

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 23

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

File No. * SR 2024 - * 31

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"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input 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 amend IEX's Fee Schedule

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 * Claudia Last Name * Crowley
Title * Chief Regulatory Officer
E-mail * claudia.crowley@iextrading.com
Telephone * (917) 509-9001 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 12/31/2024 (Title *)
By Nathaniel Kolodny Lead Regulation Counsel
(Name *)

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

Nathaniel Kolodny
Digitally signed by Nathaniel Kolodny
Date: 2024.12.31 14:33:32 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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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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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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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”) a proposed rule change to amend the fees applicable to Members,³ pursuant to IEX Rule 15.110(a) and (c), to revise the fee for an order that routes to and removes liquidity on an away exchange at a price below \$1.00 so that the IEX fee will be the cost charged, or rebate paid, by the away exchange plus 0.02% of the total dollar value of the execution, instead of the cost charged by the away exchange plus \$0.0001 per share. No other fee changes are proposed. Changes to the Fee Schedule pursuant to this proposal are effective upon filing,⁴ and will be operative on January 1, 2025.

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

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

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See IEX Rule 1.160(s).

⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

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

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

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

Nathaniel Kolodny
Lead Regulation Counsel
Investors Exchange LLC
646-629-5622

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

(a) Purpose

The Exchange proposes to amend its Fee Schedule,⁵ pursuant to IEX Rule 15.110(a) and (c), to revise the pricing for sub-dollar orders that route to and remove liquidity on an away exchange.

As proposed, IEX will amend the fees applicable to Members,⁶ as specified in the Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to revise the fee for an order that routes to and removes liquidity on an away exchange at a price below \$1.00 so that the IEX fee will be the cost charged, or rebate paid, by the away exchange plus 0.02% of the total dollar value ("TDV"⁷) of the execution instead of the cost charged by the away exchange plus \$0.0001 per share. No other fee changes are proposed.

IEX recently revised its structure for displayed adding and removing fees for

⁵ See IEX Fee Schedule, available at: <https://www.iexexchange.io/resources/trading/fee-schedule>.

⁶ See IEX Rule 1.160(s).

⁷ As defined in the Fee Schedule, "TDV" means the total dollar value of the execution calculated as the execution price multiplied by the number of shares executed in the transaction.

executions priced below \$1.00, as set forth in rule filing SR-IEX-2024-30⁸, which will be implemented on January 1, 2025. As described therein, the revised fee structure will provide for a rebate of 0.15% of the TDV of an execution in a security priced below \$1.00 per share for an order that provides displayed liquidity and a fee of 0.15% of the TDV of an execution in a security priced below \$1.00 per share for an order that removes displayed liquidity. These changes are designed to improve market quality on the Exchange by incentivizing Members to send more displayed liquidity adding orders to the Exchange in securities priced below \$1.00.⁹

In connection with these January 1, 2025 fee changes, IEX now proposes to synchronize the structure of its fees for sub-dollar routed executions with the fee structure for sub-dollar executions on IEX, which are all based on a percent of the TDV of the execution. As proposed, while the fee for an order that routes to and removes liquidity on an away exchange will continue to be based on the fee charged (or rebate paid) by the away exchange plus an additional IEX fee component, the additional component will be 0.02% of the total dollar value of the execution instead of the existing additional fee component of \$0.0001 per share.

IEX notes that the proposed additional fee component for routed sub-dollar executions will be the same, higher, or lower than the current per share additional fee component depending on the per share price of the security in question. Specifically, if the per share price of an execution is \$0.50 per share, the proposed additional fee component of 0.02% of TDV would be the same as the existing additional fee component

⁸ Available at: <https://www.iexexchange.io/documents/sr-iex-2024-30>.

⁹ See Id.

of \$0.0001 per share ($\$0.50 \times 0.02\% = \0.0001). As a further example, if the per share price of an execution is \$0.20 per share, the proposed additional fee component of 0.02% of TDV would be less than the existing additional fee component of \$0.0001 per share ($\$0.20 \times 0.02\% = \0.00004). And if the per share price of an execution is \$0.80 per share, the proposed additional fee component of 0.02% of TDV would be more than the existing additional fee component of \$0.0001 per share ($\$0.80 \times 0.02\% = \0.00016).

