, functions, and responsibilities with respect to IEX Options as they do with respect to the Exchange.⁴⁰

In addition, the Exchange proposes certain differences between the IEX Options LLC and Exchange LLC Agreements to make clear that the Exchange would carry out regulatory functions and oversight of IEX Options as a Facility of the Exchange. For example, proposed Art. III, Section 1(d) of the IEX Options LLC Agreement specifies that, in connection with managing the business and affairs of the Company, the Board shall consider applicable requirements for establishing the Company as a Facility of the Exchange, whereas the corresponding provision in the Exchange LLC Agreement provides that the Board shall consider applicable requirements for registration as a national securities exchange (rather than as a facility). In addition, consistent with the Company operating as a Facility of the Exchange, the Exchange proposes to specify in proposed Article VIII, Section 4 of IEX Options LLC Agreement that the Exchange shall have complete and full access to the books and records of the Company, including those that relate to the Exchange’s regulatory oversight of the Company.

As part of the Exchange’s regulatory oversight of the Company, the Exchange CRO would also serve as the CRO of the Company as a Facility of the Exchange.⁴¹ As specified in

⁴⁰ See proposed Art. III, Section 1(f) of the IEX Options LLC Agreement.

⁴¹ See proposed Art. IV, Section 9 of the IEX Options LLC Agreement. IEX expects some, but potentially not all, of the officers of IEX Options would also be officers of the Exchange.

proposed Article IV, Section 9 of IEX Options LLC Agreement, the Exchange CRO “shall have general supervision of the regulatory operations of the Company in the same manner as with respect to the Exchange, including responsibility for overseeing the surveillance, examination, and enforcement functions of the Exchange with respect to the Company and for administering any regulatory services agreements with another self-regulatory organization to which the Exchange is a party that pertain to the Company.” As the senior executive and manager of the Exchange’s regulation staff, the CRO is knowledgeable of the Exchange’s rules, IEX Options’ proposed rules, and the regulations applicable to them. Accordingly, the CRO is well positioned to help ensure that the Exchange, including the operation of IEX Options as a Facility of the Exchange, continues to be so organized and has the capacity to carry out the purposes of the Act, including to prevent inequitable and unfair practices.

Regulatory Jurisdiction over Members

As a national securities exchange, IEX’s operations are subject to ongoing SEC oversight, including reviews to determine that the Exchange is fulfilling its self-regulatory obligations. This comprehensive SEC oversight will extend to IEX Options as a Facility of the Exchange. The CRO would have responsibility for overseeing the surveillance, examination, and enforcement functions of the Exchange with respect to the Company.⁴² To assist it in complying with its regulatory obligations, the Exchange intends to update its existing regulatory services agreement (“RSA”) with the Financial Industry Regulatory Authority (“FINRA”)⁴³ to engage FINRA to conduct IEX Options-related market surveillance, examination, investigation, and enforcement functions on IEX’s behalf. The amended RSA would enable the Exchange to

⁴² See proposed Art. IV, Section 9 of the IEX Options LLC Agreement.

⁴³ See IEX Approval Order, supra note 13, Section III.B.4(b), pp. 29-30.

leverage FINRA’s substantial regulatory resources and experience in fulfilling its regulatory obligations with respect to IEX Options. The Exchange would oversee FINRA’s activities and would remain directly responsible for the discharge of its SRO duties with respect to IEX Options, as is the case today with respect to the Exchange.⁴⁴

In addition, prior to IEX Options’ commencement of operations, the Exchange will join the existing options industry agreements pursuant to Section 17(d) of the Act.⁴⁵ Section 17(d) of the Exchange Act and the related Exchange Act rules permit SROs to allocate certain regulatory responsibilities to avoid duplicative oversight and regulation. Exchange Act Rule 17d-2⁴⁶ permits SROs to allocate among each other the responsibility to receive regulatory reports from, and examine and enforce compliance with the Exchange Act, the rules and regulations thereunder, and SRO rules by, firms that are members of more than one SRO. These agreements include the Options Sales Practices Agreement and the Options-Related Market Surveillance Agreement.⁴⁷ The Exchange and FINRA are also party to a bilateral Rule 17d-2 agreement that requires minor modifications due to the proposed launch of IEX Options. The Exchange intends to modify and seek Commission approval of the modified bilateral Rule 17d-2 agreement prior to commencing operations for IEX Options.

Regulatory Funds

“Regulatory Funds” would remain a defined term in proposed Article I of IEX Options LLC Agreement, but the definition would be modified to reflect that IEX Options would not

⁴⁴ See proposed Art. IV, Section 9 of the IEX Options LLC Agreement, which provides that the CRO would be responsible “for administering any regulatory services agreements . . . to which the Exchange is a party that pertain to the Company.”

⁴⁵ 15 U.S.C. 78q(d).

⁴⁶ 17 CFR 240.17d-2.

⁴⁷ See IEX Options Trading Rules Proposal, supra note 7, 90 FR at 12906.

have its own regulatory operations. Specifically, proposed Article I(t) defines “Regulatory Funds” as “fees, fines, or penalties derived from the regulatory operations of the Exchange in enforcing IEX Options Rules related to trading on or through the Company as a Facility of the Exchange. ‘Regulatory Funds’ shall not be construed to include revenues derived from listing fees, market data revenues, transaction revenues, or any other aspect of the commercial operations of the Exchange or the Company, even if a portion of such revenues are used to pay costs associated with the regulatory operations of the Company.”

Similarly, proposed Article VII, Section 4 of IEX Options LLC Agreement (“Fees, Dues, Assessments, and Other Charges”) is almost identical to Article X, Section 4 of the Exchange LLC Agreement, with the exception that the IEX Options LLC Agreement would provide that any regulatory funds resulting from enforcement of IEX Options Rules would be applied to fund the Exchange’s regulatory operations, including those pertaining to the Company as a Facility of the Exchange. By contrast, the Exchange LLC Agreement does not permit the Exchange to distribute regulatory funds to its member, IEXG, because IEXG performs no regulatory services for the Exchange or any of its facilities. Because the Exchange would perform regulatory services, including enforcement of the options rules, on behalf of the Company as a Facility of the Exchange, the Exchange believes that it is appropriate that any regulatory funds resulting therefrom be applied to fund the Exchange’s regulatory operations.

2. Statutory Basis

The Exchange believes that this proposed rule change is consistent with Section 6(b) of the Act,⁴⁸ in general, and furthers the objectives of Section 6(b)(1),⁴⁹ in particular, in that it

⁴⁸ 15 U.S.C. 78f(b).

