

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 29

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

File No. * SR 2024 - * 24

Amendment No. (req. for Amendments *)

Filing by Investors' Exchange LLC

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

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

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input 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 the 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 * Nathaniel Last Name * Kolodny

Title * Lead Regulation Counsel

E-mail * nathaniel.kolodny@iextrading.com

Telephone * (646) 343-2034 Fax

Signature

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

Date 10/28/2024

(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: 2024.10.27 18:32:19 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the 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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SR-IEX-2024-24 November 1 2024 fe

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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SR-IEX-2024-24 November 1 2024 fe

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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SR-IEX-2024-24 November 1 2024 fe

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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SR-IEX-2024-24 November 1 2024 fe

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 thereunder², Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the Exchange’s fee schedule applicable to Members³ (the “Fee Schedule”⁴) pursuant to IEX Rule 15.110(a) and (c). Changes to the Fee Schedule pursuant to this proposal are effective upon filing⁵, and will be operative on November 1, 2024.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See IEX Rule 1.160(s).

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

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

respect to the proposed rule change are complete.

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

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

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

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

(a) Purpose

The Exchange proposes to modify its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to introduce four new Displayed Liquidity Adding Rebate Tiers (and to modify the two current tiers) for executions priced at or above \$1.00. The Exchange proposes to implement these changes effective November 1, 2024.

Displayed Liquidity Adding Rebate Tiers

As reflected in the Transaction Fees section of the Fee Schedule, IEX currently offers two Displayed Liquidity Adding Rebate tiers. Specifically, Displayed Liquidity Adding Rebate Tier 1 provides the Exchange's base rebate of \$0.0014 per share to all executions of displayed liquidity adding orders priced at or above \$1.00 per share ("Added Displayed Liquidity").⁶ And Displayed Liquidity Adding Rebate Tier 2 provides a rebate of \$0.0020 per share to all Added Displayed Liquidity for Members that add at least 10,000,000 ADV⁷ of Added Displayed Liquidity.

⁶ Nothing in this rule filing affects trades below \$1.00 per share ("sub-dollar trades"). Sub-dollar trades would not impact the rebate tier calculations and remain ineligible for rebates.

⁷ The Fee Schedule defines "ADV" as the number of shares added or removed that execute at or above \$1.00 per share, combined, per day, calculated on a monthly basis.

To further incentivize the posting of displayed liquidity on the Exchange, IEX proposes to modify the two current Displayed Liquidity Adding Rebate tiers and introduce four new tiers. Under this proposal, the fees/rebates the Exchange charges for adding displayed liquidity to the Exchange will be:

- Members that add less than 3,000,000 ADV of displayed liquidity will be charged a fee of FREE for their displayed liquidity adding executions (Tier 1).
- Members that trade at least 5,000,000 non-displayed ADV and less than 10,000,000 non-displayed ADV will receive a rebate of 10 mils per share for their displayed liquidity adding executions (Tier 2).⁸
- Members that: (1) add at least 3,000,000 ADV of displayed liquidity and less than 10,000,000 ADV of displayed liquidity; or (2) trade at least 10,000,000 non-displayed ADV, will receive a rebate of 14 mils per share for their displayed liquidity adding executions (Tier 3).⁹
- Members that add at least 10,000,000 ADV of displayed liquidity and less than 15,000,000 ADV of displayed liquidity will receive a rebate of 16 mils per share for their displayed liquidity adding executions (Tier 4).
- Members that add at least 15,000,000 ADV of displayed liquidity and less than 20,000,000 ADV of displayed liquidity will receive a rebate of 18 mils per share for their displayed liquidity adding executions (Tier 5).
- Members that add at least 20,000,000 ADV of displayed liquidity will receive a rebate of 20 mils per share for their displayed liquidity adding executions (Tier 6).

Proposed Displayed Liquidity Adding Rebate Tiers 2 and 3 are based on a Member's trading (both adding and removing) of non-displayed ADV on the Exchange.¹⁰ Therefore, IEX proposes to update the definition of "ADV" in the Definitions and Information portion of the Transaction Fees section of the IEX Fee Schedule to explain which fee code combinations count as "non-displayed ADV." Specifically, IEX proposes

⁸ IEX designed Tier 2, which provides a 10 mil rebate to Members that trade at least 5,000,000 non-displayed ADV, to provide Members additional ways to qualify for a tiered rebate incentive.