IEX believes that the proposed change to the additional fee component for sub-dollar orders routed to and executed on an away exchange will better synchronize its sub-dollar fee structure because all components of IEX's sub-dollar fees will be based on TDV, which will thereby be clearer to Members when assessing applicable fees.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Section 6(b)(4)¹¹ of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable fees among IEX Members and persons using its facilities. Additionally, IEX believes that the proposed changes to the Fee Schedule are consistent with the investor protection objectives of Section 6(b)(5)¹² of the Act, in particular, in that they are designed 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 facilitating transactions in securities; to remove impediments to and perfect the

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(4).

¹² 15 U.S.C. 78f(b)(5).

mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, brokers, or dealers.

The Exchange believes that the proposed changes are reasonable, fair and equitable, non-discriminatory, and consistent with the Act. The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. IEX notes that trading volume in sub-dollar priced national market system securities¹³ has increased dramatically in recent years. During 2023 - 2024 to date, such volumes ranged from 13% – 14% of overall market volume.¹⁴ By contrast, during 2017 – 2019, such volumes ranged from 2% to 4% of overall market volume.¹⁵ Within that context, IEX believes that it must appropriately finetune its applicable fees to more effectively compete for this category of order flow.

The Exchange also believes that the proposed fee revision for sub-dollar orders routed to and executed on an away exchange priced below \$1.00 per share are reasonable since the proposed fee revision is within the range of fees charged by competing exchanges. The maximum fee IEX could charge to an order that routes to and executes on an away exchange is 0.32% of TDV, for an away exchange that charges IEX an access fee of 0.30% of TDV. By comparison, while some exchanges charge less than IEX proposes to charge,¹⁶ NYSE Arca, Inc. charges 0.35% of TDV for an order that routes to

¹³ See Rule 600(a) of Regulation NMS.

¹⁴ Source: NYSE TAQ.

¹⁵ Source: NYSE TAQ.

¹⁶ See, e.g., MEMX Equities Fee Schedule (charging 0.30% of TDV for sub-dollar executions on

and executes on an away exchange.¹⁷ As noted above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. Within that context, charging cost plus an additional fee of 0.02% of TDV for sub-dollar orders that route to and execute on an away exchange is designed to keep IEX's sub-dollar trading prices competitive with those of other exchanges. IEX believes that such competitive prices should incentivize Members and other market participants to enter routable sub-dollar orders on IEX thereby contributing to increased liquidity on IEX and such away exchanges for orders that route to away exchanges, which is consistent with the overall goal of enhancing market quality.

Based on the foregoing, IEX does not believe that the proposed fee structure raises any new or novel issues that the Commission has not already considered in the context of other exchanges' fees.

The Exchange further believes that the proposed fee change is consistent with the Act's requirement that the Exchange provide for an equitable allocation of fees that is also not unfairly discriminatory. As proposed, the fees for orders that route to and execute on an away exchange will apply in an equal and nondiscriminatory manner to all Members. While the fees for sub-dollar executions on IEX would be lower than the proposed fees for sub-dollar orders that route to and execute on an away exchange, those

away markets) available at: <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>; see also The Nasdaq Stock Market Price List (charging 0.30% of TDV for sub-dollar executions on away markets) available at: <https://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>.

¹⁷ See NYSE Arca Trading Fees available at: https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE_Arca_Marketplace_Fees.pdf.

fee differences are due to the fees charged by the away exchanges, rather than the IEX fee component. Moreover, those fee differences are not based on the type of Member entering the order but on whether the Member chose to submit a routable order and whether the routable order is routed to an away exchange as specified transparently in IEX's rules.¹⁸ And all Members are eligible to enter routable and non-routable sub-dollar orders. Moreover, to the extent the proposed change is successful in incentivizing the entry and execution of sub-dollar orders on IEX, such greater liquidity will benefit all market participants by increasing price discovery and price formation as well as market quality and execution opportunities.

