

Required fields are shown with yellow backgrounds and asterisks.

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"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<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	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

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

**Description**

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

Proposed rule change to amend IEX Rule 11.190(b)(13) (Market Maker Peg Order) to discontinue the Market Maker Peg Order and make conforming changes.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Claudia	Last Name * Crowley
Title * Chief Regulatory Officer	
E-mail * claudia.crowley@iextrading.com	
Telephone * (917) 509-9001	Fax

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

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

(Title \*)

Date 06/15/2020	Chief Regulatory Officer
By Claudia Crowley	
(Name *)	

Claudia Crowley,

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

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

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

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 Advance Notice by Clearing Agencies \***

Add Remove View

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

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

Add Remove View

Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire**

Add Remove View

Exhibit Sent As Paper Document

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 4 - Marked Copies**

Add Remove View

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

**Exhibit 5 - Proposed Rule Text**

Add Remove View

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

**Partial Amendment**

Add Remove View

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

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend IEX Rule 11.190(b)(13) (Market Maker Peg Order) to discontinue the Market Maker Peg Order and make conforming changes. The Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act<sup>3</sup> and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.<sup>4</sup>

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4.

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 purpose of this proposed rule change is to amend IEX Rule 11.190(b)(13) (Market Maker Peg Order) to discontinue the Market Maker Peg Order and make conforming changes to other IEX rules.

The Market Maker Peg order is a one-sided displayed limit order that is designed to simplify market maker compliance with the continuous quoting and pricing obligations set forth in IEX Rule 11.151 by providing quotation adjusting functionality.<sup>5</sup> Only IEX Members registered as Market Makers pursuant to IEX Rule 11.150 may use Market Maker Peg Orders, and use of such orders is optional.

In addition to its quotation adjusting functionality, the Market Maker Peg order is also designed to provide an effective compliance tool to facilitate market makers' compliance with the requirements of Rule 15c3-5 under the Act (the "Market Access Rule")<sup>6</sup> and Regulation SHO.<sup>7</sup> Specifically, when using a Market Maker Peg order,

---

<sup>5</sup> See IEX Rule 11.190(b)(13) for a complete description of the Market Maker Peg order.

<sup>6</sup> 17 CFR § 240.15c3-5.

market makers would have control of order origination, as required by the Market Access Rule, while also allowing market makers to make marking and locate determinations prior to order entry, as required by Regulation SHO, while also facilitating compliance with their Exchange market making obligations.

Market Maker Peg Orders are not eligible for routing pursuant to IEX Rule 11.230(b) and are always displayed on the Exchange. In addition, a new timestamp is created for the order each time that it is automatically adjusted in accordance with the proposed rule. Market Maker Peg Orders may only be entered by a registered Market Maker, pursuant to IEX Rule 11.150.

There are currently no Members registered as Market Makers and therefore no Members eligible to use the order. Accordingly, the Exchange proposes to discontinue the Market Maker Peg order, delete the existing text of IEX Rule 11.190(b)(13) (which describes the Market Maker Peg order), and reserve that provision.

In conjunction with the proposed discontinuation of the Market Maker Peg order, the Exchange proposes to make two conforming changes. First, the Exchange proposes to delete the text of IEX Rule 11.340(d)(1)(A), related to rounding of the price of Market Maker Peg Orders in connection with the Plan to Implement a Tick Size Pilot Program (which has terminated). Second, the Exchange proposes to delete text in IEX Rule 11.510(c)(1) which provides that, pursuant to Rule 11.190(b)(13), each time a Market Maker Peg Order is automatically adjusted by the System, all inbound and outbound communications related to the modified order instruction will traverse an additional POP

---

<sup>7</sup> 17 CFR §§ 242.200 through 204.

between the Market Maker Peg Order repricing logic and the Order Book. Both of these provisions are rendered obsolete with the discontinuation of the Market Maker Peg order, as proposed.

b. Statutory Basis

IEX believes that the proposed rule change is consistent with Section 6(b) of the Act in general,<sup>8</sup> and furthers the objectives of Section 6(b)(5) of the Act,<sup>9</sup> 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, 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.

