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

File No. * SR 2024 - * 17

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 type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Proposed Rule Change to Amend IEX Rules 11.190 and 11.510 to Remove References to the Latency Applicable to Outbound Communications from IEX's System in Connection with IEX's Planned Migration of its System from a Data Center Located in Weehawken, New Jersey to a Data Center Located in Secaucus, New Jersey

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 09/04/2024

(Title *)

By Nathaniel Kolodny

Lead Regulation Counsel

(Name *)

Nathaniel
Kolodny

Digitally signed by Nathaniel
Kolodny
Date: 2024.09.04 16:55:41
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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.

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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Data center migration Ex. 5 for filing.dc

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

Partial Amendment

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

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend IEX Rules 11.190 and 11.510 to remove references to the latency applicable to outbound communications³ from IEX’s System⁴ in connection with IEX’s planned migration of its System from a data center located in Weehawken, New Jersey to a data center located in Secaucus, New Jersey.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Outbound communications include, without limitation, execution report messages found in the Exchange’s FIX Specification, quote and trade update messages found in the Exchange’s TOPS and DEEP Specifications and DROP messages. See IEX Rule 11.510(b)(2).

⁴ See IEX Rule 1.160(nn).

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 17 CFR 240.19b-4(f)(6).

2. Procedures of the Self-Regulatory Organization

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

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

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

In connection with IEX's planned migration of its System from a data center located in Weehawken, New Jersey to a data center located in Secaucus, New Jersey, the Exchange proposes to amend IEX Rules 11.190 and 11.510 to remove references to the latency applicable to outbound communications from IEX's System ("outbound latency") to its Users⁷ (defined as Members⁸ and Sponsored Participants⁹), Data Recipients¹⁰, and Service Bureaus¹¹ (collectively, "Participants"¹²). In addition, IEX proposes to add Temporary Supplementary Material .01 to IEX Rule 11.510(a) to describe the minor

⁷ See IEX Rule 1.160(qq).

⁸ See IEX Rule 1.160(s).

⁹ See IEX Rule 1.160(ll).

¹⁰ See IEX Rule 11.130(c).

¹¹ See IEX Rule 11.130(d).

¹² See IEX Rule 11.130(a).

temporary change in inbound latency during the data center migration. The Exchange also proposes to make a clarifying change to IEX Rule 11.190 described below.

Background

IEX's System is currently located at the NJ2 data center in Weehawken, New Jersey. Participants access the IEX System through the Exchange-provided network interface at the IEX Point-of-Presence¹³ or "POP," located at the NY5 data center in Secaucus, New Jersey. After entering through the POP, a Participant's inbound communications¹⁴ sent to the System traverse the IEX "coil" which is a box containing approximately 38 miles of compactly coiled optical fiber cable. After exiting the coil, the inbound messages travel an additional geographic distribution to the System at NJ2. The time required for a message to traverse the coil combined with the geographic distribution (and related networking) to the System equates to an equivalent 350 microseconds of latency, referred to as the "inbound latency."¹⁵ All inbound messages (e.g., orders to buy or sell and any modification to a previously sent open order) from any Participant traverse this connectivity infrastructure, including the coil, in the same manner regardless of the type of message or whether the Participant is seeking to buy, sell, make or take liquidity.

Additionally, IEX's affiliated broker-dealer, IEX Services LLC ("IEXS"), is a Member of the Exchange and is subject to the same inbound and outbound latency as other Members, as described in IEX Rules 2.220 and 11.510. If a Participant sends a

¹³ A Point-of-Presence is the location at which customers of an exchange (or other technological system) can connect to the exchange.

¹⁴ Inbound communications include, without limitation, order messages and cancel messages found in the Exchange's FIX Specification. See IEX Rule 11.510(b)(1).

¹⁵ See IEX Rule 11.510(b)(1).

routable order to the Exchange it utilizes IEXS for order routing to IEX and away venues. After traversing the inbound latency to reach the System, it is directed to the System routing logic rather than the IEX matching engine.¹⁶ Upon receipt of a routable order, the System routing logic may route all or a portion of the order to the IEX Order Book or to another national securities exchange. Any such orders routed to the IEX Order Book by the System routing logic are subject to an additional 350 microsecond inbound latency between the IEX routing logic and the IEX Order Book.¹⁷

IEX is not proposing to make any changes to its inbound latency (including the additional latency for routable orders) or the rules specifying such latency, except with respect to the brief period of time during the migration of the Exchange's primary data center, as discussed below.

Separately, all outbound messages from IEX back to a Participant (e.g., confirmations of an execution that occurred on IEX) currently travel from the IEX System at NJ2 to the POP at NY5 without traversing the coil, referred to as the "outbound latency."¹⁸ The outbound latency that presently applies to all messages sent from IEX back to Participants is determined by the actual geographic distribution and related network connectivity¹⁹ between the Exchange's System and POP, and equates to an equivalent of 37 microseconds of latency.²⁰ In addition, outbound messages from IEX

¹⁶ See IEX Rule 11.230(b).

¹⁷ See IEX Rule 11.510, Supplementary Material .03.

¹⁸ See IEX Rule 11.510(b)(2).

¹⁹ Ordinary course network connectivity includes switches and cabling to connect the network access point at the POP to the System.

²⁰ IEX previously subjected all outbound messages traveling from the System to the POP to a 350-microsecond latency. However, since February 2021, IEX's outbound latency has only reflected the actual geographic distribution and related network connectivity between the System and the

back to a Participant with respect to a routable order are subject to 37 microseconds of additional latency between the Order Book and the System routing logic, and are then subject to the outbound latency back to the Participant.²¹

IEX plans to relocate its System to a new data center in Secaucus, New Jersey (NY6), which is in the same data center complex as the POP data center (NY5), i.e., in separate buildings within the same data center complex. This configuration is comparable to the technological footprints of other national securities exchanges whereby the POP and trading system are in close physical proximity. Because the System will be in close proximity to the POP, the duration of the outbound latency will become negligible after the data center migration.²² Thus, IEX understands that, as proposed, the duration of the outbound latency would be in the range of what market participants currently experience when receiving outbound messages from other national securities exchanges. IEX also notes that as part of its data center migration, it will increase the length of the inbound coil to account for the reduced physical distance between the POP and the System, in order to retain the 350-microsecond inbound latency without any changes. The additional 350 microsecond inbound latency between the IEX routing logic and the IEX Order Book will be unchanged as well.

