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

File No. * SR 2023 - * 06

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 type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)	Submit with link to Prefiling or Request for Waiver option
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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 Add a New Fixed Midpoint Peg Order Type

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) 346-2034 Fax

Signature

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

Date 07/18/2023 (Title *)

By Nathaniel Kolodny (Name *)

Lead Regulation Counsel

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

Nathaniel Kolodny Digitally signed by Nathaniel Kolodny Date: 2023.07.18 17:03:48 -04'00'

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4 thereunder², Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to add a new fixed midpoint peg order type that pegs to the less aggressive of the order’s limit price or the Midpoint Price³, but does not re-price based on changes to the NBBO.⁴ The Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act⁵ and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.⁶

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See IEX Rule 1.160(t).

⁴ See IEX Rule 1.160(u).

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 17 CFR 240.19b-4.

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
646-343-2041

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

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

a. Purpose

The Exchange proposes to amend IEX Rule 11.190 to add a new fixed midpoint peg order type that pegs to the less aggressive of the order's limit price or the Midpoint Price but does not re-price based on changes to the NBBO. As detailed below, a fixed midpoint peg order will cancel back to the User⁷ if the NBBO changes such that the resting price of the fixed midpoint peg order is subject to change. In addition, the Exchange proposes four conforming amendments to IEX Rules Rule 11.190(a)(3) and 11.190(h)(3).

Currently, the Exchange offers a midpoint peg order type, which, upon entry and when posting to the Order Book⁸, is automatically adjusted by the System⁹ to be equal to and ranked at the less aggressive of the Midpoint Price or the order's limit price.¹⁰

Midpoint peg orders resting on the Order Book are automatically adjusted by the System

⁷ See IEX Rule 1.160(qq).

⁸ See IEX Rule 1.160(p).

⁹ See IEX Rule 1.160(nn).

¹⁰ See IEX Rule 11.190(b)(9).

in response to changes in the midpoint of the NBBO as allowed by the order's limit price, if any.¹¹ Midpoint peg orders are non-displayed¹² and may have a minimum quantity instruction.¹³

IEX has received informal feedback from Members¹⁴ that they would like the option of having more determinism when submitting midpoint peg orders. Specifically, IEX understands that some Members would like the option of submitting a midpoint peg order that will only execute at the Midpoint Price at the time of entry (or the order's limit price, if less aggressive than the Midpoint Price). These Members note that this functionality would assist with having more determinism of the price at which orders would trade.

Accordingly, IEX proposes to add subparagraph (b)(19) to IEX Rule 11.190, to add the fixed midpoint peg order type. IEX notes that, as proposed, the fixed midpoint peg order is based upon and very similar to IEX's midpoint peg order type, with the following differences: i) a fixed midpoint peg order will cancel if, after the order is booked, the Midpoint Price changes such that the order would need to be re-priced in order to rest at the Midpoint Price or its limit price if less aggressive than the Midpoint Price; ii) a fixed midpoint peg order will cancel if it is received when there is no NBB¹⁵ or NBO¹⁶, or the NBBO is crossed; iii) a fixed midpoint peg order will not trade while the market is crossed; and iv) a fixed midpoint peg order cannot be submitted with a

¹¹ See Id. and IEX Rule 11.190(h)(2).

¹² See IEX Rule 11.190(b)(9)(H).

¹³ See IEX Rules 11.190(b)(9)(G) and (b)(12).

¹⁴ See IEX Rule 1.160(s).

¹⁵ See IEX Rule 1.160(u).

¹⁶ See IEX Rule 1.160(u).

minimum quantity instruction.¹⁷

Like a midpoint peg order¹⁸, the proposed fixed midpoint peg:

- Would upon entry and when posting to the order book, have its price adjusted by the System to be equal to and ranked at the less aggressive of the Midpoint Price or the order's limit price, if any;
- Must be a pegged order;
- May have any TIF described in IEX Rules 11.190(a)(3) and (c);
- Would not be eligible for routing pursuant to IEX Rule 11.230(b) and (c)(2);
- May not be an ISO, as defined in IEX Rule 11.190(b)(12);
- May be submitted with a limit price or without a limit price (an "unpriced pegged order");
- Would be eligible to trade only during the Regular Market Session. As provided in IEX Rule 11.190(a)(3)(D), any pegged order marked with a TIF of DAY that is submitted to the System before the opening of the Regular Market Session would be queued by the System until the start of the Regular Market Session; any pegged order that is marked with a TIF other than DAY would be rejected when submitted to the System during the Pre-Market Session. Any pegged order submitted into the System after the closing of the Regular Market Session would be rejected;
- Would not be eligible to display. Pegged orders are always non-displayed;
- May be an odd lot, round lot, or mixed lot; and
- Would be eligible to be invited by the System to Recheck the Order Book to trade against eligible resting contra-side interest as described in IEX Rule 11.230(a)(4)(D).