As discussed in the Purpose section, the proposed rule change is designed to discontinue the Market Maker Peg Order, because no Members are eligible to use the order type. Consequently, the Exchange believes is consistent with the protection of investors and the public interest to discontinue the Market Maker Peg Order since the lack of current demand for the order type does not warrant the infrastructure and ongoing maintenance expenses required to support it. Further, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest since it is designed to avoid any potential confusion regarding the availability of the Market Maker Peg Order to Members. In addition, the Exchange

---

<sup>8</sup> 15 U.S.C. 78f.

<sup>9</sup> 15 U.S.C. 78f(b)(5).

notes that use of the Market Maker Peg Order is purely optional on the part of a Market Maker and, in the event that any Member were to register as a Market Maker, such Member could use other IEX order types to comply with the continuous quoting and pricing obligations set forth in IEX Rule 11.151. Lastly, the Exchange does not believe that this proposal will permit unfair discrimination among customers, brokers, or dealers because the Market Maker Peg Order will no longer be available to any Member of the Exchange.

Further, the Exchange believes that the proposed conforming rule changes, as discussed in the Purpose section, are consistent with the protection of investors and the public interest because they will provide clarity to market participants by deleting references to the now-discontinued Market Maker Peg Order.

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

The Exchange does not believe that the proposal will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues but rather remove an order type for which there is currently no demand and eliminate the infrastructure and ongoing maintenance expenses to support it.

Furthermore, the Exchange believes the proposed rule change does not impose any burden on intra-market competition not necessary or appropriate in furtherance of the purposes of the Act because, as described above, the Market Maker Peg order will no longer be available to any Member of the Exchange, and thus all Members will be impacted in the same manner. Further, as discussed in the Statutory Basis section, use of the Market Maker Peg Order by a registered Market Maker is optional and not

required in order to comply with the in the continuous quoting and pricing obligations set forth in IEX Rule 11.151.

The Exchange also does not believe that the proposed rule change would impose a burden on inter-market competition since other exchanges are free to adopt or discontinue comparable order types.

Finally, the proposed conforming rule changes, as discussed in the Purpose section, are not designed to address any competitive issue, but rather to provide clarity to market participants by deleting references to the now-discontinued Market Maker Peg Order.

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 Act<sup>10</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>11</sup> 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

---

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4.

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.<sup>12</sup>

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4<sup>13</sup> because it would not significantly affect the protection of investors or the public interest in that the proposed change simply would allow the Exchange to eliminate rules that account for an order type that the Exchange proposes to discontinue. There are currently no Members eligible to use the Market Maker Peg Order and the Exchange is not required by the Act to offer such an order type. Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>14</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>15</sup>

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

---

<sup>12</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

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

Not applicable.

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-2020-07)

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IEX Rule 11.190(b)(13) (Market Maker Peg Order) to Discontinue the Market Maker Peg Order and Make Conforming Changes.

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

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

Pursuant to the provisions of Section 19(b)(1) under the Act<sup>4</sup> and Rule 19b-4 thereunder,<sup>5</sup> IEX is filing with the Commission a proposed rule change to amend IEX Rule 11.190(b)(13) (Market Maker Peg Order) to discontinue the Market Maker Peg Order and make conforming changes. The Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act<sup>6</sup> and provided the Commission

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b-4.

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

with the notice required by Rule 19b-4(f)(6) thereunder.<sup>7</sup>The text of the proposed rule change is available at the Exchange's website at [www.iextrading.com](http://www.iextrading.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statement may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of this proposed rule change is to amend IEX Rule 11.190(b)(13) (Market Maker Peg Order) to discontinue the Market Maker Peg Order and make conforming changes to other IEX rules.

The Market Maker Peg order is a one-sided displayed limit order that is designed to simplify market maker compliance with the continuous quoting and pricing obligations set forth in IEX Rule 11.151 by providing quotation adjusting functionality.<sup>8</sup> Only IEX Members registered as Market Makers pursuant to IEX Rule 11.150 may use Market Maker Peg Orders, and use of such orders is optional.

In addition to its quotation adjusting functionality, the Market Maker Peg order is

---

<sup>7</sup> 17 CFR 240.19b-4.