⁴⁹ 15 U.S.C. 78f(b)(1).

enables the Exchange, and the Company as a Facility of the Exchange, to be so organized so as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its Members – whether they trade on the Exchange, IEX Options, or both – with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange.⁵⁰ The Exchange also believes that this filing furthers the objectives of Section 6(b)(5) of the Act⁵¹ in that it is designed to facilitate transactions in securities, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

Specifically, the Exchange believes that the existing ownership and governance provisions, which have historically been applied to all national securities exchanges, and are designed to mitigate inherent conflicts of interest, support the Commission’s ability to find that the Company, as a Facility of the Exchange, is so organized as to be able to meet the requirements of the Act.⁵² The Exchange believes the provisions discussed above in the Purpose section, limiting an Options Member to a maximum of 20% economic ownership and 20% voting ownership of IEXG, and by extension, the Exchange or IEX Options, unless the

⁵⁰ See, e.g., GIX Exchange Approval Order, supra note 13, 90 FR at 16208 (“[T]he Commission shall by order grant an application for registration as a national securities exchange if the Commission finds, among other things, that the proposed exchange is so organized and has the capacity to carry out the purposes of the Act and can comply, and can enforce compliance by its members and persons associated with its members, with the provisions of the Act, the rules and regulations thereunder, and the rules of the exchange.”).

⁵¹ 15 U.S.C. 78f(b)(5).

⁵² See supra note 13.

Commission approves otherwise, are consistent with the requirements of the Act.⁵³ Further, consistent with ownership provisions that have been consistently approved by the Commission for IEX and other exchanges, provisions that limit any person, either alone or together with its related persons, from beneficially owning shares constituting more than 40% of any class of capital stock of the exchange or exchange owner, unless the Commission approves otherwise, are consistent with the Exchange Act, particularly Section 6(b)(1) thereof, which requires, in part, that an exchange be so organized and have the capacity to carry out the purposes of the Act. These ownership and voting limits provisions, which largely mirror those of other national securities exchanges, are designed to provide the Exchange and IEX Options as its Facility the ability to fairly and objectively carry out their regulatory responsibilities under the Act, particularly with Section 6(b)(1) of the Exchange Act,⁵⁴ by minimizing the potential that a person or entity could improperly interfere with the Exchange's ability to carry out its regulatory oversight responsibilities under the Act.⁵⁵ Accordingly, the Exchange does not believe that this proposed structure, where an affiliated entity operates as a facility of a national securities exchange, raises any new or novel issues not already considered by the Commission.

The Exchange is the entity that will have and will exercise regulatory oversight of IEX Options. As discussed above, the Exchange believes that the requirement for Commission approval for certain changes in ownership will help to ensure the independence of the Exchange's regulatory oversight of IEX Options and facilitate the ability of the Exchange to

⁵³ 15 U.S.C. 78f(b)(1); see IEX Approval Order, supra note 13, Section III.B.1; c.f. Securities Exchange Act Release No. 59281 (January 22, 2009), 74 FR 5014, 5018-19 (January 28, 2009) (SR-NYSE-2008-120) (“NYBX Order”) (Commission-approved exception to exchange membership ownership restrictions to allow a member firm to hold a 50% interest in a new facility of NYSE provided a number of restrictions, procedures, and internal controls were adhered to for the preservation of regulatory independence).

⁵⁴ 15 U.S.C. 78f(b)(1).

⁵⁵ See, e.g., GIX Approval Order, supra note 13, pp. 16-18.

carry out its regulatory responsibilities and operate in a manner consistent with the Act. The Exchange further believes these limits, which already apply to IEXG and the Exchange, continue to be appropriate in connection with IEX Options as a Facility of the Exchange, and are consistent with the requirements of the Act and Section 6(b)(1) thereof, which requires, in part, that an exchange be so organized and have the capacity to carry out the purposes of the Act.⁵⁶

Subject to the Exchange's independent regulatory oversight, the proposed Facility's directors, officers, and employees would have full independent authority to manage the development, operations, business and affairs of IEX Options.⁵⁷ As discussed in the Purpose section, the directors, officers, and employees of the Exchange and IEX Options must give due regard to the preservation of the independence of the self-regulatory functions of the Exchange and IEX Options, respectively, and must not take any action that would interfere with the effectuation of such regulatory functions (including disciplinary matters) or interfere with their ability to carry out their regulatory responsibilities under the Act.⁵⁸ In addition, the Exchange has an independent CRO who would oversee IEX Options' regulatory operations and who reports to the ROC. The Exchange believes these provisions, which are designed to maintain the independence of IEX Options' regulatory function, are appropriate and consistent with the requirements of the Act, particularly with Section 6(b)(1), which requires, in part, an exchange to be so organized and have the capacity to carry out the purposes of the Act.⁵⁹

Finally, the Exchange believes that the few variances between the IEX Options LLC Agreement and the Exchange LLC Agreement described in the Purpose section are consistent

⁵⁶ 15 U.S.C. 78f(b)(1).

⁵⁷ See proposed Art. IV, Sections 1, 5 – 13 of the IEX Options LLC Agreement.

⁵⁸ See, e.g., IEX Approval Order, supra note 13, pp. 21 – 25.

⁵⁹ 15 U.S.C. 78f(b)(1).

with the Exchange Act because they reflect minor changes and corporate formalities designed to maintain the separation of the organizational structure of IEX Options. The Exchange believes that IEX Options' organizational structure will allow it to promote just and equitable principles of trade while retaining the regulatory independence required to prevent fraudulent and manipulative acts and practices, all of which should perfect the mechanism of a free and open market and a national market system that protects investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Given the substantial growth of investors trading in standardized options,⁶⁰ the Exchange believes that providing a facility of a national securities exchange that can list and trade options issued by OCC, subject to transparent rules reviewed or approved by the Commission, allows for a well-regulated, competitive market for the trading of options. Moreover, as noted above, the provisions proposed herein are of the type that the Commission has required consistently of every national securities exchange that trades options.⁶¹ Consequently, the Exchange does not believe that these provisions 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 intermarket competition that is not necessary or appropriate in furtherance of the purposes of the

⁶⁰ See, e.g., Staff Report on Equity and Options Market Structure Conditions in Early 2021, (Oct. 14, 2021) at 16 n. 52 (discussing the substantial increase of investors trading in options and noting that “[b]y the end of the first quarter of 2020, standardized listed options trading had grown to over 30 million contracts a day on average, more than 50% higher than the 19.6 million contracts per day traded in December 2019”), available at <https://www.sec.gov/files/staff-report-equity-options-market-struction-conditions-early-2021.pdf>

⁶¹ See, e.g., BSTX Exchange Approval Order, supra note 11; MIAX Exchange Approval Order, supra note 13.

