

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 *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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) *	Section 3C(b)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
Section 806(e)(2) *	
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Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<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 2.160 (Registration Requirements and Restrictions on Membership) to adopt temporary Supplementary Material .02 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under paragraph (i) of the Rule.

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 * Last Name *

Title *

E-mail *

Telephone * 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

By

(Name *)

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 *

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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 *

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 *

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

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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

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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

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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

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

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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 Rule 2.160 (Registration Requirements and Restrictions on Membership) to adopt temporary Supplementary Material .02 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under paragraph (i) of the Rule. The proposed rule change would harmonize the IEX Rule with a Financial Industry Regulatory Authority, Inc. (“FINRA”) rule amendment that extended the 120-day period during which certain individuals can function as a principal without having successfully passed an appropriate qualifying examination, through April 30, 2021.³

The Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act⁴ and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.⁵

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 89732 (September 1, 2020), 85 FR 55535 (September 8, 2020)(SR-FINRA-2020-26), Securities Exchange Act Release No. 90617 (December 9, 2020), 85 FR 81258 (December 15, 2020) (SR-FINRA-2020-43).

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4.

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 respect to the proposed rule change are complete.

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

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

James G. Buckley
Regulatory Consultant
Investors Exchange LLC
917-748-8982

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

a. Purpose

Currently, IEX Rule 2.160(i), Supplementary Material .01 provides, inter alia, that an IEX Member ("Member") may designate any person currently registered, or who becomes registered with the Member as a representative to function as a principal for 120 calendar days prior to passing an appropriate principal qualification examination and that, in no event, may such person function as a principal beyond the initial 120 calendar day period without having passed an appropriate principal qualifying examination.

The Exchange is proposing to amend IEX Rule 2.160(i) to adopt Supplementary Material .02 (Temporary Extension of the Limited Period for

Registered Persons to Function as Principals). Under the proposed amendment, a person designated to function as a principal prior to January 1, 2021 may continue to function as a principal without having successfully passed an appropriate qualifying examination until April 30, 2021. The proposed amendment will align IEX's rule with FINRA Rule 1210, which was recently amended to provide the same temporary extension for principals due to the continuing impact of the COVID-19 pandemic.⁶ FINRA performs certain functions related to the qualification, registration and continuing education requirements for registered persons pursuant to a regulatory services agreement with the Exchange.

In response to COVID-19, earlier this year FINRA began providing temporary relief to member firms from FINRA rules and requirements via frequently asked questions ("FAQs") on its website.⁷ Two of these FAQs⁸ provided temporary relief to address disruptions to the administration of FINRA qualification examinations caused by the pandemic that have significantly limited the ability of individuals to sit for these examinations due to Prometric test center capacity issues.⁹

FINRA published the first FAQ on March 20, 2020, providing that individuals whom were designated to function as principals under FINRA Rule 1210.04 prior to February 2, 2020, would be given until May 31, 2020, to pass the appropriate principal

⁶ See *supra* note 3.

⁷ See Frequently Asked Questions Related to Regulatory Relief Due to the Coronavirus Pandemic, available at <https://www.finra.org/rules-guidance/key-topics/covid-19/faq>.

⁸ See <https://www.finra.org/rules-guidance/key-topics/covid-19/faq#qe>

⁹ At the outset of the COVID-19 pandemic, all FINRA qualification examinations were administered at test centers operated by Prometric. Based on the health and welfare concerns resulting from COVID-19, in March Prometric closed all its test centers in the United States and Canada and began to slowly reopen some of them at limited capacity in May. At this time, not all of these Prometric test centers have reopened at full capacity.

qualification examination.¹⁰ On May 19, 2020, FINRA extended the relief to pass the appropriate examination until June 30, 2020. On June 29, 2020, FINRA again extended the temporary relief providing that individuals who were designated to function as principals under FINRA Rule 1210.04 prior to May 4, 2020, would be given until August 31, 2020, to pass the appropriate principal qualification examination.¹¹

On August 28, 2020, FINRA filed with the Commission a proposed rule change for immediate effectiveness to extend the temporary relief provided via the two FAQs by adopting temporary Supplementary Material .12 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under FINRA Rule 1210 (Registration Requirements)¹² Pursuant to this rule filing, individuals who were designated prior to September 3, 2020, to function as a principal under FINRA Rule 1210.04 would have until December 31, 2020, to pass the appropriate qualification examination.

Thereafter, on December 9, 2020, FINRA filed with the Commission a proposed rule change for immediate effectiveness to extend the limited period for registered persons to function as a principal through April 30, 2021.¹³ Pursuant to this rule filing, individuals who were designated prior to January 1, 2021 to function as a

¹⁰ FINRA Rule 1210.04 (Requirements for Registered Persons Functioning as Principals for a Limited Period) allows a member firm to designate certain individuals to function in a principal capacity for 120 calendar days before having to pass an appropriate principal qualification examination.