<sup>8</sup> See IEX Rule 11.190(b)(13) for a complete description of the Market Maker Peg order.

also designed to provide an effective compliance tool to facilitate market makers' compliance with the requirements of Rule 15c3-5 under the Act (the "Market Access Rule")<sup>9</sup> and Regulation SHO.<sup>10</sup> Specifically, when using a Market Maker Peg order, market makers would have control of order origination, as required by the Market Access Rule, while also allowing market makers to make marking and locate determinations prior to order entry, as required by Regulation SHO, while also facilitating compliance with their Exchange market making obligations.

Market Maker Peg Orders are not eligible for routing pursuant to IEX Rule 11.230(b) and are always displayed on the Exchange. In addition, a new timestamp is created for the order each time that it is automatically adjusted in accordance with the proposed rule. Market Maker Peg Orders may only be entered by a registered Market Maker, pursuant to IEX Rule 11.150.

There are currently no Members registered as Market Makers and therefore no Members eligible to use the order. Accordingly, the Exchange proposes to discontinue the Market Maker Peg order, delete the existing text of IEX Rule 11.190(b)(13) (which describes the Market Maker Peg order), and reserve that provision.

In conjunction with the proposed discontinuation of the Market Maker Peg order, the Exchange proposes to make two conforming changes. First, the Exchange proposes to delete the text of IEX Rule 11.340(d)(1)(A), related to rounding of the price of Market Maker Peg Orders in connection with the Plan to Implement a Tick Size Pilot Program (which has terminated). Second, the Exchange proposes to delete text in IEX Rule 11.510(c)(1) which provides that, pursuant to Rule 11.190(b)(13), each time a Market

---

<sup>9</sup> 17 CFR § 240.15c3-5.

<sup>10</sup> 17 CFR §§ 242.200 through 204.

Maker Peg Order is automatically adjusted by the System, all inbound and outbound communications related to the modified order instruction will traverse an additional POP between the Market Maker Peg Order repricing logic and the Order Book. Both of these provisions are rendered obsolete with the discontinuation of the Market Maker Peg order, as proposed.

## 2. Statutory Basis

IEX believes that the proposed rule change is consistent with Section 6(b) of the Act in general,<sup>11</sup> and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</sup> 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, 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.

As discussed in the Purpose section, the proposed rule change is designed to discontinue the Market Maker Peg Order, because no Members are eligible to use the order type. Consequently, the Exchange believes is consistent with the protection of investors and the public interest to discontinue the Market Maker Peg Order since the lack of current demand for the order type does not warrant the infrastructure and ongoing maintenance expenses required to support it. Further, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest since it is designed to avoid any potential confusion regarding the availability of the Market Maker Peg Order to Members. In addition, the Exchange

---

<sup>11</sup> 15 U.S.C. 78f.

<sup>12</sup> 15 U.S.C. 78f(b)(5).

notes that use of the Market Maker Peg Order is purely optional on the part of a Market Maker and, in the event that any Member were to register as a Market Maker, such Member could use other IEX order types to comply with the continuous quoting and pricing obligations set forth in IEX Rule 11.151. Lastly, the Exchange does not believe that this proposal will permit unfair discrimination among customers, brokers, or dealers because the Market Maker Peg Order will no longer be available to any Member of the Exchange.

Further, the Exchange believes that the proposed conforming rule changes, as discussed in the Purpose section, are consistent with the protection of investors and the public interest because they will provide clarity to market participants by deleting references to the now-discontinued Market Maker Peg Order.

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

The Exchange does not believe that the proposal will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues but rather remove an order type for which there is currently no demand and eliminate the infrastructure and ongoing maintenance expenses to support it.

Furthermore, the Exchange believes the proposed rule change does not impose any burden on intra-market competition not necessary or appropriate in furtherance of the purposes of the Act because, as described above, the Market Maker Peg order will no longer be available to any Member of the Exchange, and thus all Members will be impacted in the same manner. Further, as discussed in the Statutory Basis section, use of the Market Maker Peg Order by a registered Market Maker is optional and not

required in order to comply with the in the continuous quoting and pricing obligations set forth in IEX Rule 11.151.

The Exchange also does not believe that the proposed rule change would impose a burden on inter-market competition since other exchanges are free to adopt or discontinue comparable order types.