Act. To the contrary, the proposal is designed to enhance IEX's competitiveness with other markets by creating a trading platform subject to SRO oversight on which options issued by OCC can be listed and traded. Moreover, other exchanges are free to adopt similar provisions subject to the Commission's rule filing process.

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 Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A)⁶² of the Act and Rule 19b-4(f)(6)⁶³ thereunder. The Exchange believes that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, and (3) will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that this proposed rule change does not raise any new or novel issues not already considered by the Commission. As discussed in the Purpose and Statutory Basis sections, providing a facility of a national securities exchange that can list and trade options with governance and ownership provisions based on established parameters that the Commission has historically applied to all national securities exchanges to ensure compliance with the Act, particularly Section 6(b)(1), does not raise any new or novel issues.⁶⁴ In addition, the provisions of the proposed IEX Options LLC Agreement are based upon, and are generally

⁶² 15 U.S.C. 78s(b)(3)(A).

⁶³ 17 CFR 240.19b-4(f)(6).

⁶⁴ See supra, note 13.

the same as, the provisions of the Exchange LLC Agreement, which the Commission found in 2016 to be “consistent with the Act, including Section 6(b)(1), which requires, in part, an exchange to be so organized and have the capacity to carry out the purposes of the Act.”⁶⁵ The Exchange proposes to update its rule book to add rules that are specific to the operation of a national securities exchange for the listing and trading of OCC options.⁶⁶ Thus, if approved by the Commission, IEX Options’ rule book will be substantially similar to the Exchange’s rule book. Accordingly, for the foregoing reasons, this rule filing qualifies for immediate effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4.⁶⁷

Furthermore, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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)⁶⁸ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the

⁶⁵ See IEX Approval Order, supra note 13.

⁶⁶ See IEX Options Trading Rules Proposal, supra note 7.

⁶⁷ 17 C.F.R. 240.19b-4(f)(6).

⁶⁸ 15 U.S.C. 78s(b)(2)(B).

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-2025-17 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-2025-17. 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 will also 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-2025-17 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the 0043ommission, by the Division of Trading and Markets, pursuant to delegated authority.⁶⁹

Sherry R. Haywood,

Assistant Secretary.

⁶⁹ 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Change

All Text Is New

OPERATING AGREEMENT**OF****IEX Options LLC****(a Delaware limited liability company)**

This Operating Agreement (this “**Agreement**”) of IEX Options LLC, is made effective as of _____, 2025, by its sole member, Investors’ Exchange LLC, a Delaware limited liability company (the “**LLC Member**” or “**Investors’ Exchange**”).

ARTICLE I**Definitions**

When used in this Agreement, unless the context otherwise requires, the terms set forth below shall have the following meanings:

- (a) “’34 Act” means the Securities Exchange Act of 1934, as amended.
- (b) “Act” means Delaware Limited Liability Company Act, as amended from time to time.
- (c) An “affiliate” of, or person “affiliated” with a specific person, is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.
- (d) “Board” or “Board of Directors” means the Board of Directors of the LLC Member.
- (e) “broker” shall have the same meaning as in Section 3(a)(4) of the ’34 Act.
- (f) “Commission” means the Securities and Exchange Commission.
- (g) “Company” means IEX Options LLC, a Delaware limited liability company.
- (h) “day” means a calendar day.
- (i) “dealer” shall have the same meaning as in Section 3(a)(5) of the ’34 Act.
- (j) “Director” means the persons elected or appointed to the Board of Directors from time to time in accordance with the Certificate of Formation and Operating Agreement, in each case as amended, of the LLC Member.

(k) “Exchange” means the national securities exchange operated by the LLC Member.

(l) “Options Member” means any registered broker or dealer that has been admitted to membership in the national securities exchange operated by the LLC Member. An Options Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the '34 Act. An Options Member is not an equity holder of the Company by reason of being an Options Member, nor a member of the LLC Member.

(m) “Facility” shall have the meaning as in Section 3(a)(2) of the Act.

(n) “IEXG” means IEX Group, Inc., a Delaware corporation and the sole member of Investors' Exchange LLC.

(o) “LLC Member” means any person who maintains a direct ownership interest in the Company. The sole LLC Member of the Company shall be Investors' Exchange LLC.

(p) “LLC Member Operating Agreement” means the Third Amended and Restated Operating Agreement of the Investors' Exchange LLC, effective August 11, 2020 (as the same may be amended or modified from time to time).

(q) “person” shall mean a natural person, partnership, corporation, limited liability company, entity, government, or political subdivision, agency or instrumentality of a government.

(r) “person associated with an Options Member” or “associated person of an Options Member” means any partner, officer, or director of an Options Member (or person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with such Options Member, or any employee of such Options Member, except that any person associated with an Options Member whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of this Agreement.

(s) “registered broker or dealer” means any registered broker or dealer, as defined in Section 3(a)(48) of the '34 Act, that is registered with the Commission under the '34 Act.

(t) “Regulatory Funds” means fees, fines, or penalties derived from the regulatory operations of the Exchange in enforcing IEX Options Rules. “Regulatory Funds” shall not be construed to include revenues derived from listing fees, market data revenues, transaction revenues, or any other aspect of the commercial operations of the Exchange or the Company, even if a portion of such revenues are used to pay costs associated with the regulatory operations of the Company.

(u) “IEX Options Rules” shall have the same meaning as set forth in Section 3(a)(27) of the '34 Act.

(v) “SRO” means a self-regulatory organization pursuant to Section 3 of the Exchange Act.

(w) “statutory disqualification” shall have the same meaning as in Section 3(a)(39) of the '34 Act.

(x) “Stockholder Options Member” means an Options Member that also maintains, directly or indirectly, an ownership interest in the Company. As of the date of this Agreement, the LLC Member is not a Stockholder Options Member.

ARTICLE II

Office and Agent

Section 1. Name

The name of the Company is “IEX Options LLC”.

Section 2. Formation; Term

On September 11, 2024, the Company was organized as a Delaware limited liability company upon the filing of the Company’s Certificate of Formation with the Secretary of State of the State of Delaware. The term of the Company shall be perpetual, unless sooner terminated as hereinafter provided.

Section 3. LLC Member

The mailing address of the LLC Member is set forth on Exhibit A attached hereto. LLC Member was admitted to the Company as the LLC Member of the Company upon its execution of a counterpart signature page to this Agreement at which time it acquired 100% of the limited liability company interests of the Company.

Section 4. Purpose

The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act.