POP. See Securities Exchange Act Release No. 90645 (December 11, 2020), 85 FR 81982 (December 17, 2020) (SR-IEX-2020-18) (“Outbound Coil Removal Proposal”); Securities Exchange Act Release No. 91016 (January 29, 2021), 86 FR 8238 (February 4, 2021) (SR-IEX-2020-18) (“Outbound Coil Removal Approval Order”); see also IEX Trading Alert #2021-006, available at <https://iextrading.com/alerts/#/138>. The Commission received no comments on that proposed rule change. See Outbound Coil Removal Approval Order, 86 FR 8238.

²¹ See supra note 17.

²² As described above, IEX’s current technological footprint requires all outbound messages from the System back to Participants to travel the geographic distribution between two data centers in two separate cities in New Jersey, thereby subjecting outbound messages to a non-negligible outbound latency.

Proposal

Currently, IEX's Rule Book contains nine references to the 37-microsecond outbound latency. These references were included in the relevant IEX Rules in 2021 when IEX amended its rules to eliminate the outbound coil and thereby reduce the outbound latency from 350 to 37 microseconds to reflect that because of the geographic distance between the System and the POP, outbound messages from IEX's System were still subject to a non-negligible delay.²³ These rule references are unique to IEX; no other national securities exchange references either their inbound or outbound latencies in their rules. IEX believes that including any reference to an outbound latency in its rules will be unnecessary once the data center migration occurs because IEX's operations in this regard will be consolidated in close proximity to each other in the same manner as most other national securities exchanges, and the latency applicable to outbound messages from the System to Participants will be negligible and in the range of what market participants experience receiving messages from other national securities exchanges. As proposed, IEX would also delete references to the outbound latency between the Order Book and System routing logic so that IEXS is subject to the same outbound latency as other Members.

Thus, IEX proposes to remove all references to outbound latencies in its rules, and proposes to amend IEX Rules 11.190(b)(17) and 11.510 as follows:

- To make the description about how market maker pegged orders adjust shorter and clearer, without a substantive change, modify the twelfth sentence of IEX Rule 11.190(b)(17) to remove all references to outbound latency so that it reads: "Each time a Market Maker Peg order is automatically adjusted by the System in accordance with this rule, it is subject to 350 microseconds of

²³ See supra note 20.

latency prior to posting on the Order Book at the adjusted price.” With this proposed change, the rule will continue to describe the 350-microsecond latency applied whenever the System automatically adjusts a Market Maker Peg order’s price. This additional 350 microsecond latency is designed so that a market maker using a Market Maker Peg order to facilitate compliance with the Exchange’s continuous quoting and pricing obligations is in the same position as a market maker updating its own quote, whose orders and order modification instructions would be subjected to a 350-microsecond inbound latency.²⁴

- Make a clarifying change to the thirteenth sentence of IEX Rule 11.190(b)(17), by changing the reference to “the proposed rule” to instead read “this rule.”
- Modify the third sentence of IEX Rule 11.510(a) to remove the description of the outbound latency.
- Remove the fourth sentence of IEX Rule 11.510(b), which describes the outbound latency.
- Remove subparagraph (2) of IEX Rule 11.510(b) to remove the definition of outbound latency.
- Modify the third sentence of IEX Rule 11.510(c)(1) to remove the semicolon and the remainder of the text following the semicolon. This proposed change will retain the description of the additional inbound 350-microsecond latency the Exchange applies to messages from the System routing logic to the Order Book, while deleting language describing the outbound latency from the Order Book to the System routing logic because that latency will now be negligible.
- Modify the fourth sentence of IEX Rule 11.510(c)(1) immediately after the reference to “each time a Market Maker Peg order is automatically adjusted by the System” to change it from: “all inbound communications related to the modified order instruction are subject to 350 microseconds of latency and all outbound communications related to the modified order instruction are subject to 37 microseconds of latency between the Market Maker Peg order repricing logic and the Order Book.” to “it is subject to 350 microseconds of latency prior to posting on the Order Book at the adjusted price.” This proposed change reflects that there will no longer be a non-negligible outbound latency affecting Market Maker Peg orders, but that they will continue to be subject to

²⁴ See Securities Exchange Act Release No. 93800 (December 16, 2021), 86 FR 72650, 72652 (December 22, 2021) (SR-IEX-2021-17).

an additional 350 microseconds of latency if they are automatically adjusted by the System. As described above, this additional 350 microsecond latency is designed so that a market maker using a Market Maker Peg order to facilitate compliance with the Exchange's continuous quoting and pricing obligations is in the same position as a market maker updating its own quote, whose orders and order modification instructions would be subjected to a 350-microsecond inbound latency.

- Remove the third sentence of IEX Rule 11.510(c)(2)(A) to reflect that there will no longer be a non-negligible outbound latency affecting IEX's data products.
- Remove the words "In addition to the connectivity described in paragraph (b)(2) of this IEX Rule 11.510," from the beginning of the second sentence of IEX Rule 11.510(c)(3)(A) to delete the reference to the now-deleted subparagraph (b)(2) of IEX Rule 11.510 (which had defined the outbound latency). And capitalize the "C" in "Communications", which will become the beginning of the second sentence.
- Modify the first sentence of IEX Rule 11.510 Supplementary Material .02 to remove the words "and 37 microseconds of outbound latency" because outbound messages will no longer be subject to a non-negligible outbound latency.
- Delete the fifth sentence of IEX Rule 11.510 Supplementary Material .03 because outbound messages from the Order Book to the System routing logic will no longer be subject to a non-negligible outbound latency.