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. The Exchange does not believe that the proposed fees will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in a highly competitive market in which market participants can easily direct their orders to competing venues, including off-exchange venues, if its fees are viewed as non-competitive. Moreover, IEX notes that the proposed fees are designed to enhance competition by incentivizing the entry of liquidity on IEX to the benefit of all market participants. Further, subject to the SEC rule filing process, other exchanges could adopt similar fees.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance

¹⁸ See IEX Rule 11.230(b).

of the purposes of the Act. While Members that enter routable orders on IEX would be subject to different fees based on whether the order executes on IEX or an away exchange, those differences are not based on the type of Member entering the order but on whether the Member chose to submit a routable order and whether the routable order is routed to an away exchange as specified transparently in IEX's rules.¹⁹ Members are not required to send a routable order to IEX and could instead send a non-routable order to avoid the fees for routed executions. Further, all Members would benefit from the availability of more liquidity on the Exchange that the proposed fees are designed to incentivize. Accordingly, the Exchange does not believe that these changes will have any impact on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,²⁰ IEX has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

¹⁹ See supra note 18.

²⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act to determine whether the proposed rule change should be approved or disapproved.²¹

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

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

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

Not applicable.

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

Not applicable.

11. Exhibits

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

Exhibit 5 – Text of Proposed Rule Change.

²¹ 15 U.S.C. 78s(b)(2)(B).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 - ; File No. SR-IEX-2024-31)

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

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

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

Pursuant to the provisions of Section 19(b)(1) under the Act,⁴ and Rule 19b-4 thereunder,⁵ the Exchange is filing with the Commission a proposed rule change to amend the fees applicable to Members,⁶ pursuant to IEX Rule 15.110(a) and (c), to revise the fee for an order that routes to and removes liquidity on an away exchange at a price below \$1.00 so that the IEX fee will be the cost charged, or rebate paid, by the away

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ 15 U.S.C. 78s(b)(1).

⁵ 17 CFR 240.19b-4.

⁶ See IEX Rule 1.160(s).

exchange plus 0.02% of the total dollar value of the execution, instead of the cost charged by the away exchange plus \$0.0001 per share. No other fee changes are proposed.

Changes to the Fee Schedule pursuant to this proposal are effective upon filing,⁷ and will be operative on January 1, 2025.

The text of the proposed rule change is available at the Exchange's website at www.iextrading.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The Exchange proposes to amend its Fee Schedule,⁸ pursuant to IEX Rule 15.110(a) and (c), to revise the pricing for sub-dollar orders that route to and remove liquidity on an away exchange.

As proposed, IEX will amend the fees applicable to Members,⁹ as specified in the

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ See IEX Fee Schedule, available at: <https://www.iexchange.io/resources/trading/fee-schedule>.

⁹ See IEX Rule 1.160(s).

Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to revise the fee for an order that routes to and removes liquidity on an away exchange at a price below \$1.00 so that the IEX fee will be the cost charged, or rebate paid, by the away exchange plus 0.02% of the total dollar value (“TDV”¹⁰) of the execution instead of the cost charged by the away exchange plus \$0.0001 per share. No other fee changes are proposed.

IEX recently revised its structure for displayed adding and removing fees for executions priced below \$1.00, as set forth in rule filing SR-IEX-2024-30¹¹, which will be implemented on January 1, 2025. As described therein, the revised fee structure will provide for a rebate of 0.15% of the TDV of an execution in a security priced below \$1.00 per share for an order that provides displayed liquidity and a fee of 0.15% of the TDV of an execution in a security priced below \$1.00 per share for an order that removes displayed liquidity. These changes are designed to improve market quality on the Exchange by incentivizing Members to send more displayed liquidity adding orders to the Exchange in securities priced below \$1.00.¹²

In connection with these January 1, 2025 fee changes, IEX now proposes to synchronize the structure of its fees for sub-dollar routed executions with the fee structure for sub-dollar executions on IEX, which are all based on a percent of the TDV of the execution. As proposed, while the fee for an order that routes to and removes liquidity on an away exchange will continue to be based on the fee charged (or rebate paid) by the away exchange plus an additional IEX fee component, the additional component will be

¹⁰ As defined in the Fee Schedule, “TDV” means the total dollar value of the execution calculated as the execution price multiplied by the number of shares executed in the transaction.

¹¹ Available at: <https://www.iexexchange.io/documents/sr-iex-2024-30>.

¹² See Id.

0.02% of the total dollar value of the execution instead of the existing additional fee component of \$0.0001 per share.