⁹ IEX designed Tier 3, which provides a 14 mil rebate to Members that trade at least 10,000,000 non-displayed ADV (or add between 3,000,000 and 10,000,000 displayed ADV), to provide Members additional ways to qualify for a tiered rebate incentive.

¹⁰ Tier 3 is also available to a Member that adds at least 3,000,000 displayed ADV and less than 10,000,000 displayed ADV, irrespective of the Member's non-displayed ADV.

to add a bullet under the ADV definition that states:

- “non-displayed ADV” refers to executions with the following Fee Code Combinations: ML, MIB, TI, TIB, TIY, TIYB, TIR, TLW, TLWB, and MIA.

IEX notes that this model of offering volume-based rebates is consistent with the rebates offered by competitor exchanges.¹¹ The Exchange also notes that the highest rebate in this proposal, the \$0.0020 rebate for Tier 5, is well within the range of rebates offered by competing exchanges.¹²

Accordingly, IEX proposes to update its Fee Schedule to make several revisions to reflect the proposed amended rebate tiers. First, the Exchange proposes to amend the Fee Schedule’s Base Rates table to update the description and fees associated with Base Fee Code ML (“Add displayed liquidity”). As amended, the Base Rates table will list six base rates for Fee Code ML – the FREE execution applied if “Member adds less than 3,000,000 ADV of displayed liquidity”; the \$0.0010 rebate applied if “Member trades at least 5,000,000 non-displayed ADV and less than 10,000,000 non-displayed ADV”; the \$0.0014 rebate applied if “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”; the \$0.0016 rebate applied if “Member adds at least 10,000,000 ADV of displayed liquidity and less than 15,000,000 ADV of displayed

¹¹ See, e.g., MEMX Equities Fee Schedule (Effective July 16, 2024), available at <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>. However, IEX’s proposed rebate tiers will continue to be based on each Member’s ADV, without a requirement to meet a total consolidated volume threshold.

¹² See, e.g., MEMX Equities Fee Schedule, *supra* note 11 (maximum rebate of \$0.0037); Nasdaq Equity VII, Section 114 (maximum rebate of \$0.0036); New York Stock Exchange Price List 2024 (as of June 3, 2024), https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf (maximum rebate of \$0.0035).

liquidity”; the \$0.0018 rebate applied if “Member adds at least 15,000,000 of displayed liquidity and less than 20,000,000 ADV of displayed liquidity”; and the \$0.0020 rebate applied if “Member adds at least 20,000,000 ADV of displayed liquidity.”

IEX also proposes to amend Footnote 4 to the Transaction Fees section, which is applicable to fee code ML in the Base Rates table, and to Fee Code Combinations ML, MLB, MLY, and MLYB in the Fee Code Combination and Associated Fees table. As proposed, Footnote 4 will be amended to reflect the six tiers proposed in this filing, including the required criteria for each rebate tier and the applicable rebate, as described above.

The Exchange believes the proposed amendments to the Displayed Liquidity Adding Rebate Tiers would provide an incremental incentive for Members to send more orders to the Exchange in an effort to qualify for the proposed enhanced rebates offered by Tiers 2-5 for executions of Added Displayed Volume. As such, the proposed Displayed Liquidity Adding Rebate Tiers are designed to encourage Members that provide liquidity on the Exchange to maintain or increase their order flow, thereby contributing to a deeper and more liquid market to the benefit of all market participants and enhancing the attractiveness of the Exchange as a trading venue.

As noted above, the Exchange is not proposing to change the fees applicable to executions of and with orders with an execution price below \$1.00 per share, which would remain free for such orders that provide displayed liquidity and subject to a fee of 0.09% of the total dollar volume of the execution for orders that take displayed liquidity. IEX is also not proposing to make any changes to the fees applicable to the execution of

Retail¹³ orders that remove displayed liquidity, which will continue to execute for free.

