

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 2024 - * 30

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)		
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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 12/20/2024 (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: 2024.12.20 16:26:29 -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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January 2025 fee change 19b-4 v3 for

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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January 2025 fee change Ex 1 for filin

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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January 2025 fee change Ex 5 v3 for f

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 and rebates applicable to Members³ (the “Fee Schedule”), pursuant to IEX Rule 15.110(a) and (c) to (i) provide a rebate of 0.15% of the total dollar value of an execution in a security priced below \$1.00 to an order that provides displayed liquidity, and (ii) increase the fee from 0.09% of the total dollar value of the execution to 0.15% of the total dollar value of the execution in a security priced below \$1.00 to an order that removes displayed liquidity. 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 structure for sub-dollar executions that provide or remove displayed liquidity on the Exchange.

Currently, orders that add displayed liquidity with an execution price below \$1.00 per share execute free of charge on the Exchange.⁶ For orders that remove displayed liquidity with an execution price below \$1.00 per share, the Exchange currently charges Members a fee of 0.09% of the total dollar value of the execution, although retail orders that remove displayed liquidity with an execution price below \$1.00 execute free of charge.⁷

IEX recently conducted an assessment of its displayed adding and removing fees

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

⁶ See *supra* note 5.

⁷ See *supra* note 5.

for executions priced below \$1.00, including a review of the fees charged by, and rebates paid by, its competitors. Based on this assessment, IEX determined to revise its pricing structure for executions priced below \$1.00 per share as described below. The proposed fee structure is 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.

Specifically, IEX proposes to (i) provide a rebate of 0.15% of the total dollar value of an execution in a security priced below \$1.00 to an order that provides displayed liquidity, and (ii) increase the fee from 0.09% of the total dollar value of the execution to 0.15% of the total dollar value of the execution in a security priced below \$1.00 to an order that removes displayed liquidity. No other fee changes are proposed. IEX is not proposing any change to the fees applicable to retail orders that remove displayed liquidity with an execution price below \$1.00, which will continue to execute free of charge.

Accordingly, IEX proposes to update its Fee Schedule to specify that:

- (i) a rebate of 0.15% of the total dollar value of an execution in a security priced below \$1.00 per share for an order that provides displayed liquidity will be applicable to Base Rate ML and Fee Codes ML and MLB,⁸ and
- (ii) a fee of 0.15% of the total dollar value of an execution in a security priced below \$1.00 per share for an order that removes displayed liquidity will be applicable to Base Rate TL and Fee Codes TL, TLB, TLK, and TLBK.⁹

The proposed rebate is designed to incentivize posting displayed liquidity on IEX in securities priced below \$1.00 per share in order to address competitive factors (as

⁸ Footnote 4 of the Fee Schedule is not applicable to executions below \$1.00 with respect to tiered rebates or required criteria for tier computations.

⁹ Footnote 5 of the Fee Schedule is not applicable to executions below \$1.00 with respect to the tiered fees or required criteria for tier computation.

discussed more thoroughly in the Statutory Basis section) and facilitate price discovery and price formation, which the Exchange believes benefits all Members and market participants. IEX believes that the proposed rebate is reasonable and notes that it is in the range of rebates currently and recently paid by other exchanges for providing sub-dollar displayed liquidity.¹⁰

The Exchange also believes that the proposed fee for removing displayed liquidity on IEX in securities priced below \$1.00 per share is reasonable to offset the proposed rebate and notes that it is within the range charged by other national securities exchange to remove sub-dollar displayed liquidity.¹¹

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(4)¹³ 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

¹⁰ MIAX Pearl Equities Exchange and the Long-Term Stock Exchange (“LTSE”) each currently pay a rebate of 0.15% of the total dollar value of the execution for orders that provide displayed liquidity with an execution of price below \$1.00 per share. See MIAX Pearl Equities Exchange fee schedule available at https://www.miaxglobal.com/sites/default/files/fee_schedule-files/MIAX_Pearl_Equities_Fee_Schedule_12132024.pdf and LTSE fee schedule available at <https://ltse.com/trading/fee-schedules>. IEX notes that LTSE previously paid a rebate of 0.28% of the total dollar value of the execution for orders that provide displayed liquidity with an execution of price below \$1.00 per share. See Securities Exchange Act Release No. 101226 (October 1, 2024), 89 Fed. Reg. 81587 (Oct. 8, 2024) (SR-LTSE-2024-06).

¹¹ MIAX Pearl Equities Exchange and the LTSE each charge a fee of 0.20% of the total dollar value of the execution for orders that remove displayed liquidity with an execution of price below \$1.00 per share. See MIAX Pearl Equities Exchange fee schedule available at [MIAX Pearl Equities Fee Schedule 12132024.pdf](https://www.miaxglobal.com/sites/default/files/fee_schedule-files/MIAX_Pearl_Equities_Fee_Schedule_12132024.pdf) and LTSE fee schedule available at [Trading | Fee Schedules | LTSE](https://ltse.com/trading/fee-schedules).