Implementation

The data center migration will be implemented over several weeks and will involve relocating the client gateways and trading system matching engines from the Weehawken, New Jersey data center to the Secaucus, New Jersey data center. During this transition period, Participants will temporarily experience 387 microseconds of inbound latency rather than 350 microseconds. Accordingly, IEX proposes to add Temporary Supplementary Material .01 to Rule 11.510(a) to provide as follows:

Data Center Migration. During the 2024 migration of the Exchange's primary data center from a data center located in Weehawken, New Jersey to a data center located in Secaucus, New Jersey, Participants will experience 387 microseconds of

inbound latency between the network access point of the POP and the System at the primary data center. Consequently, during the migration, each reference to 350 microseconds of inbound latency in this rulebook, including this Rule 11.510 and Rule 11.190, shall be read as 387 microseconds of inbound latency. Notwithstanding the foregoing, a routable child order handled by IEXS that is routed to the Order Book as described in Supplementary Material .03 to this Rule 11.510 will be subject to 424 microseconds of latency between the System routing logic to the Order Book, in addition to the 387 microseconds of inbound latency for the parent order between the network access point of the POP and the System routing logic at the primary data center, described above. IEX will issue a Trader Alert in advance of the migration describing the transition, schedule, and impact on Participants.

IEX will issue a Trading Alert at least 30 days in advance of the migration (and within 120 days of effectiveness of this proposed rule change) describing the transition, schedule, and impact.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,²⁵ in general, and furthers the objectives of Section 6(b)(5),²⁶ 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 reflect a material change to the location of the IEX System following the planned data center migration that will result in the outbound latency becoming negligible and in the range of what market participants experience

²⁵ 15 U.S.C. 78f(b).

²⁶ 15 U.S.C. 78f(b)(5).

receiving messages from other national securities exchanges, as discussed in the Purpose section. Accordingly, IEX believes that removing references to the outbound latency and its duration will reduce any potential confusion in its rules regarding its operations and the manner in which Participants will receive outbound communications from the Exchange. As discussed in the Purpose section, following the data center migration and consolidation of IEX's System and POP in close proximity, its operations in this regard will be comparable to most other national securities exchanges. Since such other exchanges do not include references to their outbound latency, or its duration, in their rules, continued inclusion in IEX's rules would be disparate and could lead to confusion as to IEX's outbound latency.

As discussed in the Purpose section, outbound latency information was previously relevant to market participants when IEX subjected outbound messages to a 350-microsecond delay which could impact how Members made order routing decisions and processed data from IEX. And when IEX eliminated the coil from its outbound latency in 2021, IEX determined that it remained appropriate to include the new lower latency metric in its rules to provide clarity to market participants regarding the change. However, IEX believes that market participants are now fully aware that IEX's outbound latency is attributable only to the actual distance and related network connectivity between the System and the POP. Because the data center migration will consolidate IEX's System and POP in close proximity in the same data center complex, as discussed in the Purpose section and above, virtually all of the existing latencies attributable to the physical distance between the System in NJ2 and the POP in NY5 will be eliminated. As a result, notwithstanding that the POP and System will be in separate buildings (NY5 and

NY6, respectively) in the same data center complex, IEX's outbound messages to Participants will be subject to only negligible latency in a substantially comparable manner to other national securities exchanges, attributable to the negligible distance between the System and POP. The Exchange notes in this regard that system processing, geography/transit times, and technology all create latency in sending messages from an exchange to a participant. IEX believes that, as proposed, its outbound latency is within the range of the outbound latencies of other national securities exchanges. Accordingly, IEX believes that including any references to outbound latencies in its rules is no longer necessary.

Further, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because it will apply to all Members in the same manner. All outbound communications will continue to be subject to the same negligible outbound latency on a fair and nondiscriminatory basis.

With respect to IEXS, its routing broker, the Exchange notes that it will continue to be on a level playing field compared to all other Members, as it will be subject to the same inbound and outbound latency as other Members except for the brief several week period of time during implementation when IEXS will be subject to increased inbound latency of 424 microseconds while other Members will be subject to inbound latency of 387 microseconds, as described above.²⁷ With respect to this time period, the Exchange notes that the Act generally does not prohibit an exchange from treating its affiliated routing broker in a manner that is less preferential than other Members. Moreover, use of

²⁷ The 424 microseconds of latency is attributable to the additional geographic distance that a routable order will traverse between the old and new primary data centers as well as the standard inbound latency during the migration period.

IEXS by other Members is optional and any Member that does not want to use IEXS may use other routers to route orders to away trading centers or IEX itself.²⁸

And the Exchange believes that the proposed non-substantive clarifying change to IEX Rule 11.190(b)(17) is consistent with the protection of investors and the public interest because it will have no impact on the Exchange's functionality, but rather simply provide consistency and clarity in IEX's description of the Market Maker Peg order type, thereby reducing the potential for confusion of any market participants.

As discussed in the Purpose section and above, the Exchange also notes that no other national securities exchanges currently describe their outbound message latencies in their rules. IEX does not believe that the proposed changes raise any new or novel issues that have not already been considered by the Commission in connection with the operations of other national securities exchanges.

Finally, IEX believes that it is consistent with the protection of investors and the public interest to add the Temporary Supplementary Material to IEX Rule 11.510(a) describing the temporary minor change to inbound latency during the data center migration to provide transparency to market participants. This change will apply to all Members in the same manner in a fair and nondiscriminatory basis.

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 designed to reflect that with the data center migration, the latency applicable to outbound communications from the System to

²⁸ See IEX Rule 2.220(a)(3).

Participants will be negligible, as described in the Purpose and Statutory Basis sections.

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 because after the data center migration, IEX's outbound communications will be subject to only a negligible latency. As discussed in the Purpose section, upon completion of the data center migration, IEX's outbound latency will be in the range of what market participants currently experience when receiving outbound messages from other national securities exchanges. Moreover, the proposed rule change would benefit other such exchanges because it would enable them to receive outbound communications from IEX (including IEX's Data Products) sooner than is currently the case. Similarly, as with other Exchange Members, other exchanges' outbound routing brokers would receive order messages from IEX sooner than is currently the case and could more quickly incorporate such information into any further routing decisions.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition because it will apply to all Members in the same manner. All Members will continue to connect to IEX at the POP and receive outbound communications from IEX subject to the same negligible latency. With respect to the brief several week period of time during implementation when IEXS will be subject to increased inbound latency of 424 microseconds while other Members will be subject to inbound latency of 387 microseconds, as noted in the Statutory Basis section, the Exchange notes that the Act generally does not prohibit an exchange from treating its affiliated routing broker in a manner that is less preferential than other Members.