¹¹ See supra note 8.

¹² See supra note 3. FINRA's proposed rule changes also provided for a similar temporary extension of the limited period for persons to function as an Operations Professional under FINRA Rule 1220(b)(3)(B) to December 31, 2020, and later to April 30, 2021, to pass the appropriate qualification examination. IEX does not have Operations Professional as a registration category.

¹³ See supra note 6.

principal would have until April 30, 2021 to pass the appropriate qualifying examination.

The Exchange continues to closely monitor the impact of the COVID-19 pandemic on Member, investors, and other stakeholders. The COVID-19 conditions necessitating the extension of relief provided in the FINRA's FAQs and rule amendments persist and, in fact, appear to be worsening.¹⁴ One of the impacts of COVID-19 continues to be serious interruptions in the administration of FINRA qualification examinations at Prometric test centers and the limited ability of individuals to sit for the examinations.¹⁵ Although Prometric has begun reopening test centers, Prometric's safety practices mean that currently not all test centers are open, some of the open test centers are at limited capacity, and some open test centers are delivering only certain examinations that have been deemed essential by the local government.¹⁶ Furthermore, Prometric has had to close some reopened test centers due to incidents of COVID-19 cases. The initial nationwide closure in March along with the inability to fully reopen all Prometric test centers due to COVID-19 have led to a significant backlog of individuals who are waiting to sit for FINRA examinations.¹⁷

In addition, Members are continuing to experience operational challenges with

¹⁴ See, e.g., Meryl Kornfield, Jacqueline Dupree, Marisa Lati, Paulina Villegas, Siobhan O'Grady and Hamza Shaban, New daily coronavirus cases in U.S. rise to 145,000, latest all-time high, Wash. Post, November 11, 2020, <https://www.washingtonpost.com/nation/2020/11/11/coronavirus-covid-live-updates-us/>.

¹⁵ Information about the continued impact of COVID-19 on FINRA-administered examinations is available at <https://www.finra.org/rules-guidance/key-topics/covid-19/exams>.

¹⁶ Information from Prometric about its safety practices and the impact of COVID-19 on its operations is available at <https://www.prometric.com/corona-virus-update>.

¹⁷ Although an online test delivery service has been launched to help address the backlog, the General Securities Principal Exam (Series 24) is not available online (See *supra* note 12). FINRA is considering making additional qualifications examinations available remotely on a limited basis.

much of their personnel working from home due to shelter-in-place orders, restrictions on businesses and social activity imposed in various states, and adherence to other social distancing guidelines consistent with the recommendations of public health officials.¹⁸

As a result, Members continue to face potentially significant disruptions to their normal business operations that may include a limitation of in-person activities and staff absenteeism as a result of the health and welfare concerns stemming from COVID-19. Such potential disruptions may be further exacerbated and may even affect client services if Members cannot continue to keep principal positions filled as they may have difficulty finding other qualified individuals to transition into these roles or may need to reallocate employee time and resources away from other critical responsibilities at the Member.

These ongoing, extenuating circumstances make it impracticable for Members to ensure that the individuals whom they have designated to function in a principal as set forth in IEX Rule 2.160(i) are able to successfully sit for and pass an appropriate qualification examination within the 120-calendar day period required by Supplementary Material .01 under Rule 2.160(i), or to find other qualified staff to fill these positions. The ongoing circumstances also require individuals to be exposed to the health risks associated with taking an in-person examination, because the General Securities Principal examinations is not available online. Therefore, IEX is proposing to extend the 120-day period during which an individual can function as a principal

¹⁸ See, e.g., Centers for Disease Control and Prevention, How to Protect Yourself & Others, <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html>.

before having to pass an applicable qualification examination until April 30, 2021.¹⁹

The proposed rule change would apply only to those individuals who were designated to function as a principal prior to January 1, 2021. Any individuals designated to function as a principal on or after January 1, 2021 would need to successfully pass an appropriate qualification examination within 120 days.

The Exchange believes that this proposed continued extension of time is tailored to address the needs and constraints on a Member's operations during the COVID-19 pandemic, without significantly compromising critical investor protection. The proposed extension of time will help to minimize the impact of COVID-19 on Members by providing continued flexibility so that Members can ensure that principal positions remain filled. The potential risks from the proposed extension of the 120-day period are mitigated by the ongoing requirement that Members supervise the activities of these designated individuals and ensure compliance with federal securities laws and regulations, as well as IEX Rules.