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(4).

objectives of Section 6(b)(5)¹⁴ 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 securities¹⁵ has increased dramatically in recent years. During 2023 - 2024 to date, such volumes ranged from 13% – 14% of overall market volume.¹⁶ By contrast, during 2017 – 2019, such volumes ranged from 2% to 4% of overall market volume.¹⁷ Within that context, IEX's proposed rebate and fee changes for sub-dollar trading are designed to enhance its ability to more effectively compete for this category of order flow.

The Exchange also believes that the proposed rebates and fees for orders that add or remove displayed liquidity in executions priced below \$1.00 per share are reasonable since each are within the range of rebates paid and fees charged by competing exchanges,

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ See Rule 600(a) of Regulation NMS.

¹⁶ Source: NYSE TAQ

¹⁷ Source: NYSE TAQ

as described in the Purpose section. 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 or 0.15% of total dollar value for orders that remove displayed liquidity in sub-dollar executions combined with a rebate of 0.15% for orders that add displayed liquidity in sub-dollar executions is designed to keep IEX's sub-dollar displayed trading prices competitive with those of other exchanges. IEX believes that such competitive prices should incentivize Members and other market participants to enter displayed sub-dollar orders (and orders seeking to trade with such orders) on IEX thereby contributing to price discovery and price formation, which is consistent with the overall goal of enhancing market quality.

Based on the foregoing, IEX does not believe that the proposed fee structure for adding or removing displayed liquidity in executions priced below \$1.00 per share raises any new or novel issues that the Commission has not already considered in the context of other exchanges' fees. The Exchange believes that this fee structure will attract and incentivize displayed order flow as well as order flow seeking to trade with displayed order flow. Additionally, increases in displayed liquidity would contribute to the public price discovery process which would benefit all market participants and protect investors and the public interest.

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 adding and removing displayed liquidity in executions priced below \$1.00 will apply in an equal and

nondiscriminatory manner to all Members. All Members are eligible to enter displayed sub-dollar orders and orders to remove displayed sub-dollar orders. Moreover, to the extent the proposed change is successful in incentivizing the entry and execution of displayed 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 and thereby increasing the Exchange's pool of displayed liquidity 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 add or remove displayed liquidity will be subject to different fees based on this usage, those differences are not based on the type of Member entering orders but on whether the Member chose to submit displayed

adding or removing orders. Every Member 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,¹⁸ IEX has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

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

¹⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹ 15 U.S.C. 78s(b)(2)(B).

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 - ; File No. SR-IEX-2024-30)

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 IEX is filing with the Commission a proposed rule change to amend the fees and rebates applicable to Members⁶ (the "Fee Schedule"), pursuant to IEX Rule 15.110(a) and (c) to (i) provide a rebate of 0.15% of the total dollar value of an execution in a security priced below \$1.00 to an order that provides displayed liquidity, and (ii) increase the fee from 0.09% of the total dollar value of the execution to 0.15% of the total

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).

dollar value of the execution in a security priced below \$1.00 to an order that removes displayed liquidity. 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 structure for sub-dollar executions that provide or remove displayed liquidity on the Exchange.

Currently, orders that add displayed liquidity with an execution price below \$1.00

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#transaction-feeshttps://exchange.iex.io/resources/trading/fee-schedule/>.

per share execute free of charge on the Exchange.⁹ For orders that remove displayed liquidity with an execution price below \$1.00 per share, the Exchange currently charges Members a fee of 0.09% of the total dollar value of the execution, although retail orders that remove displayed liquidity with an execution price below \$1.00 execute free of charge.¹⁰

IEX recently conducted an assessment of its displayed adding and removing fees for executions priced below \$1.00, including a review of the fees charged by, and rebates paid by, its competitors. Based on this assessment, IEX determined to revise its pricing structure for executions priced below \$1.00 per share as described below. The proposed fee structure is 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.

Specifically, IEX proposes to (i) provide a rebate of 0.15% of the total dollar value of an execution in a security priced below \$1.00 to an order that provides displayed liquidity, and (ii) increase the fee from 0.09% of the total dollar value of the execution to 0.15% of the total dollar value of the execution in a security priced below \$1.00 to an order that removes displayed liquidity. No other fee changes are proposed. IEX is not proposing any change to the fees applicable to retail orders that remove displayed liquidity with an execution price below \$1.00, which will continue to execute free of charge.

Accordingly, IEX proposes to update its Fee Schedule to specify that:

- (i) a rebate of 0.15% of the total dollar value of an execution in a security

⁹ See *supra* note 8.

¹⁰ See *supra* note 8.