However, as proposed, a fixed midpoint peg order would differ from a midpoint peg order in the following ways:

- An incoming fixed midpoint peg order would be canceled by the System if it is received when there is no NBB or NBO, or the NBBO is crossed;
- The price of a fixed midpoint peg order would never be re-priced based on changes to the NBBO;
- A fixed midpoint peg order may not have a minimum quantity instruction,

¹⁷ See IEX Rule 11.190(b)(11).

¹⁸ See IEX Rule 11.190(b)(9).

as defined in IEX Rule 11.190(b)(11);

- A resting fixed midpoint peg order would be canceled back to the User if any of the following conditions were met:
 - The fixed midpoint peg order to buy (sell) is entered either without a limit price, or with a limit price that is equal to or above (below) the Midpoint Price and is ranked at the Midpoint Price; thereafter, the NBBO changes so that the Midpoint Price changes (“Scenario 1”);
 - The fixed midpoint peg order to buy (sell) is entered at a limit price that is equal to or below (above) the Midpoint Price and is ranked at its limit price; thereafter, the NBBO changes so that the Midpoint Price is lower (higher) than the limit price of the fixed midpoint peg order (“Scenario 2”); or
 - The fixed midpoint peg order to buy (sell) is entered either without a limit price, or with a limit price that is equal to or above (below) the Midpoint Price and is ranked at the Midpoint Price; thereafter the NBBO becomes crossed, such that the Midpoint Price is considered indeterminable as set forth in IEX Rule 11.190(h)(3)(D)(i). However, if the crossing price (NBO for buys/NBB for sells) is equal to the fixed midpoint peg’s resting price, the order will not be canceled, but it will be ineligible to trade (“Scenario 3”).

As proposed, IEX would cancel an incoming fixed midpoint peg order that arrives when the market is crossed or there is no NBB or NBO because IEX treats the Midpoint Price as indeterminable¹⁹ during these circumstances and accordingly there is no Midpoint Price for the order to peg to.

As proposed, a fixed midpoint peg order will not re-price after it posts to the Order Book, but would cancel if the Midpoint Price changes such that the resting price of the fixed midpoint peg order is subject to change. The conditions under which a fixed midpoint peg order would cancel that are set forth in Scenarios 1 to 3, above, each represent circumstances in which changed market conditions would cause a midpoint peg to re-price, but (as proposed) would cause a fixed midpoint peg order to cancel,

¹⁹ See IEX Rule 11.190(h)(3)(D)(i).

consistent with the purpose of the order type. Specifically, in Scenario 1, the order was booked at the Midpoint Price (either because it had no limit price or a limit price equal to or more aggressive than the Midpoint Price), and the NBBO changes the Midpoint Price. In Scenario 2, the order is booked at a price equal to or less aggressive than the Midpoint Price, and then the market changes such that the new Midpoint Price is less aggressive than the price at which the order had been resting. In Scenario 3, the order is resting at the Midpoint Price and thereafter the NBBO becomes crossed which would trigger a midpoint peg to re-price to the “crossing price” (the lowest Protected Offer²⁰ for buy orders and the highest Protected Bid²¹ for sell orders)²². However, Scenario 3 provides that if the fixed midpoint peg order’s resting price is the same as the crossing price, the order would not be canceled or re-priced, but would be ineligible to trade while the market is crossed.

Finally, IEX is proposing to not allow fixed midpoint peg orders to include a minimum quantity instruction (“MQTY”) in order to prevent cancellations inconsistent with the purpose of the fixed midpoint peg order type. IEX’s non-displayed price sliding rules are designed to prevent an unprotected displayed odd lot order with that cannot execute with a contra-side order because it does not satisfy that order’s MQTY from causing the IEX Order Book to lock or cross. In this circumstance, the System re-prices the resting MQTY order to a price one minimum price variant (“MPV”)²³ less aggressive than the contra-side displayed odd-lot order’s price. This functionality could lead a fixed

²⁰ See IEX Rule 1.160(bb).

²¹ See IEX Rule 1.160(bb).

²² See IEX Rule 11.190(h)(3)(D)(i).

²³ See IEX Rule 11.210.

midpoint peg order resting at the Midpoint Price to re-price even if the Midpoint Price has not changed. Accordingly, IEX believes that it is consistent with the purpose of the order type and User expectations to not allow a MQTY instruction to cause a cancellation because the order must re-price despite there being no change to the Midpoint Price.