As noted below, IEX has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so IEX can implement the proposed rule change immediately.

b. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of

¹⁹ If IEX seeks to provide additional temporary relief from the rule requirements identified in this proposed rule change beyond April 30, 2021, IEX will submit a separate rule filing to further extend the temporary extension of time.

Section 6(b)²⁰ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act²¹ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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 by harmonizing the Exchange's registration rules with those of FINRA, on which they are based. Consequently, the proposed change will conform the Exchange's rules to changes made to corresponding FINRA rules, thus promoting application of consistent regulatory standards with respect to rules that FINRA enforces pursuant to its regulatory services agreement with the Exchange.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issue but to align the Exchange's rules with those of FINRA, which will assist FINRA in its oversight work done pursuant to a regulatory services agreement with IEX. The proposed rule change will also provide for consistent application of the Exchange's registration rules with those of FINRA, on which they are based. The Exchange believes that the proposed rule change is necessary to temporarily rebalance the attendant benefits and costs of the obligations under Rule 2.160 in response to the impacts of the COVID-19 pandemic that would otherwise result if the temporary rule amendment was not adopted. Consequently, the Exchange believes that the proposed temporary relief afforded by the proposed rule

²⁰ 15 U.S.C. 78f.

²¹ 15 U.S.C. 78f(b)(5).

change and the benefit of harmonizing the Exchange's registration and qualification rules with those of FINRA does not present any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change 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 Act²² and paragraph (f)(6) of Rule 19b-4 thereunder.²³ 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 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.²⁴

The Exchange believes that this filing is non-controversial because it raises no novel issues and is consistent with FINRA rules previously approved by or filed with the Commission. In particular, the purpose of the proposed rule change is to harmonize with

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4.

²⁴ 17 CFR 240.19b-4(f)(6)(iii).

and conform to FINRA rules. The Exchange believes that the proposal promotes the protection of investors as it will harmonize the Exchange's registration rules with those of FINRA, which will simplify the oversight process conducted by FINRA pursuant to a regulatory services agreement with the Exchange. Moreover, the Exchange does not believe that the proposed rule change implicates competition at all because the proposed change aligns the Exchange's rules with those of FINRA, which will assist it in its oversight work done pursuant to such regulatory services agreement.

Accordingly, the Exchange believes that this proposed rule change is eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.²⁵

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. Waiving the 30-day delay would permit the Exchange to harmonize its rules with FINRA, as described herein, upon effectiveness of the proposed rule filing. The proposed rule change does not present any new or novel issues because IEX is harmonizing its registration rules with those of FINRA, on which they are based. Further, waiver of the operative delay will avoid any potential confusion that may otherwise occur on the part of IEX Members as to the applicable registration and qualification requirements.²⁶

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

²⁵ See Securities Exchange Act Release No. 58092 (July 3, 2008), 73 FR 40144 (July 11, 2008) (concerning 17 CFR 200 and 241).

²⁶ As noted above by the Exchange, the proposed temporary rule change is based on recent filings by FINRA for which the Commission waived the 30-day operative delay. See supra note 3.

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.

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

The proposed rule change is based on FINRA Rule 1210 as described in the Purpose section.

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-2020-20)

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IEX Rule 2.160 (Registration Requirements and Restrictions on Membership) to Adopt Temporary Supplementary Material .02 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under the Rule.

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

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

Pursuant to the provisions of Section 19(b)(1) under the Act,⁴ and Rule 19b-4 thereunder,⁵ IEX is filing with the Commission a proposed rule change to amend IEX Rule 2.160 (Registration Requirements and Restrictions on Membership) to adopt temporary Supplementary Material .02 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under paragraph (i) of the Rule. The

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.

proposed rule change would harmonize the IEX Rule with a Financial Industry Regulatory Authority, Inc. (“FINRA”) rule amendment that extended the 120-day period during which certain individuals can function as a principal without having successfully passed an appropriate qualifying examination, through April 30, 2021.⁶

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 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

Currently, IEX Rule 2.160(i), Supplementary Material .01 provides, inter alia, that an IEX Member (“Member”) may designate any person currently registered, or who becomes registered with the Member as a representative to function as a principal for 120 calendar days prior to passing an appropriate principal qualification examination and that, in no event, may such person function as a principal beyond the

⁶ See Securities Exchange Act Release No. 89732 (September 1, 2020), 85 FR 55535 (September 8, 2020)(SR-FINRA-2020-26), Securities Exchange Act Release No. 90617 (December 9, 2020), 85 FR 81258 (December 15, 2020) (SR-FINRA-2020-43).

initial 120 calendar day period without having passed an appropriate principal qualifying examination.