Section 5. Powers

In furtherance of its purposes, but subject to all of the provisions of this Agreement, the Company shall have the power and is hereby authorized to do all things and engage in all such activities as may be necessary, convenient or incidental to the conduct of the business of the Company, and have and exercise all of the powers and rights conferred upon limited liability

companies formed pursuant to the Act.

Section 6. Principal Business Office

The principal business office of the Company shall be located at 3 World Trade Center, 58th Floor, New York, NY 10007, or such other location as may hereafter be determined by the LLC Member. The Company may have such other office or offices as the LLC Member may from time to time designate or as the purposes of the Company may require from time to time.

Section 7. Registered Office

The address of the registered office of the Company in the State of Delaware is c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, and the name of the registered agent of the Company in the State of Delaware at such address is Corporation Service Company. The LLC Member may, upon compliance with the applicable provisions of the Act, change the Company's resident office or resident agent from time to time, all as determined by the LLC Member.

Section 8. Registered Agent

The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware is Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808 or such other registered agent of the Company as the LLC Member may designate from time to time upon compliance with the applicable provisions of the Act.

ARTICLE III

Management

Section 1. Powers

(a) The business and affairs of the Company shall be managed by the Board, except to the extent that the authority, powers and duties of such management shall be delegated to a committee or committees of the Board pursuant to the LLC Member Operating Agreement or the IEX Options Rules. The Board of Directors shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise. To the fullest extent permitted by applicable law, this Agreement, the LLC Member Operating Agreement, and the IEX Options Rules, the Board may appoint, remove and replace any officers, employees or agents of the Company from time to time, and may delegate any of its powers to a committee appointed pursuant to Article V of the LLC Member Operating Agreement or to any officer, employee or agent of the Company.

(b) The Board shall have the power to adopt, amend or repeal the IEX Options Rules in accordance with Article VII, Section 1 of this Agreement.

(c) The Board may adopt such rules, regulations, and requirements for the conduct of the business and management of the Company, not inconsistent with law, the Certificate of Formation or this Agreement, as the Board may deem proper. A Director shall, in the performance of such Director's duties, be fully protected, to the fullest extent permitted by law, in relying in good faith upon the books of account or reports made to the Company by any of its officers, by an independent certified public accountant, by an appraiser selected with reasonable care by the Board or any committee of the Board or by any agent of the Company, or in relying in good faith upon other records of the Company.

(d) In connection with managing the business and affairs of the Company, the Board and each Director shall consider applicable requirements for establishing and operating the Company as a Facility of the Exchange under Section 6 of the '34 Act, including, without limitation, the requirements that (a) the IEX Options Rules shall be designed to protect investors and the public interest and (b) the Exchange shall be so organized and have the capacity to carry out the purposes of the '34 Act and to enforce compliance by its "members," as that term is defined in Section 3 of the '34 Act (such statutory members being referred to in this Agreement as "Options Members") and persons associated with Options Members, with the provisions of the '34 Act, the rules and regulations under the '34 Act, and the IEX Options Rules. In discharging his or her responsibilities as a member of the Board of Directors or as an officer or employee of the Company, each such Director, officer or employee shall comply with the federal securities laws and the rules and regulations thereunder and shall cooperate with the Commission, LLC Member and the Company pursuant to its regulatory authority.

(e) In light of the unique nature of the Company as a Facility of the Exchange and its operations and in light of the LLC Member's status as a self-regulatory organization, the Board, when evaluating any proposal, shall, to the fullest extent permitted by applicable law, take into account all factors that the Board deems relevant, including, without limitation, to the extent deemed relevant: (i) the potential impact thereof on the integrity, continuity and stability of the Company as a Facility of the Exchange and the other operations of the LLC Member and Company, on the ability to prevent fraudulent and manipulative acts and practices and on investors and the public, and (ii) whether such would promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to and facilitating transactions in securities or assist in the removal of impediments to or perfection of the mechanisms for a free and open market and a national market system.

(f) The Board and each committee of the Board, as set forth in the LLC Member Operating Agreement, shall have the same authority, functions, and responsibilities with respect to the Company as the Board and such committees have with respect to the Exchange. The Board and each committee shall be selected and shall operate in accordance with the LLC Member Operating Agreement.

Section 2. Action in Lieu of Meeting

Unless otherwise restricted by statute or this Agreement, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing(s) or electronic transmission(s) are filed with the minutes of proceedings of the Board or the committee.

Section 3. Waiver of Notice

(a) Whenever notice is required to be given by law or this Agreement, a waiver thereof by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board, or members of a committee, need be specified in any waiver of notice.

(b) Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Interpretation of Agreement

The Board shall have the power to interpret this Agreement and any interpretation made by it shall be final and conclusive.

Section 5. Conflicts of Interest; Contracts and Transactions Involving Directors

(a) A Director or a member of any committee may not participate in the consideration or decision of any matter relating to a particular Options Member, company, or individual if such Director or committee member has a material interest in, or a professional, business, or personal relationship with, that Options Member, company, or individual, or if such participation shall create an appearance of impropriety. In any such case, the Director or committee member shall recuse himself or herself or shall be disqualified. If a member of the Board or any committee is recused from consideration of a matter, any decision on the matter shall be by a vote of a majority of the remaining members of the Board or applicable committee.

(b) No contract or transaction between the Company and the LLC Member, any of its Directors or Officers, or Officers of the Company, or between the Company and any other corporation, partnership, association, or other organization in which the LLC Member, any of its Directors or Officers, or Officers of the Company are directors or officers, or have a financial interest, shall be void or voidable solely for this reason if: (i) the material facts pertaining to such Director's or officer's relationship or interest and the contract or transaction are disclosed or

are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or (ii) the material facts are disclosed or become known to the Board or committee after the contract or transaction is entered into, and the Board or committee in good faith ratifies the contract or transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum.

Section 6. Assignment

The LLC Member may not transfer or assign, in whole or in part, its ownership interest(s) in the Company to any entity, unless such transfer or assignment shall be filed with and approved by the Commission under Section 19 of the '34 Act and the rules promulgated thereunder.

ARTICLE IV

Officers, Agents and Employees

Section 1. General

The officers of the Company shall include a Chief Executive Officer, a President, a Chief Regulatory Officer, a Secretary, a Treasurer, and such other officers as in the Board's opinion are desirable for the conduct of the business of the Company. Any two or more offices may be held by the same person, except that the offices of the President and Secretary may not be held by the same person. The offices of the Company may be held by the same person that holds such office or otherwise is an officer of the Exchange or the LLC Member. The office of Chief Regulatory Officer shall be held by the same person as the person who is the Chief Regulatory Officer of the Exchange.