(b) Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)¹⁴ of the Act in general and furthers the objectives of Sections 6(b)(4)¹⁵ of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange believes that the proposed fee change is reasonable, fair and equitable, and non-discriminatory.

The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. IEX has concluded that, in the context of current regulatory requirements governing access fees and rebates, it will be able to more effectively compete with other exchanges for order flow by offering more targeted rebate incentives. Based upon informal discussions with market participants, IEX believes that Members and other market participants may be more willing to send displayed orders to IEX if the proposed fee structure was adopted.

Accordingly, IEX has designed the proposed rebate tiers to attract and incentivize displayed orders as well as order flow seeking to trade with such displayed orders. Moreover, increases in displayed liquidity would contribute to the public price discovery process which would benefit all market participants and protect investors and the public

¹³ See IEX Rule 11.190(b)(15).

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(4).

interest. Additionally, as discussed in the Purpose section, IEX has designed Tiers 2 and 3, which provide a 10 mil rebate to Members that trade at least 5,000,000 non-displayed ADV (but less than 10,000,000 non-displayed ADV) and a 14 mil rebate to Members that trade at least 10,000,000 non-displayed ADV to allow Members additional ways to qualify for an incentive rebate tier.

The Exchange also believes that adding language to the ADV definition in the Fee Schedule to explain which fee codes count towards “non-displayed ADV” is reasonable, equitable, and non-discriminatory because this language is designed to ensure that the Fee Schedule is as clear and easily understandable as possible with respect to the criteria applied by the Exchange for two of the new proposed rebate tiers.

Thus, as discussed in the Purpose section, the Exchange believes that the proposed addition of new volume-based rebate tiers that pay progressively higher rebates to Members who add progressively more displayed liquidity (on a monthly average basis) is reasonable and consistent with the Act because it is designed to incentivize Members to send additional displayed orders to IEX. Specifically, the Exchange believes that the volume-based rebate tiers are reasonably designed to incentivize Members to add a meaningful volume of displayed liquidity by providing increasingly higher rebates for Members that qualify for increasingly higher average minimum volume thresholds. As noted in the Purpose section, other exchanges offer rebate tiers, and thus the Exchange does not believe that this aspect of the proposal raises any new or novel issues not already considered by the Commission. The Exchange also believes that setting tier thresholds based on each Member’s own volume on the Exchange rather than based on consolidated market-wide volume will facilitate the ability of Members to control and predict the net

fees that will apply to their transactions on the Exchange each month.

As discussed above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. Within that context, the proposed Displayed Liquidity Adding Rebate Tier structure is designed to keep IEX's displayed trading prices competitive with those of other exchanges. The proposed rebates for the six Displayed Liquidity Adding Rebate tiers are within the range offered by competing exchanges, and thus IEX does not believe that the proposal raises any new or novel issues not already considered by the Commission in the context of other exchanges' fees.

The Exchange also believes that it is reasonable and consistent with the Act not to modify its displayed fees for sub-dollar executions to synchronize those fees with the proposed fees for executions at or above \$1.00 per share. The Exchange believes that the existing fee structure for such executions continues to be reasonably designed to incentivize displayed order flow (and orders seeking to trade with displayed order flow) in such securities.

Further, IEX believes that it is reasonable and consistent with the Act not to change the fees applicable to the execution of Retail orders that remove liquidity, which will continue to execute for free. In this regard, the Exchange believes that the existing fee structure continues to be reasonably designed to incentivize the entry of Retail orders, and notes that the Commission, in approving IEX's Retail Price Improvement Program, acknowledged the value of exchanges' offering incentives to attract both retail investor

orders and orders specifically designated to execute only with retail orders.¹⁶

Finally, to the extent this proposed fee change is successful in incentivizing the entry and execution of displayed 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. And, as discussed above, IEX does not believe that any aspect of this proposal raises new or novel issues not already considered by the Commission.

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

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

The Exchange does not believe that the proposed rule change will impose any

¹⁶ See Securities Exchange Act Release No. 86619 (August 9, 2019), 84 FR 41769, 41771 (August 15, 2019) (SR-IEX-2019-05).

burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different rebates and fees are assessed on Members, these rebate and fee tiers are not based on the type of Member entering the orders that match, but rather on the Member's own trading activity. Further, the proposed fee changes continue to be intended to encourage market participants to bring increased order flow to the Exchange, which benefits all market participants.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,¹⁷ 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

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

approved or disapproved.¹⁸

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.