IEX notes that its proposed fixed midpoint peg order type is substantially similar to the Fixed Midpoint Peg Post-Only Order type offered by Nasdaq PHLX LLC (“Nasdaq PHLX”), with a few minor differences as follows:²⁴

- If a Nasdaq PHLX Fixed Midpoint Peg Post-Only Order is submitted with a limit price equal to the Midpoint Price, and the Midpoint Price moves to a more aggressive price than the resting order’s limit price, Nasdaq PHLX will not cancel the order. IEX, by contrast, proposes to cancel a fixed midpoint peg order in such circumstances, as set forth in Scenario 2 above. IEX believes that this approach is appropriate because the order type is designed to provide a midpoint execution in a more deterministic manner and in this scenario, the Midpoint Price has changed.
- If the NBBO becomes crossed while a Nasdaq PHLX Fixed Midpoint Peg Post-Only Order is resting on the book Nasdaq PHLX will not cancel the order unless the order would need to be re-priced or an incoming order could match with it.²⁵ IEX, in contrast will cancel the order as described above if it would otherwise need to be re-priced and if not canceled the order would be ineligible to trade with an incoming order while the NBBO is crossed.²⁶ These two approaches have the same ultimate effect of preventing trading in a crossed market, and are therefore substantively similar, with the exception that IEX will not necessarily cancel the order to prevent the unwanted trade.
- Nasdaq PHLX permits a Fixed Midpoint Peg Post-Only Order to have a minimum quantity instruction, while IEX proposes to not allow such an instruction. As discussed above, IEX believes that not allowing a minimum quantity instruction is more consistent with the purpose of the order type and User expectations.

In addition, the Exchange proposes four conforming amendments to other IEX

²⁴ See Nasdaq PHLX Rule 3301A(b)(6).

²⁵ See supra note 24.

²⁶ See proposed IEX Rule 11.190(h)(3)(D)(iii).

rules:

- Amend IEX Rule 11.190(a)(3) to add fixed midpoint peg orders to the list of pegged order types offered by IEX;
- Amend IEX Rule 11.190(a)(3) to add fixed midpoint peg to the list of orders that may execute in sub-pennies if necessary to obtain a Midpoint Price;
- Amend IEX Rule 11.190(h)(3)(D)(i) to add a sentence at the end stating that in a crossed market, “fixed midpoint peg orders will be canceled back to the User unless the crossing price is equal to the fixed midpoint peg order’s resting price.” This sentence reflects the fixed midpoint peg order functionality in proposed IEX Rule 11.190(b)(19). IEX notes that this functionality is consistent with the manner in which it will cancel an incoming fixed midpoint peg order during a crossed market, and is identical to how Nasdaq PHLX handles Fixed Midpoint Peg Post-Only Orders in a crossed market²⁷; and
- Amend IEX Rule 11.190(h)(3)(D)(iii) to add fixed midpoint peg to the list of orders that are not eligible to trade when the market is crossed in IEX Rule 11.190(h)(3)(D)(iii). This functionality is also identical to how Nasdaq PHLX prevents Fixed Midpoint Peg Post-Only Orders from trading in a crossed market.²⁸

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,²⁹ in general, and furthers the objectives of Section 6(b)(5),³⁰ in particular, in that it is 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the Exchange

²⁷ See supra note 24.

²⁸ See supra note 24.

²⁹ 15 U.S.C. 78f(b).

³⁰ 15 U.S.C. 78f(b)(5).

believes that the proposed rule change is consistent with the protection of investors and the public interest because it is designed to provide an optional order type for Users seeking a midpoint execution in a more deterministic manner, as described in the Purpose section.

Further, IEX believes that the proposal is consistent with the protection of investors and the public interest in that the fixed midpoint peg order type would provide additional flexibility to market participants in their use of pegging orders. As described in the Purpose section, the fixed midpoint peg order would provide market participants with more control over the price at which their midpoint pegging orders execute because the order's price would not move with changes to the Midpoint Price. IEX understands that such functionality could be useful for execution strategies designed to avoid chasing rising quotes or ones predicated on greater precision of execution prices. IEX believes that implementing this functionality through an exchange order type will make it more widely available to market participants on a fair and non-discriminatory basis.

Furthermore, IEX believes that its proposed treatment of fixed midpoint peg orders during crossed market is consistent with the Act because the Midpoint Price is indeterminable during a crossed market so trading during such time would be inconsistent with the purpose of the order type.

Additionally, IEX believes that the proposal to not allow a fixed midpoint peg order to have a MQTY instruction is consistent with the protection of investors and the public interest in that this functionality is designed to prevent inconsistent cancellations if the MQTY instruction prevented a fixed midpoint peg order from executing and instead caused the System to re-price the order. As discussed in the Purpose section, because

these orders are designed to cancel rather than re-price, IEX believes that it is consistent with the purpose of the order type and User expectations to not allow a MQTY instruction.