Section 2. Appointment and Tenure

Each officer of the Company shall be appointed by the Board on an annual basis, and shall hold office until his or her successor is appointed and qualified or until his or her earlier death, disability, disqualification, removal, or resignation. An officer may serve for any number of terms, consecutive or otherwise.

Section 3. Resignation and Removal of Officers; Vacancies

(a) Any officer may resign at any time upon notice of resignation to the Chairman and Chief Executive Officer, the President, or the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein, or if the time is not specified, upon receipt thereof, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.

(b) Any officer of the Company may be removed, with or without cause, by the Board. Such removal shall be without prejudice to the contractual rights of the affected officer, if any, with the Company.

(c) Vacancies in any office of the Company may be filled for the unexpired term by the Board.

Section 4. Compensation

The compensation of all officers and agents of the Company shall be set by the LLC Member, with the exception of the Chief Regulatory Officer, whose compensation shall be set by the Regulatory Oversight Committee of the Board in accordance with Article V, Section 6(c) of the LLC Member Operating Agreement. As of the date hereof, the Company and the LLC Member and other applicable affiliates of the Company have entered into an expense sharing agreement, which governs among other things, the allocation methodology for compensation expenses to the Company. The Board from time to time may review the reasonableness of the allocation methodology contained in the expense sharing agreement.

Section 5. Powers and Duties; Delegation

Each of the officers of the Company shall, unless otherwise ordered by the Board, have such powers and duties as customarily pertain to the respective office, and such further powers and duties as from time to time may be conferred by the Board, or by an officer delegated such authority by the Board. The Board may delegate the duties and powers of any officer of the Company to any other officer or to any Director for a specified period of time and for any reason that the Board may deem sufficient.

Section 6. Chief Executive Officer

The Chief Executive Officer shall be the chief executive officer of the Company, shall have general supervision over the business and affairs of the Company, and shall serve at the pleasure of the Board. The Chief Executive Officer shall have all powers and duties usually incident to the office of the Chief Executive Officer, except as specifically limited by a resolution of the Board. The Chief Executive Officer shall exercise such other powers and perform such other duties as may be assigned to the Chief Executive Officer from time to time by the Board. The Chief Executive Officer shall attend the meetings of the Board that relate to the Company; provided, however, that he or she shall not participate in executive sessions of the Board.

Section 7. President

The President shall have general supervision over the operations of the Company. The

President shall have all powers and duties usually incident to the office of the President, except as specifically limited by a resolution of the Board. The President shall exercise such other powers and perform such other duties as may be assigned to the President from time to time by the Board. The President shall attend the meetings of the Board that relate to the Company.

Section 8. Vice President

The Board shall appoint one or more Vice Presidents. In the absence or disability of the President or if the office of President becomes vacant, the Vice Presidents in the order determined by the Board, or if no such determination has been made, in the order of their seniority, shall perform the duties and exercise the powers of the President, subject to the right of the Board at any time to extend or restrict such powers and duties or to assign them to others. Any Vice President may have such additional designations in such Vice President's title as the Board may determine. The Vice Presidents shall generally assist the President in such manner as the President shall direct. Each Vice President shall exercise such other powers and perform such other duties as may be assigned to such Vice President from time to time by the Board, the Chief Executive Officer or the President. The term "Vice President" used in this Section 8 shall include the positions of Executive Vice President, Senior Vice President, and Vice President.

Section 9. Chief Regulatory Officer

The Chief Regulatory Officer of the Exchange shall also be the Chief Regulatory Officer of the Company and shall have general supervision of the regulatory operations of the Company in the same manner as with respect to the Exchange, including responsibility for overseeing the surveillance, examination, and enforcement functions of the Exchange with respect to the Company and for administering any regulatory services agreements with another self-regulatory organization to which the Exchange is a party that pertain to the Company. The Chief Regulatory Officer shall meet with the Regulatory Oversight Committee of the Board in executive session at regularly scheduled meetings of such committee, and at any time upon request of the Chief Regulatory Officer or any member of the Regulatory Oversight Committee of the Board.

Section 10. Secretary

The Secretary shall record all the proceedings of all meetings in a book to be kept for that purpose, shall have supervision over the giving and service of notices of the Company, and shall have supervision over the care and custody of the books and records of the Company. The Secretary shall be empowered to affix the Company's seal, if any, to documents, the execution of which on behalf of the Company under its seal is duly authorized, and when so affixed, may attest the same. The Secretary shall have all powers and duties usually incident to the office of Secretary, except as specifically limited by a resolution of the Board. The Secretary shall exercise such other powers and perform such other duties as may be assigned to the Secretary

from time to time by the Board, the Chief Executive Officer or the President.

Section 11. Assistant Secretary

In the absence of the Secretary or in the event of the Secretary's inability or refusal to act, any Assistant Secretary, approved by the Board, shall exercise all powers and perform all duties of the Secretary. An Assistant Secretary shall also exercise such other powers and perform such other duties as may be assigned to such Assistant Secretary from time to time by the Board or the Secretary.

Section 12. Treasurer

The Treasurer shall have general supervision over the care and custody of the funds and over the receipts and disbursements of the Company and shall cause the funds of the Company to be deposited in the name of the Company in such banks or other depositories as the Board may designate. The Treasurer shall have supervision over the care and safekeeping of the securities of the Company. The Treasurer shall have all powers and duties usually incident to the office of Treasurer except as specifically limited by a resolution of the Board. The Treasurer shall exercise such other powers and perform such other duties as may be assigned to the Treasurer from time to time by the Board, the Chief Executive Officer or the President.

Section 13. Assistant Treasurer

In the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, any Assistant Treasurer, approved by the Board, shall exercise all powers and perform all duties of the Treasurer. An Assistant Treasurer shall also exercise such other powers and perform such other duties as may be assigned to such Assistant Treasurer from time to time by the Board or the Treasurer.

ARTICLE V

Indemnification

Section 1. Indemnification of Directors, Officers, Employees and Other Agents.

The Company shall indemnify its directors and executive officers to the fullest extent not prohibited by the Delaware General Corporation Law; provided, however, that the Company may limit the extent of such indemnification by individual contracts with its directors and executive officers; and, provided, further, that the Company shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person or any proceeding by such person against the Company or its directors, officers, employees or other agents unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the Company or (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested

in the Company under the Delaware General Corporation Law.

(a) Other Officers, Employees and Other Agents.

The Company shall have the power to indemnify its other officers, employees and other agents as set forth in the Delaware General Corporation Law.