¹⁸ 15 U.S.C. 78s(b)(2)(B).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 - ; File No. SR-IEX-2024-24)

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

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

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

Pursuant to the provisions of Section 19(b)(1) under the Act⁴, and Rule 19b-4 thereunder⁵, the Exchange is filing with the Commission a proposed rule change to amend the Exchange’s fee schedule applicable to Members⁶ (the “Fee Schedule”⁷)

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ 15 U.S.C. 78s(b)(1).

⁵ 17 CFR 240.19b-4.

⁶ See IEX Rule 1.160(s).

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

pursuant to IEX Rule 15.110(a) and (c). Changes to the Fee Schedule pursuant to this proposal are effective upon filing⁸, and will be operative on November 1, 2024.

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 modify its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to introduce four new Displayed Liquidity Adding Rebate Tiers (and to modify the two current tiers) for executions priced at or above \$1.00. The Exchange proposes to implement these changes effective November 1, 2024.

Displayed Liquidity Adding Rebate Tiers

As reflected in the Transaction Fees section of the Fee Schedule, IEX currently offers two Displayed Liquidity Adding Rebate tiers. Specifically, Displayed Liquidity

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

Adding Rebate Tier 1 provides the Exchange's base rebate of \$0.0014 per share to all executions of displayed liquidity adding orders priced at or above \$1.00 per share ("Added Displayed Liquidity").⁹ And Displayed Liquidity Adding Rebate Tier 2 provides a rebate of \$0.0020 per share to all Added Displayed Liquidity for Members that add at least 10,000,000 ADV.¹⁰ of Added Displayed Liquidity.

To further incentivize the posting of displayed liquidity on the Exchange, IEX proposes to modify the two current Displayed Liquidity Adding Rebate tiers and introduce four new tiers. Under this proposal, the fees/rebates the Exchange charges for adding displayed liquidity to the Exchange will be:

- Members that add less than 3,000,000 ADV of displayed liquidity will be charged a fee of FREE for their displayed liquidity adding executions (Tier 1).
- Members that trade at least 5,000,000 non-displayed ADV and less than 10,000,000 non-displayed ADV will receive a rebate of 10 mils per share for their displayed liquidity adding executions (Tier 2).¹¹
- Members that: (1) add at least 3,000,000 ADV of displayed liquidity and less than 10,000,000 ADV of displayed liquidity; or (2) trade at least 10,000,000 non-displayed ADV, will receive a rebate of 14 mils per share for their displayed liquidity adding executions (Tier 3).¹²
- Members that add at least 10,000,000 ADV of displayed liquidity and less than 15,000,000 ADV of displayed liquidity will receive a rebate of 16 mils per share for their displayed liquidity adding executions (Tier 4).
- Members that add at least 15,000,000 ADV of displayed liquidity and less than 20,000,000 ADV of displayed liquidity will receive a rebate of 18 mils per share for their displayed liquidity adding executions (Tier 5).
- Members that add at least 20,000,000 ADV of displayed liquidity will receive a rebate of 20 mils per share for their displayed liquidity adding

⁹ Nothing in this rule filing affects trades below \$1.00 per share ("sub-dollar trades"). Sub-dollar trades would not impact the rebate tier calculations and remain ineligible for rebates.

¹⁰ The Fee Schedule defines "ADV" as the number of shares added or removed that execute at or above \$1.00 per share, combined, per day, calculated on a monthly basis.

¹¹ IEX designed Tier 2, which provides a 10 mil rebate to Members that trade at least 5,000,000 non-displayed ADV, to provide Members additional ways to qualify for a tiered rebate incentive.

¹² IEX designed Tier 3, which provides a 14 mil rebate to Members that trade at least 10,000,000 non-displayed ADV (or add between 3,000,000 and 10,000,000 displayed ADV), to provide Members additional ways to qualify for a tiered rebate incentive.

executions (Tier 6).