Finally, the proposed conforming rule changes, as discussed in the Purpose section, are not designed to address any competitive issue, but rather to provide clarity to market participants by deleting references to the now-discontinued Market Maker Peg Order.

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)<sup>13</sup> of the Act and Rule 19b-4(f)(6)<sup>14</sup> 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.

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

---

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

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)<sup>15</sup> 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-IEX-2020-07 on the subject line.

##### Paper Comments:

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

All submissions should refer to File Number SR-IEX-2020-07. This file number should be included in the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent

---

<sup>15</sup> 15 U.S.C. 78s(b)(2)(B).

amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the IEX's principal office and on its Internet website at [www.iextrading.com](http://www.iextrading.com). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-IEX-2020-07 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

---

<sup>16</sup> 17 CFR 200.30-3(a)(12).

## Exhibit 5 – Text of Proposed Rule Change

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

## CHAPTER 11. TRADING RULES

\*\*\*\*\*

## Rule 11.190. Orders and Modifiers

Users may enter into the System the types of orders listed in this IEX Rule 11.190, subject to the limitations set forth in this IEX Rule or elsewhere in the IEX Rules. Order, modifier, and parameter combinations which are disallowed by the Exchange may be rejected, ignored, or overridden by the Exchange, as determined by the Exchange to facilitate the most orderly handling of User instructions.

(a) No change.

(b) Order Parameters.

(1)-(12) No change.

(13) Reserved.[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 Designated Percentage (as defined in Rule 11.151(a)(6)) away from the then current NBB or NBO, as applicable, or if there is no NBB or NBO, at the 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). 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 Defined Limit (as defined in Rule 11.151(a)(7)), the price of a Market Maker Peg Order bid or offer will be adjusted by the System to the 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 Designated Percentage away from the last reported sale from the responsible single plan processor. If a Market Maker Peg Order bid or offer moves a specified number of percentage points away from the 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 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 Designated Percentage away from the then current National Best Bid and National Best Offer, or, if no National Best Bid or National Best Offer, to the 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. For purposes of this paragraph, the Exchange will apply the Designated Percentage and Defined Limit as set forth in Rules 11.151(a)(6) and (7), respectively, subject to the following exception: for all NMS stocks with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products, the Exchange will use the Designated Percentage and Defined Limit applicable to NMS stocks equal to or greater than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. Upon entry, and each time a Market Maker Peg Order is automatically adjusted by the System thereafter in accordance with this rule, all inbound and outbound communications related to the modified order instruction will traverse a POP between the Market Maker Peg Order repricing logic, and the Order Book, pursuant to Rule 11.510(c). 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 rule. Market Maker Peg Orders may only be entered by a registered Market Maker.]

\*\*\*\*\*

Rule 11.340. Compliance with Regulation NMS Plan to Implement a Tick Size Pilot

(a) – (c) No change.

(d) Exchange handling of orders during the Pilot Period of the Plan

This section sets forth IEX's specific procedures for handling, executing, re-pricing and displaying of certain orders and modifiers applicable to Pilot Securities. Unless otherwise indicated, this section applies to orders in all three Test Group Pilot Securities

(1) No change.

[(A) If a Market Maker Peg Order would be priced in an increment other than \$0.05 pursuant to IEX Rule 11.190(b)(13) the System will round such order to buy (sell) up (down) to the nearest permissible increment.]

\*\*\*\*\*

Rule 11.510. Connectivity

(a) No change.

(b) No change.

(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 POP. Notwithstanding the foregoing, when the System routes all or a portion of a routable order to the Order Book, in accordance with the System routing logic, all inbound and outbound communications (including, without limitation, order messages, cancel messages, and execution report messages found in the Exchange's FIX Specification) traverse an additional POP between the System routing logic and the Order Book, pursuant to paragraph (b) of this IEX Rule 11.510. [Furthermore, pursuant to Rule 11.190(b)(13), each time a Market Maker Peg Order is automatically adjusted by the System, all inbound and outbound communications related to the modified order instruction will traverse an additional POP between the Market Maker Peg Order repricing logic, and the Order Book.]

\*\*\*\*\*