(b) Expenses.

The Company shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he/she is or was an officer of the Company and/or LLC Member, a Director, or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under this Article V or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (f) of this Article V, Section 1, no advance shall be made by the Company to an officer of the Company (except by reason of the fact that such officer is or was a director of the Exchange in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Company.

(c) Enforcement.

Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and officers under this Article V shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the Company and the director or officer. Any right to indemnification or advances granted by this Article V to a director or officer shall be enforceable by or on behalf of the person holding such right in the forum in which the proceeding is or was pending or, if such forum is not available or a determination is made that such forum is not convenient, in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in

such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. The Company shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible in the Delaware General Corporation Law for the Company to indemnify the claimant for the amount claimed. Neither the failure of the Company (including the Board of Directors, independent legal counsel or the LLC Member) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he/she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including the Board of Directors, independent legal counsel or the LLC Member) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

(d) Non-Exclusivity of Rights.

To the fullest extent permitted by the Act, the rights conferred on any person by this Article V shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, this Agreement, agreement, vote of the LLC Member or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The Company is specifically authorized to enter into individual contracts with any or all of the directors, its officers, employees or agents respecting indemnification and advances, to the fullest extent permitted by the Act and this Agreement.

(e) Survival of Rights.

The rights conferred on any person by this Article V shall continue as to a person who has ceased to be a director or an officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

(f) Insurance.

The Company, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Article V.

(g) Amendments.

Any repeal or modification of this Article V shall only be prospective and shall not affect the rights under this Article V in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the Company.

(h) Saving Clause.

If this Article V or any portion hereof shall be invalidated on any ground by any court of

competent jurisdiction, then the Company shall nevertheless indemnify each director and officer to the fullest extent permitted by any applicable portion of this Article V that shall not have been invalidated, or by any other applicable law.

(i) *Certain Definitions.*

For the purposes of this Article V, the following definitions shall apply:

(i) The term “proceeding” shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement and appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitral or investigative.

(ii) The term “expenses” shall be broadly construed and shall include, without limitation, court costs, attorneys’ fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding, including expenses of establishing a right to indemnification under this Article V or any applicable law.

(iii) The term the “Company” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article V with respect to the resulting or surviving corporation as he/she would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a “director,” “officer,” “employee,” or “agent” of the Company shall include, without limitation, situations where such person is serving at the request of the Company as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Section 2. Facility of the Exchange Not Liable

Except as provided in the IEX Options Rules, the Company, as a Facility of the Exchange, shall not be liable for any loss or damage sustained by any current or former Options Member growing out of the use or enjoyment by such Options Member of the facilities afforded by the Company (or any predecessor or successor thereof) or its subsidiaries.

ARTICLE VI

Amendments; Emergency Operating Agreement

Section 1. By the LLC Member or Board

(a) This Agreement may be altered, amended, or repealed, or a new operating agreement may be adopted, (i) by the written consent of the LLC Member, or (ii) at any regular or special meeting of the Board or by a resolution adopted by the Board.

(b) Before any amendment to, or repeal of, any provision of this Agreement shall be effective, those changes shall be submitted to the Board of Directors of the LLC Member and if such amendment or repeal must be filed with or filed with and approved by the Commission, then the proposed changes to this Agreement shall not become effective until filed with or filed with and approved by the Commission as set forth in Article VI, Section 4 of this Agreement.

Section 2. Emergency Operating Agreement

The Board may adopt an emergency operating agreement subject to repeal or change by action of the LLC Member which shall, notwithstanding any different provision of law, the Certificate of Formation, or this Agreement, be operative during any emergency resulting from any nuclear or atomic disaster, an attack on the United States or on a locality in which the Company conducts its business or customarily holds meetings of the Board, any catastrophe, or other emergency condition, as a result of which a quorum of the Board or a committee thereof cannot readily be convened for action. Such emergency operating agreement may make any provision that may be practicable and necessary under the circumstances of the emergency.

Section 3. Authority to Take Action Under Extraordinary Market Conditions

The Board, or such person or persons as may be designated by the Board, in the event of extraordinary market conditions, shall have the authority to take any action regarding:

(a) the trading in or operation of the Company as a Facility of the Exchange, the operation of any automated system owned or operated by the Company, and the participation in any such system of any or all persons or the trading therein of any or all securities; and

(b) the operation of any or all offices or systems of Options Members, if, in the opinion of the Board or the person or persons hereby designated, such action is necessary or appropriate for the protection of investors or the public interest or for the orderly operation of the marketplace or the system.

Section 4. Commission Approval

Before any amendment to, alteration or repeal of any provision of this Agreement under

this Article VI shall be effective, those changes shall be submitted to the Board and if the same must be filed with and approved by the Commission under Section 19 of the '34 Act and the rules promulgated thereunder, then the proposed changes to this Agreement shall not become effective until filed with or filed with and approved by the Commission under Section 19 of the '34 Act and the rules promulgated thereunder, as the case may be.

ARTICLE VII

Authorities of the Board over the Company as a Facility of the Exchange

Section 1. IEX Options Rules

(a) The Board, acting in accordance with the terms of this Agreement and the IEX Options Rules, shall be vested with all powers necessary for the governance of the Company as a Facility of the Exchange within the meaning of the '34 Act. To promote and enforce just and equitable principles of trade and business, to maintain high standards of commercial honor and integrity among Options Members, to collaborate with governmental and other agencies in the promotion of fair practices and the elimination of fraud, and in general to carry out the purposes of the Company and of the '34 Act, the Board is hereby authorized to adopt such rules and such amendments thereto as it may, from time to time, deem necessary or appropriate pertaining to the Company as a Facility of the Exchange. If any such rules or amendments thereto become effective pursuant to any rule filing made to the Commission as provided in the '34 Act, they shall become operative IEX Options Rules as of the date of effectiveness under the '34 Act unless a later operative date is declared by the LLC Member. The Board is hereby authorized, subject to the provisions of this Agreement and the '34 Act, to administer, enforce, interpret, issue exemptions from, suspend, or cancel any IEX Options Rules adopted hereunder.

Section 2. Disciplinary Proceedings

(a) The Board is authorized to establish procedures relating to disciplinary proceedings involving Options Members and their associated persons.