The Exchange also believes that the proposed rule change is consistent with the protection of investors and the public interest because it is designed to increase competition among execution venues by providing market participants with additional options and flexibility in their use of pegging orders, as described in the Purpose section, and thereby enable the Exchange to better compete with other trading venues that offer similar features to market participants.

Finally, as noted in the Purpose section, this proposal is substantially similar to Nasdaq PHLX's Fixed Midpoint Peg Post-Only Order type, with three minor differences in implementation as discussed in the Purpose section.³¹ As discussed in the Purpose section, IEX believes that its proposed approach to each of these minor differences is consistent with the purpose of the fixed midpoint peg order type and Users' expectations. Thus, IEX does not believe that the proposed changes raise any new or novel material issues that have not already been considered by the Commission, notwithstanding these minor differences.

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. To the contrary, the proposal is a competitive response to similar order types available on other exchanges.

³¹ See supra note 24.

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. Competing exchanges have and can continue to adopt similar order types, subject to the SEC rule change process, as discussed in the Purpose and section.

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. All Members would be eligible to use the fixed midpoint peg order type on the same terms.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act³² and paragraph (f)(6) of Rule 19b-4 thereunder.³³ The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the

³² 15 U.S.C. 78s(b)(3)(A).

³³ 17 CFR 240.19b-4(f)(6).

Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.³⁴

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4.³⁵ because it is substantially similar to order types previously approved or considered by the Commission as discussed in the Purpose and Statutory Basis sections.³⁶ Thus, IEX does not believe that the proposed changes raise any new or novel material issues that have not already been considered by the Commission.

Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act³⁷ and paragraph (f)(6) of Rule 19b-4 thereunder.³⁸

The Exchange will implement the proposed rule change within 90 days of filing, subject to the 30-day operative delay, and provide at least ten (10) days' notice to Members and market participants of the implementation timeline.

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.

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

³⁴ 17 CFR 240.19b-4(f)(6)(iii).

³⁵ 17 CFR 240.19b-4(f)(6).

³⁶ See supra notes 24 and 31.

³⁷ 15 U.S.C. 78s(b)(3)(A).

³⁸ 17 CFR 240.19b-4.

As described in the Purpose section, the proposed rule change is based on and substantially similar to Nasdaq PHLX Rule 3301A(b)(6), with the minor differences described therein that are designed to meet Users' expectations regarding the purpose of the proposed fixed midpoint peg order type.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

Exhibit 5 – Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 -); File No. SR-IEX-2023-06

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Add a New Fixed Midpoint Peg Order Type.

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, IEX is filing with the Commission a proposed rule change to add a new fixed midpoint peg order type that pegs to the less aggressive of the order’s limit price or the Midpoint Price⁶, but does not re-price based on changes to the NBBO.⁷ The Exchange has designated this

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(t).

⁷ See IEX Rule 1.160(u).

rule change as “non-controversial” under Section 19(b)(3)(A) of the Act⁸ and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.⁹

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.

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 IEX Rule 11.190 to add a new fixed midpoint peg order type that pegs to the less aggressive of the order’s limit price or the Midpoint Price but does not re-price based on changes to the NBBO. As detailed below, a fixed midpoint peg order will cancel back to the User¹⁰ if the NBBO changes such that the resting price of the fixed midpoint peg order is subject to change. In addition, the Exchange proposes four conforming

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4.

¹⁰ See IEX Rule 1.160(qq).

amendments to IEX Rules Rule 11.190(a)(3) and 11.190(h)(3).

Currently, the Exchange offers a midpoint peg order type, which, upon entry and when posting to the Order Book¹¹, is automatically adjusted by the System¹² to be equal to and ranked at the less aggressive of the Midpoint Price or the order's limit price.¹³ Midpoint peg orders resting on the Order Book are automatically adjusted by the System in response to changes in the midpoint of the NBBO as allowed by the order's limit price, if any.¹⁴ Midpoint peg orders are non-displayed¹⁵ and may have a minimum quantity instruction.¹⁶

IEX has received informal feedback from Members¹⁷ that they would like the option of having more determinism when submitting midpoint peg orders. Specifically, IEX understands that some Members would like the option of submitting a midpoint peg order that will only execute at the Midpoint Price at the time of entry (or the order's limit price, if less aggressive than the Midpoint Price). These Members note that this functionality would assist with having more determinism of the price at which orders would trade.

Accordingly, IEX proposes to add subparagraph (b)(19) to IEX Rule 11.190, to add the fixed midpoint peg order type. IEX notes that, as proposed, the fixed midpoint peg order is based upon and very similar to IEX's midpoint peg order type, with the following differences: i) a fixed midpoint peg order will cancel if, after the order is booked, the Midpoint Price changes such that the order would need to be re-priced in order to rest at the Midpoint Price or its limit

¹¹ See IEX Rule 1.160(p).