Moreover, use of IEXS by other Members is optional and any Member that does not want

to use IEXS may use other routers to route orders to away trading centers or to IEX itself. And as with intermarket competition, IEX believes that the data center migration and related proposed rule change will benefit IEX Members because they will receive outbound communications from IEX (including IEX's Data Products) sooner than is currently the case, thereby enabling them to more quickly incorporate such information into further trading and routing decisions. Moreover, the temporary minor change to inbound latency will also apply to all Members in the same manner.

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 Act²⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.³⁰ The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. The Exchange does not believe that the proposed rule change raises any new or novel issues. Indeed, no other national securities exchange includes outbound latency information in its rules. As discussed in the

²⁹ 15 U.S.C. 78s(b)(3)(A).

³⁰ 17 CFR 240.19b-4(f)(6).

Purpose and Burden on Competition sections, IEX does not believe that this proposed change will impose any burdens on inter or intra market competition because IEX's technological footprint and related rules will be comparable to other national securities exchanges. Additionally, as noted in the Purpose section, the SEC received no comments about IEX's 2020 proposal to stop subjecting outbound messages to a 350-microsecond latency, indicating that reducing IEX's outbound latency imposes no burden on intermarket competition.³¹

In addition, Rule 19b-4(f)(6)(iii)³² requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act³³ and paragraph (f)(6) of Rule 19b-4 thereunder.³⁴

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

The proposed change is consistent with the rules of other national securities

³¹ See *supra* note 20.

³² 17 CFR 240.19b-4(f)(6)(iii).

³³ 15 U.S.C. 78s(b)(3)(A).

³⁴ 17 CFR 240.19b-4(f)(6).

exchanges, as discussed in the Purpose section, none of which include information regarding outbound latencies in their rules.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

Exhibit 5 – Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 - ; File No. SR-IEX-2024-17)

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IEX Rules 11.190 and 11.510 to Remove References to the Latency Applicable to Outbound Communications from IEX’s System in Connection with IEX’s Planned Migration of its System from a Data Center Located in Weehawken, New Jersey to a Data Center Located in Secaucus, New Jersey

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 IEX Rules 11.190 and 11.510 to remove references to the latency applicable to outbound

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.

communications⁶ from IEX's System⁷ in connection with IEX's planned migration of its System from a data center located in Weehawken, New Jersey to a data center located in Secaucus, New Jersey.

The Exchange has designated this 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

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

In connection with IEX's planned migration of its System from a data center located in

⁶ Outbound communications include, without limitation, execution report messages found in the Exchange's FIX Specification, quote and trade update messages found in the Exchange's TOPS and DEEP Specifications and DROP messages. See IEX Rule 11.510(b)(2).

⁷ See IEX Rule 1.160(nn).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

Weehawken, New Jersey to a data center located in Secaucus, New Jersey, the Exchange proposes to amend IEX Rules 11.190 and 11.510 to remove references to the latency applicable to outbound communications from IEX's System ("outbound latency") to its Users¹⁰ (defined as Members¹¹ and Sponsored Participants¹²), Data Recipients¹³, and Service Bureaus¹⁴ (collectively, "Participants"¹⁵). In addition, IEX proposes to add Temporary Supplementary Material .01 to IEX Rule 11.510(a) to describe the minor temporary change in inbound latency during the data center migration. The Exchange also proposes to make a clarifying change to IEX Rule 11.190 described below.

Background

IEX's System is currently located at the NJ2 data center in Weehawken, New Jersey. Participants access the IEX System through the Exchange-provided network interface at the IEX Point-of-Presence¹⁶ or "POP," located at the NY5 data center in Secaucus, New Jersey. After entering through the POP, a Participant's inbound communications¹⁷ sent to the System traverse the IEX "coil" which is a box containing approximately 38 miles of compactly coiled optical fiber cable. After exiting the coil, the inbound messages travel an additional geographic distribution to the System at NJ2. The time required for a message to traverse the coil combined

¹⁰ See IEX Rule 1.160(qq).

¹¹ See IEX Rule 1.160(s).

¹² See IEX Rule 1.160(ll).

¹³ See IEX Rule 11.130(c).

¹⁴ See IEX Rule 11.130(d).

¹⁵ See IEX Rule 11.130(a).

¹⁶ A Point-of-Presence is the location at which customers of an exchange (or other technological system) can connect to the exchange.

¹⁷ Inbound communications include, without limitation, order messages and cancel messages found in the Exchange's FIX Specification. See IEX Rule 11.510(b)(1).

with the geographic distribution (and related networking) to the System equates to an equivalent 350 microseconds of latency, referred to as the “inbound latency.”¹⁸ All inbound messages (e.g., orders to buy or sell and any modification to a previously sent open order) from any Participant traverse this connectivity infrastructure, including the coil, in the same manner regardless of the type of message or whether the Participant is seeking to buy, sell, make or take liquidity.

Additionally, IEX’s affiliated broker-dealer, IEX Services LLC (“IEXS”), is a Member of the Exchange and is subject to the same inbound and outbound latency as other Members, as described in IEX Rules 2.220 and 11.510. If a Participant sends a routable order to the Exchange it utilizes IEXS for order routing to IEX and away venues. After traversing the inbound latency to reach the System, it is directed to the System routing logic rather than the IEX matching engine.¹⁹ Upon receipt of a routable order, the System routing logic may route all or a portion of the order to the IEX Order Book or to another national securities exchange. Any such orders routed to the IEX Order Book by the System routing logic are subject to an additional 350 microsecond inbound latency between the IEX routing logic and the IEX Order Book.²⁰

IEX is not proposing to make any changes to its inbound latency (including the additional latency for routable orders) or the rules specifying such latency, except with respect to the brief period of time during the migration of the Exchange’s primary data center, as discussed below.

Separately, all outbound messages from IEX back to a Participant (e.g., confirmations of an execution that occurred on IEX) currently travel from the IEX System at NJ2 to the POP at NY5 without traversing the coil, referred to as the “outbound latency.”²¹ The outbound latency

¹⁸ See IEX Rule 11.510(b)(1).

¹⁹ See IEX Rule 11.230(b).

²⁰ See IEX Rule 11.510, Supplementary Material .03.