Proposed Displayed Liquidity Adding Rebate Tiers 2 and 3 are based on a Member's trading (both adding and removing) of non-displayed ADV on the Exchange.¹³ Therefore, IEX proposes to update the definition of "ADV" in the Definitions and Information portion of the Transaction Fees section of the IEX Fee Schedule to explain which fee code combinations count as "non-displayed ADV." Specifically, IEX proposes to add a bullet under the ADV definition that states:

- "non-displayed ADV" refers to executions with the following Fee Code Combinations: MI, MIB, TI, TIB, TIY, TIYB, TIR, TLW, TLWB, and MIA.

IEX notes that this model of offering volume-based rebates is consistent with the rebates offered by competitor exchanges.¹⁴ The Exchange also notes that the highest rebate in this proposal, the \$0.0020 rebate for Tier 5, is well within the range of rebates offered by competing exchanges.¹⁵

Accordingly, IEX proposes to update its Fee Schedule to make several revisions to reflect the proposed amended rebate tiers. First, the Exchange proposes to amend the Fee Schedule's Base Rates table to update the description and fees associated with Base Fee Code ML ("Add displayed liquidity"). As amended, the Base Rates table will list six

¹³ Tier 3 is also available to a Member that adds at least 3,000,000 displayed ADV and less than 10,000,000 displayed ADV, irrespective of the Member's non-displayed ADV.

¹⁴ See, e.g., MEMX Equities Fee Schedule (Effective July 16, 2024), available at <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>. However, IEX's proposed rebate tiers will continue to be based on each Member's ADV, without a requirement to meet a total consolidated volume threshold.

¹⁵ See, e.g., MEMX Equities Fee Schedule, *supra* note 14 (maximum rebate of \$0.0037); Nasdaq Equity VII, Section 114 (maximum rebate of \$0.0036); New York Stock Exchange Price List 2024 (as of June 3, 2024), https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf (maximum rebate of \$0.0035).

base rates for Fee Code ML – the FREE execution applied if “Member adds less than 3,000,000 ADV of displayed liquidity”; the \$0.0010 rebate applied if “Member trades at least 5,000,000 non-displayed ADV and less than 10,000,000 non-displayed ADV”; the \$0.0014 rebate applied if “Member: (1) adds at least 3,000,000 ADV and less than 10,000,000 ADV of displayed liquidity; or (2) trades at least 10,000,000 non-displayed ADV”; the \$0.0016 rebate applied if “Member adds at least 10,000,000 ADV and less than 15,000,000 ADV of displayed liquidity”; the \$0.0018 rebate applied if “Member adds at least 15,000,000 and less than 20,000,000 ADV of displayed liquidity”; and the \$0.0020 rebate applied if “Member adds at least 20,000,000 ADV of displayed liquidity.”

IEX also proposes to amend Footnote 4 to the Transaction Fees section, which is applicable to fee code ML in the Base Rates table, and to Fee Code Combinations ML, MLB, MLY, and MLYB in the Fee Code Combination and Associated Fees table. As proposed, Footnote 4 will be amended to reflect the six tiers proposed in this filing, including the required criteria for each rebate tier and the applicable rebate, as described above.

The Exchange believes the proposed amendments to the Displayed Liquidity Adding Rebate Tiers would provide an incremental incentive for Members to send more orders to the Exchange in an effort to qualify for the proposed enhanced rebates offered by Tiers 2-5 for executions of Added Displayed Volume. As such, the proposed Displayed Liquidity Adding Rebate Tiers are designed to encourage Members that provide liquidity on the Exchange to maintain or increase their order flow, thereby contributing to a deeper and more liquid market to the benefit of all market participants and enhancing the attractiveness of the Exchange as a trading venue.

As noted above, the Exchange is not proposing to change the fees applicable to executions of and with orders with an execution price below \$1.00 per share, which would remain free for such orders that provide displayed liquidity and subject to a fee of 0.09% of the total dollar volume of the execution for orders that take displayed liquidity. IEX is also not proposing to make any changes to the fees applicable to the execution of Retail¹⁶ orders that remove displayed liquidity, which will continue to execute for free.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)¹⁷ of the Act in general and furthers the objectives of Sections 6(b)(4)¹⁸ of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange believes that the proposed fee change is reasonable, fair and equitable, and non-discriminatory.