¹² See IEX Rule 1.160(m).

¹³ See IEX Rule 11.190(b)(9).

¹⁴ See *Id.* and IEX Rule 11.190(h)(2).

¹⁵ See IEX Rule 11.190(b)(9)(H).

¹⁶ See IEX Rules 11.190(b)(9)(G) and (b)(12).

¹⁷ See IEX Rule 1.160(s).

price if less aggressive than the Midpoint Price; ii) a fixed midpoint peg order will cancel if it is received when there is no NBB¹⁸ or NBO¹⁹, or the NBBO is crossed; iii) a fixed midpoint peg order will not trade while the market is crossed; and iv) a fixed midpoint peg order cannot be submitted with a minimum quantity instruction.²⁰

Like a midpoint peg order²¹, the proposed fixed midpoint peg:

- Would upon entry and when posting to the order book, have its price adjusted by the System to be equal to and ranked at the less aggressive of the Midpoint Price or the order's limit price, if any;
- Must be a pegged order;
- May have any TIF described in IEX Rules 11.190(a)(3) and (c);
- Would not be eligible for routing pursuant to IEX Rule 11.230(b) and (c)(2);
- May not be an ISO, as defined in IEX Rule 11.190(b)(12);
- May be submitted with a limit price or without a limit price (an “unpriced pegged order”);
- Would be eligible to trade only during the Regular Market Session. As provided in IEX Rule 11.190(a)(3)(D), any pegged order marked with a TIF of DAY that is submitted to the System before the opening of the Regular Market Session would be queued by the System until the start of the Regular Market Session; any pegged order that is marked with a TIF other than DAY would be rejected when submitted to the System during the Pre-Market Session. Any pegged order submitted into the System after the closing of the Regular Market Session would be rejected;
- Would not be eligible to display. Pegged orders are always non-displayed;
- May be an odd lot, round lot, or mixed lot; and
- Would be eligible to be invited by the System to Recheck the Order Book to trade against eligible resting contra-side interest as described in IEX Rule 11.230(a)(4)(D).

However, as proposed, a fixed midpoint peg order would differ from a midpoint peg

¹⁸ See IEX Rule 1.160(u).

¹⁹ See IEX Rule 1.160(u).

²⁰ See IEX Rule 11.190(b)(11).

²¹ See IEX Rule 11.190(b)(9).

order in the following ways:

- An incoming fixed midpoint peg order would be canceled by the System if it is received when there is no NBB or NBO, or the NBBO is crossed;
- The price of a fixed midpoint peg order would never be re-priced based on changes to the NBBO;
- A fixed midpoint peg order may not have a minimum quantity instruction, as defined in IEX Rule 11.190(b)(11);
- A resting fixed midpoint peg order would be canceled back to the User if any of the following conditions were met:
 - The fixed midpoint peg order to buy (sell) is entered either without a limit price, or with a limit price that is equal to or above (below) the Midpoint Price and is ranked at the Midpoint Price; thereafter, the NBBO changes so that the Midpoint Price changes (“Scenario 1”);
 - The fixed midpoint peg order to buy (sell) is entered at a limit price that is equal to or below (above) the Midpoint Price and is ranked at its limit price; thereafter, the NBBO changes so that the Midpoint Price is lower (higher) than the limit price of the fixed midpoint peg order (“Scenario 2”); or
 - The fixed midpoint peg order to buy (sell) is entered either without a limit price, or with a limit price that is equal to or above (below) the Midpoint Price and is ranked at the Midpoint Price; thereafter the NBBO becomes crossed, such that the Midpoint Price is considered indeterminable as set forth in IEX Rule 11.190(h)(3)(D)(i). However, if the crossing price (NBO for buys/NBB for sells) is equal to the fixed midpoint peg’s resting price, the order will not be canceled, but it will be ineligible to trade (“Scenario 3”).

As proposed, IEX would cancel an incoming fixed midpoint peg order that arrives when the market is crossed or there is no NBB or NBO because IEX treats the Midpoint Price as indeterminable²² during these circumstances and accordingly there is no Midpoint Price for the order to peg to.

As proposed, a fixed midpoint peg order will not re-price after it posts to the Order Book, but would cancel if the Midpoint Price changes such that the resting price of the fixed midpoint peg order is subject to change. The conditions under which a fixed midpoint peg order would

²² See IEX Rule 11.190(h)(3)(D)(i).

cancel that are set forth in Scenarios 1 to 3, above, each represent circumstances in which changed market conditions would cause a midpoint peg to re-price, but (as proposed) would cause a fixed midpoint peg order to cancel, consistent with the purpose of the order type. Specifically, in Scenario 1, the order was booked at the Midpoint Price (either because it had no limit price or a limit price equal to or more aggressive than the Midpoint Price), and the NBBO changes the Midpoint Price. In Scenario 2, the order is booked at a price equal to or less aggressive than the Midpoint Price, and then the market changes such that the new Midpoint Price is less aggressive than the price at which the order had been resting. In Scenario 3, the order is resting at the Midpoint Price and thereafter the NBBO becomes crossed which would trigger a midpoint peg to re-price to the “crossing price” (the lowest Protected Offer²³ for buy orders and the highest Protected Bid²⁴ for sell orders)²⁵. However, Scenario 3 provides that if the fixed midpoint peg order’s resting price is the same as the crossing price, the order would not be canceled or re-priced, but would be ineligible to trade while the market is crossed.