²¹ See IEX Rule 11.510(b)(2).

that presently applies to all messages sent from IEX back to Participants is determined by the actual geographic distribution and related network connectivity²² between the Exchange's System and POP, and equates to an equivalent of 37 microseconds of latency.²³ In addition, outbound messages from IEX back to a Participant with respect to a routable order are subject to 37 microseconds of additional latency between the Order Book and the System routing logic, and are then subject to the outbound latency back to the Participant.²⁴

IEX plans to relocate its System to a new data center in Secaucus, New Jersey (NY6), which is in the same data center complex as the POP data center (NY5), i.e., in separate buildings within the same data center complex. This configuration is comparable to the technological footprints of other national securities exchanges whereby the POP and trading system are in close physical proximity. Because the System will be in close proximity to the POP, the duration of the outbound latency will become negligible after the data center migration.²⁵ Thus, IEX understands that, as proposed, the duration of the outbound latency would be in the range of what market participants currently experience when receiving outbound messages from other national securities exchanges. IEX also notes that as part of its data center

²² Ordinary course network connectivity includes switches and cabling to connect the network access point at the POP to the System.

²³ IEX previously subjected all outbound messages traveling from the System to the POP to a 350-microsecond latency. However, since February 2021, IEX's outbound latency has only reflected the actual geographic distribution and related network connectivity between the System and the POP. See Securities Exchange Act Release No. 90645 (December 11, 2020), 85 FR 81982 (December 17, 2020) (SR-IEX-2020-18) ("Outbound Coil Removal Proposal"); Securities Exchange Act Release No. 91016 (January 29, 2021), 86 FR 8238 (February 4, 2021) (SR-IEX-2020-18) ("Outbound Coil Removal Approval Order"); see also IEX Trading Alert #2021-006, available at <https://iextrading.com/alerts/#/138>. The Commission received no comments on that proposed rule change. See Outbound Coil Removal Approval Order, 86 FR 8238.

²⁴ See supra note 20.

²⁵ As described above, IEX's current technological footprint requires all outbound messages from the System back to Participants to travel the geographic distribution between two data centers in two separate cities in New Jersey, thereby subjecting outbound messages to a non-negligible outbound latency.

migration, it will increase the length of the inbound coil to account for the reduced physical distance between the POP and the System, in order to retain the 350-microsecond inbound latency without any changes. The additional 350 microsecond inbound latency between the IEX routing logic and the IEX Order Book will be unchanged as well.

Proposal

Currently, IEX's Rule Book contains nine references to the 37-microsecond outbound latency. These references were included in the relevant IEX Rules in 2021 when IEX amended its rules to eliminate the outbound coil and thereby reduce the outbound latency from 350 to 37 microseconds to reflect that because of the geographic distance between the System and the POP, outbound messages from IEX's System were still subject to a non-negligible delay.²⁶ These rule references are unique to IEX; no other national securities exchange references either their inbound or outbound latencies in their rules. IEX believes that including any reference to an outbound latency in its rules will be unnecessary once the data center migration occurs because IEX's operations in this regard will be consolidated in close proximity to each other in the same manner as most other national securities exchanges, and the latency applicable to outbound messages from the System to Participants will be negligible and in the range of what market participants experience receiving messages from other national securities exchanges. As proposed, IEX would also delete references to the outbound latency between the Order Book and System routing logic so that IEXS is subject to the same outbound latency as other Members.

Thus, IEX proposes to remove all references to outbound latencies in its rules, and proposes to amend IEX Rules 11.190(b)(17) and 11.510 as follows:

- To make the description about how market maker pegged orders adjust shorter and

²⁶ See supra note 23.

clearer, without a substantive change, modify the twelfth sentence of IEX Rule 11.190(b)(17) to remove all references to outbound latency so that it reads: “Each time a Market Maker Peg order is automatically adjusted by the System in accordance with this rule, it is subject to 350 microseconds of latency prior to posting on the Order Book at the adjusted price.” With this proposed change, the rule will continue to describe the 350-microsecond latency applied whenever the System automatically adjusts a Market Maker Peg order’s price. This additional 350 microsecond latency is designed so that a market maker using a Market Maker Peg order to facilitate compliance with the Exchange’s continuous quoting and pricing obligations is in the same position as a market maker updating its own quote, whose orders and order modification instructions would be subjected to a 350-microsecond inbound latency.²⁷

- Make a clarifying change to the thirteenth sentence of IEX Rule 11.190(b)(17), by changing the reference to “the proposed rule” to instead read “this rule.”
- Modify the third sentence of IEX Rule 11.510(a) to remove the description of the outbound latency.
- Remove the fourth sentence of IEX Rule 11.510(b), which describes the outbound latency.
- Remove subparagraph (2) of IEX Rule 11.510(b) to remove the definition of outbound latency.
- Modify the third sentence of IEX Rule 11.510(c)(1) to remove the semicolon and the remainder of the text following the semicolon. This proposed change will retain the description of the additional inbound 350-microsecond latency the Exchange applies to messages from the System routing logic to the Order Book, while deleting language describing the outbound latency from the Order Book to the System routing logic because that latency will now be negligible.
- Modify the fourth sentence of IEX Rule 11.510(c)(1) immediately after the reference to “each time a Market Maker Peg order is automatically adjusted by the System” to change it from: “all inbound communications related to the modified order instruction are subject to 350 microseconds of latency and all outbound communications related to the modified order instruction are subject to 37 microseconds of latency between the Market Maker Peg order repricing logic and the Order Book.” to “it is subject to 350 microseconds of latency prior to posting on the Order Book at the adjusted price.” This proposed change reflects that there will no longer be a non-negligible outbound latency affecting Market Maker Peg orders, but that they will continue to be

²⁷ See Securities Exchange Act Release No. 93800 (December 16, 2021), 86 FR 72650, 72652 (December 22, 2021) (SR-IEX-2021-17).

subject to an additional 350 microseconds of latency if they are automatically adjusted by the System. As described above, this additional 350 microsecond latency is designed so that a market maker using a Market Maker Peg order to facilitate compliance with the Exchange's continuous quoting and pricing obligations is in the same position as a market maker updating its own quote, whose orders and order modification instructions would be subjected to a 350-microsecond inbound latency.