(b) The Board is authorized to impose appropriate sanctions applicable to Options Members, including censure, fine, suspension, or expulsion from membership, suspension or bar from being associated with all Options Members, limitation of activities, functions, and operations of an Options Member, or any other fitting sanction, and to impose appropriate sanctions applicable to persons associated with Options Members, including censure, fine, suspension, or barring a person associated with an Options Member from being associated with all Options Members, limitation of activities, functions, and operations of a person associated with an Options Member, or any other fitting sanction, for:

(i) a breach by an Options Member or a person associated with an Options Member of any covenant with the Company or the LLC Member;

(ii) violation by an Options Member or a person associated with an Options Member of any of the terms, conditions, covenants, and provisions of this Agreement, the IEX Options Rules, or the federal securities laws, including the rules and regulations adopted thereunder;

(iii) failure by an Options Member or person associated with an Options Member to: (A) submit a dispute for arbitration as may be required by the Rules; (B) appear or produce any document in the Options Member's or person's possession or control as directed pursuant to the IEX Options Rules; (C) comply with an award of arbitrators properly rendered, where a timely motion to vacate or modify such award has not been made pursuant to applicable law or where such a motion has been denied; or (D) comply with a written and executed settlement agreement obtained in connection with an arbitration or mediation submitted for disposition; or

(iv) failure by an Options Member or person associated with an Options Member to adhere to any ruling, order, direction, or decision of or to pay any sanction, fine, or costs imposed by the Board or any entity to which the Board has delegated its powers.

Section 3. Membership Qualifications

(a) The Board shall have authority to adopt rules and regulations applicable to Options Members, applicants seeking to become Options Members, and persons associated with applicants or Options Members, establishing specified and appropriate standards with respect to the training, experience, competence, financial responsibility, operational capability, and such other qualifications as the Board finds necessary or desirable.

(b) The Board may from time to time make such changes in such rules, regulations, and standards as it deems necessary or appropriate.

(c) Uniform standards for regulatory and other access issues, such as admission to membership and conditions to becoming a Facility market maker or other relevant membership category, shall be promulgated and applied on a consistent basis, and the Company shall institute safeguards to ensure fair and evenhanded access to all of its services and facilities.

Section 4. Fees, Dues, Assessments, and Other Charges

The Board shall have authority to fix and levy the amount of fees, dues, assessments, and other charges to be paid by Options Members and issuers and any other persons using any system that the Company operates or controls; provided, however, that such fees, dues, assessments, and other charges shall be equitably allocated among Options Members and issuers and any other persons using any system that the Company operates or controls. Any Regulatory Funds will not be used for non-regulatory purposes or distributed to the LLC Member for non-

regulatory purposes, but rather, shall be applied to fund regulatory operations of the Exchange including pertaining to the Company as a Facility of the Exchange (including surveillance and enforcement activities), or, as the case may be, shall be used to pay restitution and disgorgement of funds intended for customers.

ARTICLE VIII

Miscellaneous Provisions

Section 1. Operational Date of the Facility of the Exchange

The Company has been formed, subject to the filing and effectiveness of a rule filing with the Commission, to be operated as a Facility of the Exchange pursuant to Section 19 of the '34 Act (such date of approval by the Commission, the “**Effective Date**”). During the period between formation and the first date on which the Company commences operating as a facility of the Exchange (the “**Operational Date**”), references in this Agreement to “the Company as a Facility of the Exchange” shall be construed as references to “the Company to be operated as a Facility of the Exchange.”

Section 2. Fiscal Year

The fiscal year of the Company shall be as determined from time to time by the Board.

Section 3. Participation in Board and Committee Meetings

All meetings of the Board (and any committees of the Board) pertaining to the self-regulatory function of the Exchange with respect to the Company (including disciplinary matters) shall be closed to all persons other than members of the Board and officers, staff, counsel or other advisors of the Company and/or Exchange whose participation is necessary or appropriate to the proper discharge of such regulatory functions and any representatives of the Commission. In no event shall members of the Board of Directors of IEXG who are not also members of the Board, or any officers, staff, counsel or advisors of the LLC Member who are not also officers, staff, counsel or advisors of the LLC Member and/or Company (or any committees of the Board), be allowed to participate in any meetings of the Board (or any committee of the Board) pertaining to the self-regulatory function of the Exchange with respect to the Company (including disciplinary matters).

Section 4. Books and Records; Confidentiality of Information and Records Relating to SRO Function

The books and records of the Company shall be maintained at a location within the United States. The Exchange shall have complete and full access to the Company’s books and records. All books and records of the Company reflecting confidential information pertaining to the self-regulatory function of the Exchange with respect to the Company (including but not limited to

disciplinary matters, trading data, trading practices, and audit information relating to the Company's activities as a Facility) shall be retained in confidence by the Company and its personnel, including officers, employees and agents, and will not be used by the Company for any non-regulatory purposes and shall not be made available to any person (including, without limitation, any Options Member) other than to personnel of the Commission, and those personnel of the Company or Exchange, members of committees of the Board, members of the Board, hearing officers and other agents of the Exchange to the extent necessary or appropriate to properly discharge the self-regulatory responsibilities of the Exchange with respect to the Company. Nothing in this Article VIII shall be interpreted as to limit or impede the rights of the Commission to access and examine such confidential information pursuant to the federal securities laws and the rules and regulations thereunder, or to limit or impede the ability of any officers, directors, employees or agents of the Exchange and/or Company to disclose such confidential information to the Commission.

Section 5. Distributions

Subject to any provisions of any applicable statute or other provisions of this Agreement, distributions may be declared upon the profits of the Company by, and in the absolute discretion of, the Board; and any such distributions may be paid in cash, property or units of membership interests of the Company, as determined by the Board, and shall be declared and paid on such dates and in such amounts as are determined by the Board. Notwithstanding any provision to the contrary contained in this Agreement, (i) the Company shall not be required to make a distribution to the LLC Member on account of its interest in the Company if such distribution would violate the Act or any other applicable law, and (ii) the Company shall not make a distribution to the LLC Member using Regulatory Funds or in violation of Article VII, Section 4 of this Agreement.

Section 6. Reserves

Before payment of any dividends, there may be set aside out of any funds of the Company available for dividends such sum or sums as the Board from time to time, in its absolute discretion but subject to Article VII, Section 4 of this Agreement, determines to be proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Company, or for such other purpose as the Board shall determine to be conducive to the interests of the Company, and the Board may modify or abolish any such reserve in the manner in which it was created.

Section 7. Execution of Instruments, Contracts, etc.

(a) All checks, drafts, bills of exchange, notes, or other obligations or orders for the payment of money shall be signed in the name of the Company by such officer or officers or person or persons as the Board, or a duly authorized committee thereof, may from time to time designate. Except as otherwise provided by law, the Board, any committee given specific authority in the

premises by the Board, or any committee given authority to exercise generally the powers of the Board during intervals between meetings of the Board may authorize any officer, employee, or agent, in the name of and on behalf of the Company, to enter into or execute and deliver deeds, bonds, mortgages, contracts, and other obligations or instruments, and such authority may be general or confined to specific instances.