Finally, IEX is proposing to not allow fixed midpoint peg orders to include a minimum quantity instruction (“MQTY”) in order to prevent cancellations inconsistent with the purpose of the fixed midpoint peg order type. IEX’s non-displayed price sliding rules are designed to prevent an unprotected displayed odd lot order with that cannot execute with a contra-side order because it does not satisfy that order’s MQTY from causing the IEX Order Book to lock or cross. In this circumstance, the System re-prices the resting MQTY order to a price one minimum price variant (“MPV”)²⁶ less aggressive than the contra-side displayed odd-lot order’s price. This

²³ See IEX Rule 1.160(bb).

²⁴ See IEX Rule 1.160(bb).

²⁵ See IEX Rule 11.190(h)(3)(D)(i).

²⁶ See IEX Rule 11.210.

functionality could lead a fixed midpoint peg order resting at the Midpoint Price to re-price even if the Midpoint Price has not changed. Accordingly, IEX believes that it is consistent with the purpose of the order type and User expectations to not allow a MQTY instruction to cause a cancellation because the order must re-price despite there being no change to the Midpoint Price.

IEX notes that its proposed fixed midpoint peg order type is substantially similar to the Fixed Midpoint Peg Post-Only Order type offered by Nasdaq PHLX LLC (“Nasdaq PHLX”), with a few minor differences as follows:²⁷

- If a Nasdaq PHLX Fixed Midpoint Peg Post-Only Order is submitted with a limit price equal to the Midpoint Price, and the Midpoint Price moves to a more aggressive price than the resting order’s limit price, Nasdaq PHLX will not cancel the order. IEX, by contrast, proposes to cancel a fixed midpoint peg order in such circumstances, as set forth in Scenario 2 above. IEX believes that this approach is appropriate because the order type is designed to provide a midpoint execution in a more deterministic manner and in this scenario, the Midpoint Price has changed.
- If the NBBO becomes crossed while a Nasdaq PHLX Fixed Midpoint Peg Post-Only Order is resting on the book Nasdaq PHLX will not cancel the order unless the order would need to be re-priced or an incoming order could match with it.²⁸ IEX, in contrast will cancel the order as described above if it would otherwise need to be re-priced and if not canceled the order would be ineligible to trade with an incoming order while the NBBO is crossed.²⁹ These two approaches have the same ultimate effect of preventing trading in a crossed market, and are therefore substantively similar, with the exception that IEX will not necessarily cancel the order to prevent the unwanted trade.
- Nasdaq PHLX permits a Fixed Midpoint Peg Post-Only Order to have a minimum quantity instruction, while IEX proposes to not allow such an instruction. As discussed above, IEX believes that not allowing a minimum quantity instruction is more consistent with the purpose of the order type and User expectations.

In addition, the Exchange proposes four conforming amendments to other IEX rules:

- Amend IEX Rule 11.190(a)(3) to add fixed midpoint peg orders to the list of pegged order types offered by IEX;

²⁷ See Nasdaq PHLX Rule 3301A(b)(6).

²⁸ See *supra* note 27.

²⁹ See proposed IEX Rule 11.190(h)(3)(D)(iii).

- Amend IEX Rule 11.190(a)(3) to add fixed midpoint peg to the list of orders that may execute in sub-pennies if necessary to obtain a Midpoint Price;
- Amend IEX Rule 11.190(h)(3)(D)(i) to add a sentence at the end stating that in a crossed market, “fixed midpoint peg orders will be canceled back to the User unless the crossing price is equal to the fixed midpoint peg order’s resting price.” This sentence reflects the fixed midpoint peg order functionality in proposed IEX Rule 11.190(b)(19). IEX notes that this functionality is consistent with the manner in which it will cancel an incoming fixed midpoint peg order during a crossed market, and is identical to how Nasdaq PHLX handles Fixed Midpoint Peg Post-Only Orders in a crossed market³⁰; and
- Amend IEX Rule 11.190(h)(3)(D)(iii) to add fixed midpoint peg to the list of orders that are not eligible to trade when the market is crossed in IEX Rule 11.190(h)(3)(D)(iii). This functionality is also identical to how Nasdaq PHLX prevents Fixed Midpoint Peg Post-Only Orders from trading in a crossed market.³¹

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,³² in general, and furthers the objectives of Section 6(b)(5),³³ in particular, in that it is 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because it is designed to provide an optional order type for Users seeking a midpoint execution in a more deterministic manner, as described in the Purpose section.