IEX notes that the proposed additional fee component for routed sub-dollar executions will be the same, higher, or lower than the current per share additional fee component depending on the per share price of the security in question. Specifically, if the per share price of an execution is \$0.50 per share, the proposed additional fee component of 0.02% of TDV would be the same as the existing additional fee component of \$0.0001 per share ($\$0.50 \times 0.02\% = \0.0001). As a further example, if the per share price of an execution is \$0.20 per share, the proposed additional fee component of 0.02% of TDV would be less than the existing additional fee component of \$0.0001 per share ($\$0.20 \times 0.02\% = \0.00004). And if the per share price of an execution is \$0.80 per share, the proposed additional fee component of 0.02% of TDV would be more than the existing additional fee component of \$0.0001 per share ($\$0.80 \times 0.02\% = \0.00016).

IEX believes that the proposed change to the additional fee component for sub-dollar orders routed to and executed on an away exchange will better synchronize its sub-dollar fee structure because all components of IEX's sub-dollar fees will be based on TDV, which will thereby be clearer to Members when assessing applicable fees.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Section 6(b)(4)¹⁴ of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(4).

fees among IEX Members and persons using its facilities. Additionally, IEX believes that the proposed changes to the Fee Schedule are consistent with the investor protection objectives of Section 6(b)(5)¹⁵ of the Act, in particular, in that they are designed 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 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; and are not designed to permit unfair discrimination between customers, brokers, or dealers.

The Exchange believes that the proposed changes are reasonable, fair and equitable, non-discriminatory, and consistent with the Act. The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. IEX notes that trading volume in sub-dollar priced national market system securities¹⁶ has increased dramatically in recent years. During 2023 - 2024 to date, such volumes ranged from 13% – 14% of overall market volume.¹⁷ By contrast, during 2017 – 2019, such volumes ranged from 2% to 4% of overall market volume.¹⁸ Within that context, IEX believes that it must appropriately finetune its applicable fees to more effectively compete for this category of order flow.

The Exchange also believes that the proposed fee revision for sub-dollar orders

¹⁵ 15 U.S.C. 78f(b)(5).

¹⁶ See Rule 600(a) of Regulation NMS.

¹⁷ Source: NYSE TAQ.

¹⁸ Source: NYSE TAQ.

routed to and executed on an away exchange priced below \$1.00 per share are reasonable since the proposed fee revision is within the range of fees charged by competing exchanges. The maximum fee IEX could charge to an order that routes to and executes on an away exchange is 0.32% of TDV, for an away exchange that charges IEX an access fee of 0.30% of TDV. By comparison, while some exchanges charge less than IEX proposes to charge,¹⁹ NYSE Arca, Inc. charges 0.35% of TDV for an order that routes to and executes on an away exchange.²⁰ As noted above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. Within that context, charging cost plus an additional fee of 0.02% of TDV for sub-dollar orders that route to and execute on an away exchange is designed to keep IEX's sub-dollar trading prices competitive with those of other exchanges. IEX believes that such competitive prices should incentivize Members and other market participants to enter routable sub-dollar orders on IEX thereby contributing to increased liquidity on IEX and such away exchanges for orders that route to away exchanges, which is consistent with the overall goal of enhancing market quality.

Based on the foregoing, IEX does not believe that the proposed fee structure raises any new or novel issues that the Commission has not already considered in the context of other exchanges' fees.

¹⁹ See, e.g., MEMX Equities Fee Schedule (charging 0.30% of TDV for sub-dollar executions on away markets) available at: <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>; see also The Nasdaq Stock Market Price List (charging 0.30% of TDV for sub-dollar executions on away markets) available at: <https://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>.

²⁰ See NYSE Arca Trading Fees available at: https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE_Arca_Marketplace_Fees.pdf.

The Exchange further believes that the proposed fee change is consistent with the Act's requirement that the Exchange provide for an equitable allocation of fees that is also not unfairly discriminatory. As proposed, the fees for orders that route to and execute on an away exchange will apply in an equal and nondiscriminatory manner to all Members. While the fees for sub-dollar executions on IEX would be lower than the proposed fees for sub-dollar orders that route to and execute on an away exchange, those fee differences are due to the fees charged by the away exchanges, rather than the IEX fee component. Moreover, those fee differences are not based on the type of Member entering the order but on whether the Member chose to submit a routable order and whether the routable order is routed to an away exchange as specified transparently in IEX's rules.²¹ And all Members are eligible to enter routable and non-routable sub-dollar orders. Moreover, to the extent the proposed change is successful in incentivizing the entry and execution of sub-dollar orders on IEX, such greater liquidity will benefit all market participants by increasing price discovery and price formation as well as market quality and execution opportunities.