The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. IEX has concluded that, in the context of current regulatory requirements governing access fees and rebates, it will be able to more effectively compete with other exchanges for order flow by offering more targeted rebate incentives. Based upon informal discussions with market participants, IEX believes that Members and other market participants may be more willing to send displayed orders to

¹⁶ See IEX Rule 11.190(b)(15).

¹⁷ 15 U.S.C. 78f.

¹⁸ 15 U.S.C. 78f(b)(4).

IEX if the proposed fee structure was adopted.

Accordingly, IEX has designed the proposed rebate tiers to attract and incentivize displayed orders as well as order flow seeking to trade with such displayed orders. Moreover, 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. Additionally, as discussed in the Purpose section, IEX has designed Tiers 2 and 3, which provide a 10 mil rebate to Members that trade at least 5,000,000 non-displayed ADV (but less than 10,000,000 non-displayed ADV) and a 14 mil rebate to Members that trade at least 10,000,000 non-displayed ADV to allow Members additional ways to qualify for an incentive rebate tier.

The Exchange also believes that adding language to the ADV definition in the Fee Schedule to explain which fee codes count towards “non-displayed ADV” is reasonable, equitable, and non-discriminatory because this language is designed to ensure that the Fee Schedule is as clear and easily understandable as possible with respect to the criteria applied by the Exchange for two of the new proposed rebate tiers.

Thus, as discussed in the Purpose section, the Exchange believes that the proposed addition of new volume-based rebate tiers that pay progressively higher rebates to Members who add progressively more displayed liquidity (on a monthly average basis) is reasonable and consistent with the Act because it is designed to incentivize Members to send additional displayed orders to IEX. Specifically, the Exchange believes that the volume-based rebate tiers are reasonably designed to incentivize Members to add a meaningful volume of displayed liquidity by providing increasingly higher rebates for Members that qualify for increasingly higher average minimum volume thresholds. As

noted in the Purpose section, other exchanges offer rebate tiers, and thus the Exchange does not believe that this aspect of the proposal raises any new or novel issues not already considered by the Commission. The Exchange also believes that setting tier thresholds based on each Member's own volume on the Exchange rather than based on consolidated market-wide volume will facilitate the ability of Members to control and predict the net fees that will apply to their transactions on the Exchange each month.

As discussed above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. Within that context, the proposed Displayed Liquidity Adding Rebate Tier structure is designed to keep IEX's displayed trading prices competitive with those of other exchanges. The proposed rebates for the six Displayed Liquidity Adding Rebate tiers are within the range offered by competing exchanges, and thus IEX does not believe that the proposal raises any new or novel issues not already considered by the Commission in the context of other exchanges' fees.

The Exchange also believes that it is reasonable and consistent with the Act not to modify its displayed fees for sub-dollar executions to synchronize those fees with the proposed fees for executions at or above \$1.00 per share. The Exchange believes that the existing fee structure for such executions continues to be reasonably designed to incentivize displayed order flow (and orders seeking to trade with displayed order flow) in such securities.

Further, IEX believes that it is reasonable and consistent with the Act not to change the fees applicable to the execution of Retail orders that remove liquidity, which will continue to execute for free. In this regard, the Exchange believes that the existing

fee structure continues to be reasonably designed to incentivize the entry of Retail orders, and notes that the Commission, in approving IEX's Retail Price Improvement Program, acknowledged the value of exchanges' offering incentives to attract both retail investor orders and orders specifically designated to execute only with retail orders.¹⁹

Finally, to the extent this proposed fee change is successful in incentivizing the entry and execution of displayed 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. And, as discussed above, IEX does not believe that any aspect of this proposal raises new or novel issues not already considered by the Commission.

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

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

¹⁹ See Securities Exchange Act Release No. 86619 (August 9, 2019), 84 FR 41769, 41771 (August 15, 2019) (SR-IEX-2019-05).

does not believe that the proposed changes raise any new or novel issues not already considered by the Commission.