(b) All applications, written instruments, and papers required by any department of the United States government or by any state, county, municipal, or other governmental authority may be executed in the name of the Company by any officer of the Company, or, to the extent designated for such purpose from time to time by the Board, by an employee or agent of the Company. Such designation may contain the power to substitute, in the discretion of the person named, one or more other persons.

Section 8. Power to Vote Stock

Unless otherwise instructed by the Board, the Chief Executive Officer of the Company shall have the power and authority on behalf of the Company to attend and to vote at any meeting of stockholders, partners or equity holders of any corporation, partnership or any other entity in which the Company may hold stock, partnership or other equity interests, as the case may be, and may exercise on behalf of the Company any and all of the rights and powers incident to the ownership of such stock, partnership or other equity interest at such meeting, and shall have the power and authority to execute and deliver proxies, waivers and consents on behalf of the Company in connection with the exercise by the Company of the rights and powers incident to the ownership of such stock, partnership or other equity interest. The Board and the Chief Executive Officer may from time to time confer like powers upon any other person or persons.

Section 9. Severability

If any provision of this Agreement, or the application of any provision of this Agreement to any person or circumstances, is held invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected.

Section 10. Tax Classification

The LLC Member intends that the Company shall be treated as a "disregarded entity" within the meaning of Treasury Regulations Section 301.7701-2(c)(2) for federal and applicable state income tax purposes and will file its tax returns consistent with such treatment.

Section 11. Ownership of Company Property

All assets owned by the Company shall be owned by the Company as an entity and held in the name of the Company. The LLC Member shall not hold any ownership interest in any

Company property in its own name or right.

Section 12. Transfer of Rights

The LLC Member may not transfer or assign in whole or in part its limited liability company interest in the Company to any entity, unless such transfer or assignment shall be filed with and approved by the Commission under Section 19 of the '34 Act and the rules promulgated thereunder.

Section 13. Indemnification

(a) The Company shall indemnify and hold harmless to the fullest extent permitted by the laws of the State of Delaware, as if the Company were a corporation incorporated under the laws of the State of Delaware, the LLC Member and any officer and any affiliate thereof (individually, in each case, an "Indemnitee"), from and against any and all Losses arising out of or incidental to the business, activities or operations of, or relating to, the Company, regardless of whether the Indemnitee continues to be a member, officer or affiliate thereof at the time any such liability or expense is paid or incurred; *provided, however*, that no member, officer or affiliate may be indemnified by the Company from and against any Losses which result from the willful misconduct of such person.

(b) The indemnification provided by this Section 13 shall be in addition to any other rights to which an Indemnitee may be entitled under any other agreement, by vote of the LLC Member, as a matter of law or equity, or otherwise, both as to an action in the Indemnitee's capacity as a member, officer or affiliate thereof, and as to an action in another capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

Section 14. Limited Liability.

Except as otherwise expressly provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise (including, without limitation, those arising as member, owner or shareholder of another company, partnership or entity), shall be the debts, obligations and liabilities solely of the Company, and neither any LLC Member nor any of its Directors or Officers or Officers of the Company shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a LLC Member or its Directors or Officers or Officers of the Company.

Section 15. Capital Contributions

The LLC Member has contributed to the Company the amounts set forth in the books and records of the Company.

Section 16. Additional Contributions

The LLC Member is not required to make any additional capital contribution to the Company. However, the LLC Member may make additional capital contributions to the Company at any time upon the consent of such LLC Member. To the extent that the LLC Member makes an additional capital contribution to the Company, the LLC Member shall revise the books and records of the Company. The provisions of this Agreement, including this Section 16, are intended to benefit the LLC Member and, to the fullest extent permitted by law, shall not be construed as conferring any benefit upon any creditor of the Company (and no such creditor of the Company shall be a third-party beneficiary of this Agreement), and the LLC Member shall not have any duty or obligation to any creditor of the Company to make any contribution to the Company or to issue any call for capital pursuant to this Agreement.

Section 17. Allocation of Profits and Losses

Subject to the restrictions of Article VII Section 4, the Company's profits and losses shall be allocated to the LLC Member.

Section 18. Dissolution

(a) The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the occurrence of any dissolution event set forth in this Agreement, as the same may be amended from time to time, (ii) the written consent of the LLC Member, (iii) the withdrawal or dissolution of the LLC Member or the occurrence of any other event which terminates the continued membership of the LLC Member in the Company unless the business of the Company is continued in a manner permitted by the Act, or (iv) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

(b) Notwithstanding any other provision of this Agreement, the bankruptcy of the LLC Member will not cause the LLC Member to cease to be a member of the Company, and upon the occurrence of such an event the business of the Company shall continue without dissolution.

(c) In the event of dissolution, the LLC Member shall conduct only such activities as are necessary to wind up the affairs of the Company (including the sale of the assets of the Company in an orderly manner), and the assets of the Company shall be applied in the manner, and in the order of priority, provided under the Act and applicable law.

(d) The Company shall terminate when (i) all the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company, shall have been distributed to the LLC Member in the manner provided for in this Agreement and (ii) the Certificate of Formation shall have been canceled in the manner required by the Act.

Section 19. Severability of Provisions

Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement which are valid, enforceable and legal.

Section 20. Entire Agreement

Except as expressly set forth in this Agreement, this Agreement constitutes the entire agreement with respect to the subject matter hereof and supersedes and replaces any other written or oral agreement relating to the subject matter hereof, including any prior operating agreement of the Company.

Section 21. Governing Law

This Agreement shall be governed by, and construed under, the laws of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by said laws.

Section 22. No Third-Party Beneficiary

Any agreement to pay any amount and any assumption of liability in this Agreement contained, express or implied, shall be only for the benefit of the LLC Member and its respective heirs, successors, and permitted assigns, and such agreements and assumptions shall not inure to the benefit of the obligees of any indebtedness of any other party, whomsoever, deemed to be a third-party beneficiary of this Agreement.

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IN WITNESS WHEREOF, the LLC Member has executed this Agreement as of the date first above written.

LLC MEMBER:

Investors' Exchange LLC

Name:

Title:

EXHIBIT A
SCHEDULE OF LLC MEMBER

<u>Name</u>	<u>Capital</u> <u>Contribution</u>	<u>Membership</u> <u>Interest</u>
Investors' Exchange LLC 3 World Trade Center 58 th Floor New York, NY 10007	\$1.00	100%