- Remove the third sentence of IEX Rule 11.510(c)(2)(A) to reflect that there will no longer be a non-negligible outbound latency affecting IEX's data products.
- Remove the words "In addition to the connectivity described in paragraph (b)(2) of this IEX Rule 11.510," from the beginning of the second sentence of IEX Rule 11.510(c)(3)(A) to delete the reference to the now-deleted subparagraph (b)(2) of IEX Rule 11.510 (which had defined the outbound latency). And capitalize the "C" in "Communications", which will become the beginning of the second sentence.
- Modify the first sentence of IEX Rule 11.510 Supplementary Material .02 to remove the words "and 37 microseconds of outbound latency" because outbound messages will no longer be subject to a non-negligible outbound latency.
- Delete the fifth sentence of IEX Rule 11.510 Supplementary Material .03 because outbound messages from the Order Book to the System routing logic will no longer be subject to a non-negligible outbound latency.

Implementation

The data center migration will be implemented over several weeks and will involve relocating the client gateways and trading system matching engines from the Weehawken, New Jersey data center to the Secaucus, New Jersey data center. During this transition period, Participants will temporarily experience 387 microseconds of inbound latency rather than 350 microseconds. Accordingly, IEX proposes to add Temporary Supplementary Material .01 to Rule 11.510(a) to provide as follows:

Data Center Migration. During the 2024 migration of the Exchange's primary data center from a data center located in Weehawken, New Jersey to a data center located in Secaucus, New Jersey, Participants will experience 387 microseconds of inbound latency between the network access point of the POP and the System at the primary data center. Consequently, during the migration, each reference to 350 microseconds of inbound latency in this rulebook, including this Rule 11.510 and Rule 11.190, shall be read as 387 microseconds of inbound latency. Notwithstanding the foregoing, a routable child order handled by IEXS that is routed to the Order Book as described in Supplementary Material

.03 to this Rule 11.510 will be subject to 424 microseconds of latency between the System routing logic to the Order Book, in addition to the 387 microseconds of inbound latency for the parent order between the network access point of the POP and the System routing logic at the primary data center, described above. IEX will issue a Trader Alert in advance of the migration describing the transition, schedule, and impact on Participants.

IEX will issue a Trading Alert at least 30 days in advance of the migration (and within 120 days of effectiveness of this proposed rule change) describing the transition, schedule, and impact.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,²⁸ in general, and furthers the objectives of Section 6(b)(5),²⁹ 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 reflect a material change to the location of the IEX System following the planned data center migration that will result in the outbound latency becoming negligible and in the range of what market participants experience receiving messages from other national securities exchanges, as discussed in the Purpose section. Accordingly, IEX believes that removing references to the outbound latency and its duration will reduce any potential confusion in its rules regarding its operations and the manner in which Participants will receive outbound communications from the Exchange. As

²⁸ 15 U.S.C. 78f(b).

²⁹ 15 U.S.C. 78f(b)(5).

discussed in the Purpose section, following the data center migration and consolidation of IEX's System and POP in close proximity, its operations in this regard will be comparable to most other national securities exchanges. Since such other exchanges do not include references to their outbound latency, or its duration, in their rules, continued inclusion in IEX's rules would be disparate and could lead to confusion as to IEX's outbound latency.

As discussed in the Purpose section, outbound latency information was previously relevant to market participants when IEX subjected outbound messages to a 350-microsecond delay which could impact how Members made order routing decisions and processed data from IEX. And when IEX eliminated the coil from its outbound latency in 2021, IEX determined that it remained appropriate to include the new lower latency metric in its rules to provide clarity to market participants regarding the change. However, IEX believes that market participants are now fully aware that IEX's outbound latency is attributable only to the actual distance and related network connectivity between the System and the POP. Because the data center migration will consolidate IEX's System and POP in close proximity in the same data center complex, as discussed in the Purpose section and above, virtually all of the existing latencies attributable to the physical distance between the System in NJ2 and the POP in NY5 will be eliminated. As a result, notwithstanding that the POP and System will be in separate buildings (NY5 and NY6, respectively) in the same data center complex, IEX's outbound messages to Participants will be subject to only negligible latency in a substantially comparable manner to other national securities exchanges, attributable to the negligible distance between the System and POP. The Exchange notes in this regard that system processing, geography/transit times, and technology all create latency in sending messages from an exchange to a participant. IEX believes that, as proposed, its outbound latency is within the range of the outbound latencies of

other national securities exchanges. Accordingly, IEX believes that including any references to outbound latencies in its rules is no longer necessary.

Further, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because it will apply to all Members in the same manner. All outbound communications will continue to be subject to the same negligible outbound latency on a fair and nondiscriminatory basis.

With respect to IEXS, its routing broker, the Exchange notes that it will continue to be on a level playing field compared to all other Members, as it will be subject to the same inbound and outbound latency as other Members except for the brief several week period of time during implementation when IEXS will be subject to increased inbound latency of 424 microseconds while other Members will be subject to inbound latency of 387 microseconds, as described above.³⁰ With respect to this time period, the Exchange notes that the Act generally does not prohibit an exchange from treating its affiliated routing broker in a manner that is less preferential than other Members. Moreover, use of IEXS by other Members is optional and any Member that does not want to use IEXS may use other routers to route orders to away trading centers or IEX itself.³¹

And the Exchange believes that the proposed non-substantive clarifying change to IEX Rule 11.190(b)(17) is consistent with the protection of investors and the public interest because it will have no impact on the Exchange's functionality, but rather simply provide consistency and clarity in IEX's description of the Market Maker Peg order type, thereby reducing the potential

³⁰ The 424 microseconds of latency is attributable to the additional geographic distance that a routable order will traverse between the old and new primary data centers as well as the standard inbound latency during the migration period.

³¹ See IEX Rule 2.220(a)(3).

for confusion of any market participants.

As discussed in the Purpose section and above, the Exchange also notes that no other national securities exchanges currently describe their outbound message latencies in their rules. IEX does not believe that the proposed changes raise any new or novel issues that have not already been considered by the Commission in connection with the operations of other national securities exchanges.

Finally, IEX believes that it is consistent with the protection of investors and the public interest to add the Temporary Supplementary Material to IEX Rule 11.510(a) describing the temporary minor change to inbound latency during the data center migration to provide transparency to market participants. This change will apply to all Members in the same manner in a fair and nondiscriminatory basis.

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 designed to reflect that with the data center migration, the latency applicable to outbound communications from the System to Participants will be negligible, as described in the Purpose and Statutory Basis sections.