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

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. The Exchange does not believe that the proposed fees will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in a highly competitive market in which market participants can easily direct their orders to competing venues, including off-

²¹ See IEX Rule 11.230(b).

exchange venues, if its fees are viewed as non-competitive. Moreover, IEX notes that the proposed fees are designed to enhance competition by incentivizing the entry of liquidity on IEX to the benefit of all market participants. Further, subject to the SEC rule filing process, other exchanges could adopt similar fees.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. While Members that enter routable orders on IEX would be subject to different fees based on whether the order executes on IEX or an away exchange, those differences are not based on the type of Member entering the order but on whether the Member chose to submit a routable order and whether the routable order is routed to an away exchange as specified transparently in IEX's rules.²² Members are not required to send a routable order to IEX and could instead send a non-routable order to avoid the fees for routed executions. Further, all Members would benefit from the availability of more liquidity on the Exchange that the proposed fees are designed to incentivize. Accordingly, the Exchange does not believe that these changes will have any impact on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section

²² See supra note 21.

19(b)(3)(A)(ii).²³ of the Act.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B).²⁴ 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 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-2024-31 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-2024-31. This file number

²³ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁴ 15 U.S.C. 78s(b)(2)(B).

should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-IEX-2024-31 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Sherry R. Haywood,

Assistant Secretary.

²⁵ 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Change

Proposed new language is underlined; proposed deletions are in brackets.

Investors Exchange Fee Schedule

Effective January 1, 2025

Transaction Fees

- All fees identify cost or rebate per share executed unless otherwise specified. Rebates are indicated by parentheses ().
- Footnotes provide further explanatory text or indicate variable rate changes, provided the conditions in the footnote are met.
- The rates listed in the Base Rates table apply unless a Member's transaction is assigned a Fee Code other than a Base Fee Code (an "Additional Fee Code"). If a Member's transaction is assigned an Additional Fee Code, the rates listed in the Fee Code Combinations and Associated Fees table will apply.
- The Exchange passes-through in full any fees charged by/rebates received from away venues ("Cost") to the Member and adds the IEX fee (i.e., [a]\$0.0001 [charge]per share for executions at or above \$1.00 or 0.02% of TDV for executions below \$1.00 per share).

Base Rates:

Base Fee Codes	Description	Executions at or above \$1.00	Executions below \$1.00
MI	Add non-displayed liquidity	\$0.0010	0.10% of TDV
ML ⁴	Add displayed liquidity (Member adds less than 3,000,000 ADV of displayed liquidity)	FREE	(0.15% of TDV)
	(Member trades at least 5,000,000 non-displayed ADV and less than 10,000,000 non-displayed ADV)	(\$0.0010)	
	(Member: (1) adds at least 3,000,000 ADV of displayed liquidity and less than 10,000,000 ADV of displayed liquidity; or (2) trades at	(\$0.0014)	

	least 10,000,000 non-displayed ADV) (Member adds at least 10,000,000 ADV of displayed liquidity and less than 15,000,000 ADV of displayed liquidity) (Member adds at least 15,000,000 ADV of displayed liquidity and less than 20,000,000 ADV of displayed liquidity) (Member adds at least 20,000,000 ADV of displayed liquidity)	(\$0.0016) (\$0.0018) (\$0.0020)	
TI	Remove non-displayed liquidity	\$0.0010	0.10% of TDV
TL ⁵	Remove displayed liquidity (Member adds at least 25,000 ADV of displayed liquidity) (Member adds less than 25,000 ADV of displayed liquidity)	\$0.0020 \$0.0030	0.15% of TDV
X	Opening Process for Non-Listed Securities ("Opening Process")	\$0.0010	0.10% of TDV
O, C, H, P	Auction Match Fee	\$0.0003	0.30% of TDV
Alpha	Routing and removing liquidity (all routing options)	Cost + \$0.0001	<u>Cost + 0.02% of TDV</u>