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different rebates and fees are assessed on Members, these rebate and fee tiers are not based on the type of Member entering the orders that match, but rather on the Member's own trading activity. Further, the proposed fee changes continue to be intended to encourage market participants to bring increased order flow to the Exchange, which benefits all market participants.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)²⁰ 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)²¹ of the Act to determine whether the proposed rule change should be

²⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

²¹ 15 U.S.C. 78s(b)(2)(B).

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-2024-24 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-2024-24. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street

NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-IEX-2024-24 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.²²

Sherry R. Haywood,

Assistant Secretary.

²² 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 [September 19, 2024]November 1, 2024

Transaction Fees

Definitions and Information

- "Fee Code" is identified on each execution report message from the Exchange in the Trade Liquidity Indicator (FIX tag 9730) field.
- "MPID" means a market participant identifier.
- "TDV" means the total dollar value of the execution calculated as the execution price multiplied by the number of shares executed in the transaction.
- "ADV" means average daily volume calculated as the number of shares added or removed (as applicable) that execute at or above \$1.00 per share, per day. ADV is calculated on a monthly basis.
 - The Exchange excludes from its calculations of ADV any trading day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during regular trading hours and any day with a scheduled early market close.
 - Routed shares executed away from IEX are not included in ADV calculation.
 - Auction and Opening Process executed shares are not included in ADV calculation.
 - With prior notice to the Exchange, a Member may aggregate ADV with other Members with which the Member is affiliated pursuant to Rule 12b-2 under the Act.
 - "non-displayed ADV" refers to executions with the following Fee Code Combinations: MI, MIB, TI, TIB, TIY, TIYB, TIR, TLW, TLWB, and MIA.

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 [10]3,000,000 ADV of	[(\$0.0014)]	FREE

	displayed liquidity) (Member trades at least 5,000,000 non-displayed ADV and less than 10,000,000 non-displayed ADV) (Member: (1) adds at least [10]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) (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)	<u>FREE</u> <u>(\$0.0010)</u> (\$0.00[20]14) <u>(\$0.0016)</u> <u>(\$0.0018)</u> <u>(\$0.0020)</u>	
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	0.09% 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	

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	<u>FREE</u> [(\$0.0014)]	FREE
MLB ²⁴	Adds displayed liquidity (Tape B)	<u>FREE</u> [(\$0.0014)]	FREE
MLY ⁴	Post Only order adds liquidity against resting non-displayed order	<u>FREE</u> [(\$0.0014)]	N/A
MLYB ²⁴	Post Only order adds liquidity against resting non-displayed order (Tape B)	<u>FREE</u> [(\$0.0014)]	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
TLB ²⁵	Removes displayed liquidity (Tape B)	\$0.0020	0.09% of TDV
TLK ³	Discretionary Peg, Fixed Midpoint Peg, Midpoint Peg, or Primary Peg order removes displayed liquidity	\$0.0010	0.09% of TDV
TLBK ²³	Discretionary Peg, Fixed Midpoint Peg, Midpoint Peg, or Primary Peg order removes displayed liquidity (Tape B)	\$0.0010	0.09% of TDV
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

Footnotes

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

Tier	Required Criteria	Fee
Tier 1	Member adds less than <u>3</u> [10],000,000 ADV of displayed liquidity	<u>FREE</u> [(\$0.0014)]
<u>Tier 2</u>	<u>Member trades at least 5,000,000 non-displayed ADV and less than 10,000,000 non-displayed ADV</u>	<u>(\$0.0010)</u>
Tier [2] <u>3</u>	Member: (1) adds at least <u>3</u> [10],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	(\$0.00[20] <u>14</u>)
<u>Tier 4</u>	<u>Member adds at least 10,000,000 ADV of displayed liquidity and less than 15,000,000 ADV of displayed liquidity</u>	<u>(\$0.0016)</u>
<u>Tier 5</u>	<u>Member adds at least 15,000,000 ADV of displayed liquidity and less than 20,000,000 ADV of displayed liquidity</u>	<u>(\$0.0018)</u>
<u>Tier 6</u>	<u>Member adds at least 20,000,000 ADV of displayed liquidity</u>	<u>(\$0.0020)</u>