- priced below \$1.00 per share for an order that provides displayed liquidity will be applicable to Base Rate ML and Fee Codes ML and MLB,¹¹ and
- (ii) a fee of 0.15% of the total dollar value of an execution in a security priced below \$1.00 per share for an order that removes displayed liquidity will be applicable to Base Rate TL and Fee Codes TL, TLB, TLK, and TLBK.¹²

The proposed rebate is designed to incentivize posting displayed liquidity on IEX in securities priced below \$1.00 per share in order to address competitive factors (as discussed more thoroughly in the Statutory Basis section) and facilitate price discovery and price formation, which the Exchange believes benefits all Members and market participants. IEX believes that the proposed rebate is reasonable and notes that it is in the range of rebates currently and recently paid by other exchanges for providing sub-dollar displayed liquidity.¹³

The Exchange also believes that the proposed fee for removing displayed liquidity on IEX in securities priced below \$1.00 per share is reasonable to offset the proposed rebate and notes that it is within the range charged by other national securities exchange to remove sub-dollar displayed liquidity.¹⁴

¹¹ Footnote 4 of the Fee Schedule is not applicable to executions below \$1.00 with respect to tiered rebates or required criteria for tier computations.

¹² Footnote 5 of the Fee Schedule is not applicable to executions below \$1.00 with respect to the tiered fees or required criteria for tier computation.

¹³ MIAX Pearl Equities Exchange and the Long-Term Stock Exchange (“LTSE”) each currently pay a rebate of 0.15% of the total dollar value of the execution for orders that provide displayed liquidity with an execution of price below \$1.00 per share. See MIAX Pearl Equities Exchange fee schedule available at https://www.miaxglobal.com/sites/default/files/fee_schedule_files/MIAX_Pearl_Equities_Fee_Schedule_12132024.pdf and LTSE fee schedule available at <https://ltse.com/trading/fee-schedules>. IEX notes that LTSE previously paid a rebate of 0.28% of the total dollar value of the execution for orders that provide displayed liquidity with an execution of price below \$1.00 per share. See Securities Exchange Act Release No. 101226 (October 1, 2024), 89 Fed. Reg. 81587 (Oct. 8, 2024) (SR-LTSE-2024-06).

¹⁴ MIAX Pearl Equities Exchange and the LTSE each charge a fee of 0.20% of the total dollar value of the execution for orders that remove displayed liquidity with an execution of price below \$1.00 per share. See MIAX Pearl Equities Exchange fee schedule available at [MIAX Pearl Equities Fee Schedule 12132024.pdf](https://www.miaxglobal.com/sites/default/files/fee_schedule_files/MIAX_Pearl_Equities_Fee_Schedule_12132024.pdf) and LTSE fee schedule available at [Trading | Fee Schedules | LTSE](https://ltse.com/trading/fee-schedules).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁵ in general, and furthers the objectives of Section 6(b)(4)¹⁶ 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)¹⁷ 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 securities¹⁸ has increased dramatically in recent years. During 2023 - 2024 to date, such volumes ranged from 13% – 14% of overall market volume.¹⁹ By contrast, during 2017 – 2019, such

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(4).

¹⁷ 15 U.S.C. 78f(b)(5).

¹⁸ See Rule 600(a) of Regulation NMS.

¹⁹ Source: NYSE TAQ

volumes ranged from 2% to 4% of overall market volume.²⁰ Within that context, IEX's proposed rebate and fee changes for sub-dollar trading are designed to enhance its ability to more effectively compete for this category of order flow.

The Exchange also believes that the proposed rebates and fees for orders that add or remove displayed liquidity in executions priced below \$1.00 per share are reasonable since each are within the range of rebates paid and fees charged by competing exchanges, as described in the Purpose section. 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 or 0.15% of total dollar value for orders that remove displayed liquidity in sub-dollar executions combined with a rebate of 0.15% for orders that add displayed liquidity in sub-dollar executions is designed to keep IEX's sub-dollar displayed trading prices competitive with those of other exchanges. IEX believes that such competitive prices should incentivize Members and other market participants to enter displayed sub-dollar orders (and orders seeking to trade with such orders) on IEX thereby contributing to price discovery and price formation, which is consistent with the overall goal of enhancing market quality.

Based on the foregoing, IEX does not believe that the proposed fee structure for adding or removing displayed liquidity in executions priced below \$1.00 per share raises any new or novel issues that the Commission has not already considered in the context of other exchanges' fees. The Exchange believes that this fee structure will attract and incentivize displayed order flow as well as order flow seeking to trade with displayed

²⁰ Source: NYSE TAQ

order flow. Additionally, increases in displayed liquidity would contribute to the public price discovery process which would benefit all market participants and protect investors and the public interest.

