

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 19

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

File No. * SR 2023 - * 03

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"/>
--	---	--	--	--	---

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 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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
--	---

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
--

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
--	--

Description

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

Proposed Rule Change to Amend IEX Rule 1.160.

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 duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date	02/07/2023	(Title *)	
By	Nathaniel Kolodny (Name *)	Lead Regulation Counsel	

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

Nathaniel Kolodny
Digitally signed by Nathaniel Kolodny
Date: 2023.02.07 17:22:34 -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 EFFS website.

Form 19b-4 Information *

Add Remove View

19b-4 Persons Associated with a Mem

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

Persons Associated with a Member E

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

Associated Person Ex. 5 - SEC filing.d

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend IEX Rule 1.160.

The Exchange has designated this proposed rule change as “non-controversial” under Section 19(b)(3)(A) of the Act³ and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.⁴

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 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:

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4.

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

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

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

a. Purpose

The Exchange proposes to amend IEX Rule 1.160(y) “Person Associated with a Member or Associated Person of a Member,” to align those terms to the definition of the same terms in FINRA’s By-Laws⁵ with respect to Statutory Disqualifications.⁶ Currently, IEX Rule 1.160(y) defines the terms “Person Associated with a Member” or “Associated Person of a Member” as

any partner, officer, director, or branch manager of a 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 Member, or any employee of such Member, except that any person associated with a Member whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of these Rules.⁷

Therefore, under IEX’s current rules, an entity that is under common control of a Member is considered a Person Associated with a Member or Associated Person of a Member. Because IEX requires Members to submit a MC-400A application for continuance as a member if any Person Associated with the Member becomes subject to a Statutory Disqualification⁸, IEX’s current rules require Members to file MC-400A applications for affiliates under common control that would be subject to Statutory Disqualification under the securities laws.

By contrast, FINRA does not define “Person Associated with a Member” or “Associated

⁵ See FINRA Regulation, Inc. By-laws, Article I, paragraph (ee).

⁶ The term “Statutory Disqualification” means any statutory disqualification as defined in Section 3(a)(39) of the Act. See IEX Rule 1.160(mm).

⁷ See IEX Rule 1.160(y) (emphasis added).

⁸ See IEX Rule 9.522(b)(1)(B).

Person of a Member” as including affiliates under common control of the FINRA member.⁹

Thus, a firm that is both an IEX Member and a FINRA member, which has an affiliate under common control that would be subject to Statutory Disqualification under the securities laws, is required to file a Form MC-400A with IEX but not with FINRA.

The Exchange therefore proposes to amend IEX Rule 1.160(y) to add a new subparagraph (2) defining Person Associated with a Member or Associated Person of a Member in connection with Section 3(a)(39) of the Act¹⁰ using language that matches the FINRA definition (though with an internal cross-reference to IEX’s Rule 8.210 in place of FINRA Rule 8210). By adopting the definition substantially identical to the FINRA definition for the purposes of Statutory Disqualification, the Exchange would align its application of Statutory Disqualifications with that of FINRA. The proposed amendment would avoid potentially different outcomes for members of both FINRA and IEX with respect to ineligibility for membership and association. IEX also notes that the Nasdaq Stock Market LLC (“Nasdaq”) General 3 Rule 1002¹¹ was amended by Nasdaq to align with FINRA’s definitions for purposes of Statutory Disqualifications.¹²

b. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section

⁹ FINRA Regulation, Inc. By-laws, Article I, paragraph (ee) defines the terms “person associated with a member” or “associated person of a member” in relevant part as: “(2) a sole proprietor, partner, officer, director, or branch manager of a member, or other natural person occupying a similar status or performing similar functions, or a natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by a member, whether or not any such person is registered or exempt from registration with the Corporation under these By-Laws or the Rules of the Corporation; and (3) for purposes of Rule 8210, any other person listed in Schedule A of Form BD.” (emphasis added).

¹⁰ 15 U.S.C. 78c(a)(39).

¹¹ See Nasdaq General 3 Rule 1002.

¹² See Securities Exchange Act Release No. 94473 (March 18, 2022), 87 FR 16804 (March 24, 2022) (SR-NASDAQ-2022-022).

6(b)¹³ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁴ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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. The Exchange's proposal to adopt FINRA's definitions of Person Associated with a Member or Associated Person of a Member, as provided within FINRA Regulation, Inc. By-laws, Article I, paragraph (ee), for purposes of Statutory Disqualification pursuant to Section 3(a)(39) of the Act¹⁵ is consistent with the Act. Aligning these terms for purposes of Statutory Disqualifications would avoid potentially different outcomes for members of both FINRA and IEX with respect to ineligibility for membership and association as a result of Statutory Disqualification. Additionally, it will remove impediments to a free and open market by providing a consistent Statutory Disqualification review process for industry members seeking to continue their membership after an affiliate's Statutory Disqualification.