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 because after the data center migration, IEX's outbound communications will be subject to only a negligible latency. As discussed in the Purpose section, upon completion of the data center migration, IEX's outbound latency will be in the range of what market participants currently experience when receiving outbound messages from other national securities

exchanges. Moreover, the proposed rule change would benefit other such exchanges because it would enable them to receive outbound communications from IEX (including IEX's Data Products) sooner than is currently the case. Similarly, as with other Exchange Members, other exchanges' outbound routing brokers would receive order messages from IEX sooner than is currently the case and could more quickly incorporate such information into any further routing decisions.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition because it will apply to all Members in the same manner. All Members will continue to connect to IEX at the POP and receive outbound communications from IEX subject to the same negligible latency. With respect to the brief several week period of time during implementation when IEXS will be subject to increased inbound latency of 424 microseconds while other Members will be subject to inbound latency of 387 microseconds, as noted in the Statutory Basis section, the Exchange notes that the Act generally does not prohibit an exchange from treating its affiliated routing broker in a manner that is less preferential than other Members. Moreover, use of IEXS by other Members is optional and any Member that does not want to use IEXS may use other routers to route orders to away trading centers or to IEX itself. And as with intermarket competition, IEX believes that the data center migration and related proposed rule change will benefit IEX Members because they will receive outbound communications from IEX (including IEX's Data Products) sooner than is currently the case, thereby enabling them to more quickly incorporate such information into further trading and routing decisions. Moreover, the temporary minor change to inbound latency will also apply to all Members in the same manner.

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)³² of the Act and Rule 19b-4(f)(6)³³ 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 does not believe that the proposed rule change raises any new or novel issues. Indeed, no other national securities exchange includes outbound latency information in its rules. As discussed in the Purpose and Burden on Competition sections, IEX does not believe that this proposed change will impose any burdens on inter or intra market competition because IEX's technological footprint and related rules will be comparable to other national securities exchanges. Additionally, as noted in the Purpose section, the SEC received no comments about IEX's 2020 proposal to stop subjecting outbound messages to a 350-microsecond latency, indicating that reducing IEX's outbound latency imposes no burden on intermarket competition.³⁴

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

³² 15 U.S.C. 78s(b)(3)(A).

³³ 17 CFR 240.19b-4(f)(6).

³⁴ See supra note 23.

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).³⁵ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-IEX-2024-17 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-2024-17. 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

³⁵ 15 U.S.C. 78s(b)(2)(B).

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-2024-17 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.³⁶

Sherry R. Haywood,

Assistant Secretary.

³⁶ 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

CHAPTER 11. TRADING RULES

Rule 11.190. Orders and Modifiers

(a) No change.

(b) Order Parameters.

(1)-(16) No change.

(17) Market Maker Peg Order. A limit order that, upon entry or at the beginning of the Regular Market Session, as applicable, the entered bid or offer is automatically priced by the System at the Market Maker Peg Designated Percentage (as defined in IEX Rule 11.190(b)(17)(A)) away from the then current NBB or NBO, as applicable, or if there is no NBB or NBO, at the Market Maker Peg Designated Percentage away from the last reported sale from the responsible single plan processor in order to comply with the quotation requirements for Market Makers set forth in Rule 11.151(a). For example, if the NBB is \$10 and the Market Maker Peg Designated Percentage for the security is 8%, the displayed price of a Market Maker Peg Order to buy would be \$9.20. Users may submit Market Maker Peg orders to the Exchange starting at the beginning of the Pre-Market Session, but the order will not be executable or automatically priced until the beginning of the Regular Market Session, and will expire at the end of the Regular Market Session. Upon reaching the Market Maker Peg Defined Limit (as defined in IEX Rule 11.190(b)(17)(B)), the price of a Market Maker Peg order bid or offer will be adjusted by the System to the Market Maker Peg Designated Percentage away from the then current NBB or NBO, or, if there is no NBB or NBO, the order will, by default, be the Market Maker Peg Designated Percentage away from the last reported sale from the responsible single plan processor. In the

foregoing example, if the Market Maker Peg Defined Limit is 9.5% and the NBB increased to \$10.17, such that the displayed price of the Market Maker Peg Order would be more than 9.5% away, the Order will be repriced to \$9.36, or 8% away from the NBB. If a Market Maker Peg order bid or offer moves a specified number of percentage points away from the Market Maker Peg Designated Percentage towards the then current NBB or NBO, which number of percentage points will be determined and published in a circular distributed to Members from time to time, the price of such bid or offer will be adjusted by the System to the Designated Percentage away from the then current NBB or NBO, as applicable. If there is no NBB or NBO, as applicable, the order will be adjusted by the System to the Market Maker Peg Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that pricing a Market Maker Peg order at the Market Maker Peg Designated Percentage away from the then current NBB and NBO, or, if no NBB or NBO, to the Market Maker Peg Designated Percentage away from the last reported sale from the responsible single plan processor, would result in the order exceeding its limit price, the order will be cancelled or rejected. If, after entry, the Market Maker Peg order is priced based on the last reported sale from the single plan processor and such Market Maker Peg order is established as the NBB or NBO, the Market Maker Peg order will not be subsequently adjusted in accordance with this rule until either there is a new consolidated last sale, or a new NBB or NBO is established by a national securities exchange. Market Maker Peg orders are not eligible for routing pursuant to Rule 11.230(b) and are always displayed on the Exchange. Notwithstanding the availability of Market Maker Peg order functionality, a Market Maker remains responsible for entering, monitoring, and resubmitting, as applicable, quotations that meet the requirements of Rule 11.151. [Upon entry, and e]Each time a Market Maker Peg order is automatically adjusted by the System[thereafter] in accordance with this rule,[all inbound communications related to the modified order instruction are] it is subject to 350 microseconds of latency prior to posting on the Order Book at the adjusted price[and all outbound communications related to the modified order instruction are subject to 37 microseconds of latency between the Market Maker Peg order repricing logic and the Order Book, pursuant to Rule 11.510(c)(1)]. In addition, a new timestamp is created for the order each time that it is automatically adjusted by the System in accordance with [the proposed] this rule. Market Maker Peg orders may only be entered by a registered Market Maker.

(A)-(B) No change.

(18)-(21) No change.

(c)-(h) No change.