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 adding and removing displayed liquidity in executions priced below \$1.00 will apply in an equal and nondiscriminatory manner to all Members. All Members are eligible to enter displayed sub-dollar orders and orders to remove displayed sub-dollar orders. Moreover, to the extent the proposed change is successful in incentivizing the entry and execution of displayed 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-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 and thereby increasing the Exchange's pool of displayed liquidity 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 add or remove displayed liquidity will be subject to different fees based on this usage, those differences are not based on the type of Member entering orders but on whether the Member chose to submit displayed adding or removing orders. Every Member 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 19(b)(3)(A)(ii)²¹ 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

²¹ 15 U.S.C. 78s(b)(3)(A)(ii).

19(b)(2)(B)²² 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-2024-30 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-2024-30. 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

²² 15 U.S.C. 78s(b)(2)(B).

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-2024-30 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.²³

Sherry R. Haywood,

Assistant Secretary.

²³ 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 [November 1, 2024]January 1, 2025

Transaction Fees

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	[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 least 10,000,000 non-displayed ADV)	(\$0.0014)	
	(Member adds at least 10,000,000 ADV of displayed liquidity and less than 15,000,000 ADV of displayed liquidity)	(\$0.0016)	
	(Member adds at least 15,000,000 ADV of displayed liquidity and less than 20,000,000 ADV of displayed liquidity)	(\$0.0018)	
	(Member adds at least 20,000,000 ADV of displayed liquidity)	(\$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)	\$0.0020	[0.09% of TDV] <u>0.15% of TDV</u>
	(Member adds less than 25,000 ADV of displayed liquidity)	\$0.0030	
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	

Fee Code Combinations and Associated Fees:

Fee Codes	Description	Executions at or above \$1.00	Executions below \$1.00
MI	Adds non-displayed liquidity	\$0.0010	0.10% of TDV
MIB ²	Adds non-displayed liquidity (Tape B)	\$0.0010	0.10% of TDV
ML ⁴	Adds displayed liquidity	FREE	[FREE] <u>(0.15% of TDV)</u>
MLB ²⁴	Adds displayed liquidity (Tape B)	FREE	[FREE] <u>(0.15% of TDV)</u>
MLY ⁴	Post Only order adds liquidity against resting non-displayed order	FREE	N/A
MLYB ²⁴	Post Only order adds liquidity against resting non-displayed order (Tape B)	FREE	N/A
TI	Removes non-displayed liquidity	\$0.0010	0.10% of TDV
TIB ²	Removes non-displayed liquidity (Tape B)	\$0.0010	0.10% of TDV
TIY	Post Only order removes non-displayed liquidity	\$0.0010	N/A
TIYB ²	Post Only order removes non-displayed liquidity (Tape B)	\$0.0010	N/A
TL ⁵	Removes displayed liquidity	\$0.0020	[0.09% of TDV] <u>0.15% of TDV</u>

TLB ²⁵	Removes displayed liquidity (Tape B)	\$0.0020	[0.09% of TDV] <u>0.15% of TDV</u>
TLK ³	Discretionary Peg, Fixed Midpoint Peg, Midpoint Peg, or Primary Peg order removes displayed liquidity	\$0.0010	[0.09% of TDV] <u>0.15% of TDV</u>
TLBK ²³	Discretionary Peg, Fixed Midpoint Peg, Midpoint Peg, or Primary Peg order removes displayed liquidity (Tape B)	\$0.0010	[0.09% of TDV] <u>0.15% of TDV</u>
TLY ⁵	Post Only order removes displayed liquidity	\$0.0020	N/A
TLYB ²⁵	Post Only order removes displayed liquidity (Tape B)	\$0.0020	N/A
TIR ¹	Retail order removes non-displayed liquidity	FREE	FREE
TLW ⁵	Resting non-displayed order removes liquidity against incoming Post Only order	\$0.0020	N/A
TLWB ²⁵	Resting non-displayed order removes liquidity against incoming Post Only order (Tape B)	\$0.0020	N/A
MIA	Retail Liquidity Provider order adds non-displayed liquidity that executes against a Retail order	FREE	FREE
TLR ¹	Retail order removes displayed liquidity	FREE	FREE
X	Opening Process for Non-Listed Securities (“Opening Process”)	\$0.0010	0.10% of TDV
XD	Displayed interest resting on the Continuous Book executes in the Opening Process	FREE	FREE
O	Opening Auction, IEX-listed security	\$0.0003	0.30% of TDV
OD	Displayed interest resting on the Continuous Book executes in the Opening Auction	FREE	FREE
C	Closing Auction, IEX-listed security	\$0.0003	0.30% of TDV
CD	Displayed interest resting on the Continuous Book executes in the Closing Auction	FREE	FREE
H	Halt or Volatility Auction, IEX-listed security	\$0.0003	0.30% of TDV
P	IPO Auction, IEX-listed security	\$0.0003	0.30% of TDV