The Exchange believes the proposed rule change will promote just and equitable principles of trade and protect investors and the public interest by ensuring market participants that are members of both FINRA and IEX are held to the same standard with respect to Statutory Disqualification. Additionally, the Exchange notes that this proposal raises no issues not already considered by the Commission, because the Commission has already allowed other SROs (FINRA and Nasdaq) to use the same language as that proposed by IEX when applying the definitions of Person Associated with a Member or Associated Person of a Member, for purposes

¹³ 15 U.S.C. 78f.

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ 15 U.S.C. 78c(a)(39).

of Statutory Disqualifications.

The Exchange believes its proposal will promote just and equitable principles of trade and protect investors and the public interest by ensuring market participants that are members of both FINRA and IEX are held to the same standard with respect to Statutory Disqualification.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issue but to align the Exchange's rules with those of FINRA. Aligning the terms "person associated with a member" or "associated person of a member" with paragraph (ee) of Article I, Definitions, of FINRA's By-Laws would avoid potentially different outcomes for members of both FINRA and IEX with respect to ineligibility for membership and association as a result of Statutory Disqualification and ensure that all FINRA and IEX members are held to the same standard with respect to Statutory Disqualification. Consequently, the Exchange does not believe that the proposed change implicates competition at all.

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

Written comments on the proposed rule change 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 Act¹⁶ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁷ The Exchange asserts 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, (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate.

The Exchange's proposal to amend IEX Rule 1.160(y) and define the terms "person associated with a member" or "associated person of a member" as provided within FINRA By-Law Article I, paragraph (ee), for purposes of Statutory Disqualification pursuant to Section 3(a)(39) of Act,¹⁸ does not significantly affect the protection of investors or the public interest as the proposal would align IEX's application of Statutory Disqualification with FINRA's process and avoid potentially different outcomes for members of both FINRA and IEX with respect to ineligibility for membership and association. Additionally, this proposal does not impose any significant burden on competition as the proposal would ensure that all FINRA and IEX members are held to the same standard with respect to Statutory Disqualification.

In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.¹⁹

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

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4.

¹⁸ 15 U.S.C. 78c(a)(39).

¹⁹ 17 CFR 240.19b-4(f)(6)(iii).

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 proposed rule change is based on FINRA's By-laws, Article I, paragraph (ee) and Nasdaq General 3 Rule 1002.

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 -); File No. SR-IEX-2023-03)

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IEX Rule 1.160.

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 IEX is filing with the Commission a proposed rule change to amend IEX Rule 1.160.

The Exchange has designated this proposed rule change as “non-controversial” under Section 19(b)(3)(A) of the Act⁶ and provided the Commission with the notice

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

required by Rule 19b-4(f)(6) thereunder.⁷

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 statement 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 IEX Rule 1.160(y) "Person Associated with a Member or Associated Person of a Member," to align those terms to the definition of the same terms in FINRA's By-Laws⁸ with respect to Statutory Disqualifications.⁹ Currently, IEX Rule 1.160(y) defines the terms "Person Associated with a Member" or "Associated Person of a Member" as

any partner, officer, director, or branch manager of a 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 Member, or any employee of

⁷ 17 CFR 240.19b-4.

⁸ See FINRA Regulation, Inc. By-laws, Article I, paragraph (ee).

⁹ The term "Statutory Disqualification" means any statutory disqualification as defined in Section 3(a)(39) of the Act. See IEX Rule 1.160(mm).

such Member, except that any person associated with a Member whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of these Rules.¹⁰

Therefore, under IEX's current rules, an entity that is under common control of a Member is considered a Person Associated with a Member or Associated Person of a Member. Because IEX requires Members to submit a MC-400A application for continuance as a member if any Person Associated with the Member becomes subject to a Statutory Disqualification¹¹, IEX's current rules require Members to file MC-400A applications for affiliates under common control that would be subject to Statutory Disqualification under the securities laws.

By contrast, FINRA does not define "Person Associated with a Member" or "Associated Person of a Member" as including affiliates under common control of the FINRA member.¹² Thus, a firm that is both an IEX Member and a FINRA member, which has an affiliate under common control that would be subject to Statutory Disqualification under the securities laws, is required to file a Form MC-400A with IEX but not with FINRA.

The Exchange therefore proposes to amend IEX Rule 1.160(y) to add a new subparagraph (2) defining Person Associated with a Member or Associated Person of a

¹⁰ See IEX Rule 1.160(y) (emphasis added).

¹¹ See IEX Rule 9.522(b)(1)(B).

¹² FINRA Regulation, Inc. By-laws, Article I, paragraph (ee) defines the terms "person associated with a member" or "associated person of a member" in relevant part as: "(2) a sole proprietor, partner, officer, director, or branch manager of a member, or other natural person occupying a similar status or performing similar functions, or a natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by a member, whether or not any such person is registered or exempt from registration with the Corporation under these By-Laws or the Rules of the Corporation; and (3) for purposes of Rule 8210, any other person listed in Schedule A of Form BD." (emphasis added).