Rule 11.510. Connectivity

- (a) General. All Participants and Extranet Providers, each as defined in IEX Rule 11.130(a), may only connect to, access, and interact with the System at a network address maintained by the Exchange at the IEX point-of-presence (the “POP”) as specified in the Exchange’s Connectivity Manual (“Connectivity Manual”). Inbound communications to the System from the POP are subject to an equivalent 350 microseconds of latency between the network access point of the POP and the System at the primary data center (due to traversing the physical distance provided by coiled optical fiber, the geographic distribution and network connectivity). Outbound communications from the System to the POP do not traverse the physical distance provided by coiled optical fiber[and are subject to an equivalent 37 microseconds of latency due to traversing the geographic distribution and network connectivity between the System at the primary data center and the network access point of the POP].

...Temporary Supplementary Material...

.01 Data Center Migration. During the 2024 migration of the Exchange’s primary data center from a data center located in Weehawken, New Jersey to a data center located in Secaucus, New Jersey, Participants will experience 387 microseconds of inbound latency between the network access point of the POP and the System at the primary data center. Consequently, during the migration, each reference to 350 microseconds of inbound latency in this rulebook, including this Rule 11.510 and Rule 11.190, shall be read as 387 microseconds of inbound latency. Notwithstanding the foregoing, a routable child order handled by IEXS that is routed to the Order Book as described in Supplementary Material .03 to this Rule 11.510 will be subject to 424 microseconds of latency between the System routing logic to the Order Book, in addition to the 387 microseconds of inbound latency for the parent order between the network access point of the POP and the System routing logic at the primary data center, described above. IEX will issue a Trader Alert in advance of the migration describing the transition, schedule, and impact on Participants.

(1)-(2) No change.

- (b) IEX Connectivity Infrastructure. The System is available for entry and execution of orders only via connectivity at the POP by each Participant. Exchange data products are available for receipt only via connectivity at the POP by all Data Recipients. Inbound messages from Participants to the Exchange are subject to the inbound latency, as defined in paragraph (1) below. [Outbound messages from the Exchange to Participants are subject to the outbound latency, as defined in paragraph (2) below.]Notwithstanding the foregoing, connectivity between the System routing logic and the Order Book and the

manner in which the System routing logic may receive Exchange data products are described in paragraph (c) below.

- (1) No change.
- [(2) Outbound Latency. For outbound communication (including, without limitation, execution report messages found in the Exchange's FIX Specification, quote and trade update messages found in the Exchange's TOPS and DEEP Specifications, and DROP messages), the Exchange's connectivity infrastructure is designed to provide all Participants and Data Recipients an equivalent 37 microseconds of latency from the System at the primary data center to the Exchange-provided network interface at the IEX POP ("outbound latency").]

(c) System Connectivity.

- (1) Order Book Processes and Order Execution. Order Book processing and order execution on the Order Book occur within the System and do not traverse the connectivity infrastructure between the System and the POP. Notwithstanding the foregoing, in the case of a routable order the order is initially delivered to the System routing logic within the System, which will then route all or a portion of the order to the Order Book, in accordance with the System routing logic. All inbound communications (including, without limitation, order messages and cancel messages from the System routing logic to the Order Book are subject to 350 microseconds of latency between the System routing logic and the Order Book (which is in addition to the inbound latency described in paragraph (b)(1) of this IEX Rule 11.510); all outbound communications (including, without limitation, execution report messages found in the Exchange's FIX Specification) from the Order Book to the System routing logic are subject to 37 microseconds of latency between the Order book and the System routing logic (which is in addition to the outbound latency described in paragraph (b)(2) of this IEX Rule 11.510)]. Furthermore, pursuant to Rule 11.190(b)(17), each time a Market Maker Peg order is automatically adjusted by the System,[all inbound communications related to the modified order instruction are] it is subject to 350 microseconds of latency prior to posting on the Order Book at the adjusted price and all outbound communications related to the modified order instruction are subject to 37 microseconds of latency between the Market Maker Peg order repricing logic and the Order Book].
- (2) System Receipt of Market Data.
 - (A) Proprietary Market Data Feeds. Pursuant to IEX Rule 11.410(a)(2), the System connects to each away trading center's

primary data center for the receipt of proprietary market data feeds. Communications with away trading centers do not traverse the connectivity infrastructure between the System and the POP. [The System routing logic may only receive Exchange data products, subject to 37 microseconds of outbound latency, equivalent to the outbound latency applicable to all other data recipients as described in paragraph (b)(2) of this IEX Rule 11.510.]

(i) No change.

(B) No change.

(3) Outbound Communication from the System to Facilities and Away Trading Centers.

(A) Outbound Router. Pursuant to IEX Rule 11.230(b), the System connects to the Outbound Router for order entry and execution on away trading centers; the Outbound Router subsequently connects to each away trading center for order entry and execution on such away trading centers. [In addition to the connectivity described in paragraph (b)(2) of this IEX Rule 11.510, c] Communications between the Outbound Router and away trading centers do not traverse the connectivity infrastructure between the System and the POP.

(B)-(C) No change.

••• Supplementary Material •••

.02 Latency.

Due to force majeure events and acts of third parties, the Exchange does not guarantee that its connectivity infrastructure will always provide 350 microseconds of inbound latency[and 37 microseconds of outbound latency], including the additional latencies for routable orders as described in Supplementary Material .03 below. The Exchange will periodically monitor such latency, and will make adjustments to the latency as reasonably necessary to achieve consistency with the latency targets as soon as commercially practicable. If the Exchange determines to increase or decrease either the inbound latency or the outbound latency it will submit a rule filing pursuant to Section 19 of the Act.

.03 Latency Experience for Users Sending Routable Orders.

All routable orders sent to the Exchange by Users traverse the 350 microseconds of latency from the POP to the System. Once the System routing logic determines the destinations to

route such order, including the Order Book, the routed child orders are subject to the applicable latency to each venue. In the case of routing to the Order Book, the child order is subject to an additional 350 microseconds of latency from the System routing logic to the Order Book. In the case of routing to away trading centers, the child order is subject to the applicable latency from the System to each away trading center without traversing the infrastructure between the System and the POP.[All responses from the Order Book to the System routing logic are subject to 37 microseconds of latency and all messages from the System routing logic to Users are subject to an additional 37 microseconds of outbound latency.] All responses from away trading centers to the System routing logic do not traverse the connectivity infrastructure between the System and the POP.