³⁰ See supra note 27.

³¹ See supra note 27.

³² 15 U.S.C. 78f(b).

³³ 15 U.S.C. 78f(b)(5).

Further, IEX believes that the proposal is consistent with the protection of investors and the public interest in that the fixed midpoint peg order type would provide additional flexibility to market participants in their use of pegging orders. As described in the Purpose section, the fixed midpoint peg order would provide market participants with more control over the price at which their midpoint pegging orders execute because the order's price would not move with changes to the Midpoint Price. IEX understands that such functionality could be useful for execution strategies designed to avoid chasing rising quotes or ones predicated on greater precision of execution prices. IEX believes that implementing this functionality through an exchange order type will make it more widely available to market participants on a fair and non-discriminatory basis.

Furthermore, IEX believes that its proposed treatment of fixed midpoint peg orders during crossed market is consistent with the Act because the Midpoint Price is indeterminable during a crossed market so trading during such time would be inconsistent with the purpose of the order type.

Additionally, IEX believes that the proposal to not allow a fixed midpoint peg order to have a MQTY instruction is consistent with the protection of investors and the public interest in that this functionality is designed to prevent inconsistent cancellations if the MQTY instruction prevented a fixed midpoint peg order from executing and instead caused the System to re-price the order. As discussed in the Purpose section, because these orders are designed to cancel rather than re-price, IEX believes that it is consistent with the purpose of the order type and User expectations to not allow a MQTY instruction.

The Exchange also believes that the proposed rule change is consistent with the protection of investors and the public interest because it is designed to increase competition

among execution venues by providing market participants with additional options and flexibility in their use of pegging orders, as described in the Purpose section, and thereby enable the Exchange to better compete with other trading venues that offer similar features to market participants.

Finally, as noted in the Purpose section, this proposal is substantially similar to Nasdaq PHLX's Fixed Midpoint Peg Post-Only Order type, with three minor differences in implementation as discussed in the Purpose section.³⁴ As discussed in the Purpose section, IEX believes that its proposed approach to each of these minor differences is consistent with the purpose of the fixed midpoint peg order type and Users' expectations. Thus, IEX does not believe that the proposed changes raise any new or novel material issues that have not already been considered by the Commission, notwithstanding these minor differences.

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. To the contrary, the proposal is a competitive response to similar order types available on other exchanges.

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. Competing exchanges have and can continue to adopt similar order types, subject to the SEC rule change process, as discussed in the Purpose and section.

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

³⁴ See supra note 27.

purposes of the Act. All Members would be eligible to use the fixed midpoint peg order type on the same terms.

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

Written comments were neither solicited nor received.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A)³⁵ of the Act and Rule 19b-4(f)(6)³⁶ thereunder. Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4³⁷ because it is substantially similar to order types previously approved or considered by the Commission as discussed in the Purpose and Statutory Basis sections.³⁸ Thus, IEX does not believe that the proposed changes raise any new or novel material issues that have not already been considered by the Commission.

Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act³⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.⁴⁰

³⁵ 15 U.S.C. 78s(b)(3)(A).

³⁶ 17 CFR 240.19b-4(f)(6).

³⁷ 17 CFR 240.19b-4(f)(6).

³⁸ See supra notes 27 and 34.

³⁹ 15 U.S.C. 78s(b)(3)(A).

⁴⁰ 17 CFR 240.19b-4.

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).⁴¹ 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-2023-06 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-2023-06. 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

⁴¹ 15 U.S.C. 78s(b)(2)(B).

of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing will also be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-IEX-2023-06 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.⁴²

Sherry R. Haywood,

Assistant Secretary.

⁴² 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 Rule Book

Rule 11.190. Orders and Modifiers

- (a) No change.
- (1)–(2) No change.
- (3) Pegged Order. A non-displayed order that upon entry into the System and while resting on the Order Book, is pegged to a reference price based on the NBBO and the price of the order is automatically adjusted by the System in response to changes in the NBBO. A User can specify to peg the order to one of the following reference prices: one (1) MPV less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders) while resting, and available for execution against opposing orders to its discretionary price (i.e., from the resting price to the primary quote) ("primary peg"); the midpoint of the NBBO ("midpoint peg" and "fixed midpoint peg"); the midpoint of the NBBO upon entry, the inside quote on the same side of the market while resting, and available for execution against opposing orders within its discretionary range (i.e. from the resting price to the Midpoint Price or the order's limit, whichever is less aggressive) at a price that uses the minimum amount of discretion necessary to execute the order against an active order ("Discretionary Peg"); the primary quote plus or minus an offset amount ("Offset Peg"); or the NBO (NBB) for buy (sell) orders minus (plus) an optional offset amount ("Market Peg"). A pegged order may have a limit price beyond which the order shall not be executed. A midpoint pegged order, [or]a Discretionary Peg order, or a fixed midpoint pegged order may be executed in sub-pennies if necessary to obtain a Midpoint Price. A pegged order:
- (A)-(G) No change.
- (4) No change.