Member in connection with Section 3(a)(39) of the Act¹³ using language that matches the FINRA definition (though with an internal cross-reference to IEX's Rule 8.210 in place of FINRA Rule 8210). By adopting the definition substantially identical to the FINRA definition for the purposes of Statutory Disqualification, the Exchange would align its application of Statutory Disqualifications with that of FINRA. The proposed amendment would avoid potentially different outcomes for members of both FINRA and IEX with respect to ineligibility for membership and association. IEX also notes that the Nasdaq Stock Market LLC ("Nasdaq") General 3 Rule 1002¹⁴ was amended by Nasdaq to align with FINRA's definitions for purposes of Statutory Disqualifications.¹⁵

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)¹⁶ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁷ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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. The Exchange's proposal to adopt FINRA's definitions of Person Associated with a Member or Associated Person of a Member, as provided within FINRA Regulation, Inc. By-laws, Article I, paragraph (ee), for purposes of Statutory Disqualification pursuant to Section 3(a)(39) of the Act¹⁸ is consistent with the Act. Aligning these terms for purposes of Statutory Disqualifications

¹³ 15 U.S.C. 78c(a)(39).

¹⁴ See Nasdaq General 3 Rule 1002.

¹⁵ See Securities Exchange Act Release No. 94473 (March 18, 2022), 87 FR 16804 (March 24, 2022) (SR-NASDAQ-2022-022).

¹⁶ 15 U.S.C. 78f.

¹⁷ 15 U.S.C. 78f(b)(5).

¹⁸ 15 U.S.C. 78c(a)(39).

would avoid potentially different outcomes for members of both FINRA and IEX with respect to ineligibility for membership and association as a result of Statutory Disqualification. Additionally, it will remove impediments to a free and open market by providing a consistent Statutory Disqualification review process for industry members seeking to continue their membership after an affiliate's Statutory Disqualification.

The Exchange believes the proposed rule change will promote just and equitable principles of trade and protect investors and the public interest by ensuring market participants that are members of both FINRA and IEX are held to the same standard with respect to Statutory Disqualification. Additionally, the Exchange notes that this proposal raises no issues not already considered by the Commission, because the Commission has already allowed other SROs (FINRA and Nasdaq) to use the same language as that proposed by IEX when applying the definitions of Person Associated with a Member or Associated Person of a Member, for purposes of Statutory Disqualifications.

The Exchange believes its proposal will promote just and equitable principles of trade and protect investors and the public interest by ensuring market participants that are members of both FINRA and IEX are held to the same standard with respect to Statutory Disqualification.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issue but to align the Exchange's rules with those of FINRA. Aligning the terms "person associated with a member" or "associated person of a member" with paragraph (ee) of Article I,

Definitions, of FINRA's By-Laws would avoid potentially different outcomes for members of both FINRA and IEX with respect to ineligibility for membership and association as a result of Statutory Disqualification and ensure that all FINRA and IEX members are held to the same standard with respect to Statutory Disqualification. Consequently, the Exchange does not believe that the proposed change implicates competition at all.

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

Written comments on the proposed rule change 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)¹⁹ of the Act and Rule 19b-4(f)(6)²⁰ thereunder. Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.

The Exchange's proposal to amend IEX Rule 1.160(y) and define the terms "person associated with a member" or "associated person of a member" as provided within FINRA By-Law Article I, paragraph (ee), for purposes of Statutory

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6).

Disqualification pursuant to Section 3(a)(39) of Act,²¹ does not significantly affect the protection of investors or the public interest as the proposal would align IEX's application of Statutory Disqualification with FINRA's process and avoid potentially different outcomes for members of both FINRA and IEX with respect to ineligibility for membership and association. Additionally, this proposal does not impose any significant burden on competition as the proposal would ensure that all FINRA and IEX members are held to the same standard with respect to Statutory Disqualification.

In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.²²

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)²³ 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:

²¹ 15 U.S.C. 78c(a)(39).

²² 17 CFR 240.19b-4(f)(6)(iii).

²³ 15 U.S.C. 78s(b)(2)(B).

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-IEX-2023-03 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-IEX-2023-03. This file number should be included in 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 (<http://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 Section, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the IEX's principal office and on its Internet website at www.iextrading.com. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available

publicly. All submissions should refer to File Number SR-IEX-2023-02 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

²⁴ 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Change

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

Chapter 1. ADOPTION, INTERPRETATION AND APPLICATION OF IEX RULES, AND DEFINITIONS

Rule 1.160. Definitions

(a)-(x) No changes.

(y)(1) Person Associated with a Member or Associated Person of a Member: The terms “person associated with a Member” or “associated person of a Member” mean any partner, officer, director, or branch manager of a 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 Member, or any employee of such Member, except that any person associated with a Member whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of these Rules.

(2) Notwithstanding the first paragraph of subsection (y), for purposes of “statutory disqualification” as defined in Section 3(a)(39) of the Exchange Act, the terms “person associated with a Member” or “associated person of a Member” shall mean (1) a natural person who is registered or has applied for registration under the Rules of the Exchange; (2) a sole proprietor, partner, officer, director, or branch manager of a Member, or other natural person occupying a similar status or performing similar functions, or a natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by a Member, whether or not any such person is registered or exempt from registration with the Exchange under its Rules; and (3) for purposes of Rule 8.210, any other person listed in Schedule A of Form BD of a member.

(y)-(rr) No changes.