- (b) Order Parameters

(1) – (18) No change.

(19) Fixed Midpoint Peg Order. A pegged order that upon entry and when posting to the Order Book, the price of the order is automatically adjusted by the System to be equal to and ranked at the less aggressive of the Midpoint Price or the order's limit price, if any. However, an incoming fixed midpoint peg order will be canceled by the System if it is received when there is no NBB or NBO, or the NBBO is crossed. The price of a fixed midpoint peg order will not thereafter be repriced based on changes to the NBBO. However, a resting fixed midpoint peg order will be canceled back to the User if any of the following conditions are met:

- The fixed midpoint peg order to buy (sell) is entered either without a limit price, or with a limit price that is equal to or above (below) the Midpoint Price and is ranked at the Midpoint Price; thereafter, the NBBO changes so that the Midpoint Price changes;
- The fixed midpoint peg order to buy (sell) is entered at a limit price that is equal to or below (above) the Midpoint Price and is ranked at its limit price; thereafter, the NBBO changes so that the Midpoint Price is lower (higher) than the limit price of the fixed midpoint peg order;
- The fixed midpoint peg order to buy (sell) is entered either without a limit price, or with a limit price that is equal to or above (below) the Midpoint Price and is ranked at the Midpoint Price; thereafter the NBBO becomes crossed, such that the Midpoint Price is considered indeterminable as set forth in IEX Rule 11.190(h)(3)(D)(i). However, if the crossing price (NBO for buys/NBB for sells) is equal to the fixed midpoint peg's resting price, the order will not be canceled, but it will be ineligible to trade.

A fixed midpoint peg order:

- (A) Must be a pegged order.
- (B) May have any TIF described in paragraph (c) of this IEX Rule and as described in IEX Rule 11.190(a)(3).
- (C) Is not eligible for routing pursuant to IEX Rule 11.230(b) and (c)(2).
- (D) May not be an ISO, as defined in paragraph (12) below.
- (E) May be submitted with a limit price or without a limit price (an "unpriced pegged order").
- (F) Is eligible to trade only during the Regular Market Session. As provided in IEX Rule 11.190(a)(3)(D), any pegged order marked with a TIF of DAY that is submitted to the System before the opening of the Regular Market Session will be queued by the System until the start of the Regular

Market Session; any pegged order that is marked with a TIF other than DAY will be rejected when submitted to the System during the Pre-Market Session. Any pegged order submitted into the System after the closing of the Regular Market Session will be rejected.

- (G) May not be a MQTY, as defined in paragraph (11) below.
- (H) Is not eligible to display. Pegged orders are always non-displayed.
- (I) May be an odd lot, round lot, or mixed lot.
- (J) Is eligible to be invited by the System to Recheck the Order Book to trade against eligible resting contra-side interest as described in IEX Rule 11.230(a)(4)(D).

(h) Price Sliding. The System will process orders pursuant to the “price sliding process,” which includes the following:

- (1)–(2) No change.
- (3) No change.
- (A)–(C) No change.
- (D) No change.
- (i) In the event the market becomes crossed, the Exchange shall consider the Midpoint Price indeterminable. Midpoint peg orders, Discretionary Peg orders, Corporate Discretionary Peg orders and non-displayed orders, will be priced by the System to be no more aggressive than the crossing price, the lowest Protected Offer for buy orders and the highest Protected Bid for sell orders. Fixed midpoint peg orders will be canceled back to the User unless the crossing price is equal to the fixed midpoint peg order’s resting price.
- (ii) No change.
- (iii) In the event that the market becomes crossed, Offset,[and] Market, and Fixed Midpoint Peg orders are not eligible to trade and an Offset,[or] Market, or Fixed Midpoint Peg order that would otherwise be eligible to trade against an active order will surrender its precedence on the Order Book for the duration of the System processing the current active order, pursuant to IEX Rule 11.220(a)(5). Offset or Market Peg orders resting on or posting to

the Order Book while the market is crossed are priced at the least aggressive of (1) the crossing price plus or minus an offset amount, (2) the crossing price (the lowest Protected Offer for buy orders and the highest Protected Bid for sell orders), or (3) the order's limit price, if any.