The Exchange is proposing to amend IEX Rule 2.160(i) to adopt Supplementary Material .02 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals). Under the proposed amendment, a person designated to function as a principal prior to January 1, 2021 may continue to function as a principal without having successfully passed an appropriate qualifying examination until April 30, 2021. The proposed amendment will align IEX's rule with FINRA Rule 1210, which was recently amended to provide the same temporary extension for principals due to the continuing impact of the COVID-19 pandemic.⁷ FINRA performs certain functions related to the qualification, registration and continuing education requirements for registered persons pursuant to a regulatory services agreement with the Exchange.

In response to COVID-19, earlier this year FINRA began providing temporary relief to member firms from FINRA rules and requirements via frequently asked questions ("FAQs") on its website.⁸ Two of these FAQs⁹ provided temporary relief to address disruptions to the administration of FINRA qualification examinations caused by the pandemic that have significantly limited the ability of individuals to sit for these examinations due to Prometric test center capacity issues.¹⁰

⁷ See *supra* note 6.

⁸ See Frequently Asked Questions Related to Regulatory Relief Due to the Coronavirus Pandemic, available at <https://www.finra.org/rules-guidance/key-topics/covid-19/faq>.

⁹ See <https://www.finra.org/rules-guidance/key-topics/covid-19/faq#qe>

¹⁰ At the outset of the COVID-19 pandemic, all FINRA qualification examinations were administered at test centers operated by Prometric. Based on the health and welfare concerns resulting from COVID-19, in March Prometric closed all its test centers in the United States and Canada and began to slowly reopen some of them at limited capacity in May. At this

FINRA published the first FAQ on March 20, 2020, providing that individuals whom were designated to function as principals under FINRA Rule 1210.04 prior to February 2, 2020, would be given until May 31, 2020, to pass the appropriate principal qualification examination.¹¹ On May 19, 2020, FINRA extended the relief to pass the appropriate examination until June 30, 2020. On June 29, 2020, FINRA again extended the temporary relief providing that individuals who were designated to function as principals under FINRA Rule 1210.04 prior to May 4, 2020, would be given until August 31, 2020, to pass the appropriate principal qualification examination.¹²

On August 28, 2020, FINRA filed with the Commission a proposed rule change for immediate effectiveness to extend the temporary relief provided via the two FAQs by adopting temporary Supplementary Material .12 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under FINRA Rule 1210 (Registration Requirements)¹³ Pursuant to this rule filing, individuals who were designated prior to September 3, 2020, to function as a principal under FINRA Rule 1210.04 would have until December 31, 2020, to pass the appropriate qualification examination.

time, not all of these Prometric test centers have reopened at full capacity.

¹¹ FINRA Rule 1210.04 (Requirements for Registered Persons Functioning as Principals for a Limited Period) allows a member firm to designate certain individuals to function in a principal capacity for 120 calendar days before having to pass an appropriate principal qualification examination.

¹² See supra note 9.

¹³ See supra note 6. FINRA's proposed rule changes also provided for a similar temporary extension of the limited period for persons to function as an Operations Professional under FINRA Rule 1220(b)(3)(B) to December 31, 2020, and later to April 30, 2021, to pass the appropriate qualification examination. IEX does not have Operations Professional as a registration category.

Thereafter, on December 9, 2020, FINRA filed with the Commission a proposed rule change for immediate effectiveness to extend the limited period for registered persons to function as a principal through April 30, 2021.¹⁴ Pursuant to this rule filing, individuals who were designated prior to January 1, 2021 to function as a principal would have until April 30, 2021 to pass the appropriate qualifying examination.

The Exchange continues to closely monitor the impact of the COVID-19 pandemic on Member, investors, and other stakeholders. The COVID-19 conditions necessitating the extension of relief provided in the FINRA's FAQs and rule amendments persist and, in fact, appear to be worsening.¹⁵ One of the impacts of COVID-19 continues to be serious interruptions in the administration of FINRA qualification examinations at Prometric test centers and the limited ability of individuals to sit for the examinations.¹⁶ Although Prometric has begun reopening test centers, Prometric's safety practices mean that currently not all test centers are open, some of the open test centers are at limited capacity, and some open test centers are delivering only certain examinations that have been deemed essential by the local government.¹⁷ Furthermore, Prometric has had to close some reopened test centers due to incidents of COVID-19 cases. The initial nationwide closure in March along with

¹⁴ See *supra* note 7.

¹⁵ See, e.g., Meryl Kornfield, Jacqueline Dupree, Marisa Lati, Paulina Villegas, Siobhan O'Grady and Hamza Shaban, New daily coronavirus cases in U.S. rise to 145,000, latest all-time high, Wash. Post, November 11, 2020, <https://www.washingtonpost.com/nation/2020/11/11/coronavirus-covid-live-updates-us/>.

¹⁶ Information about the continued impact of COVID-19 on FINRA-administered examinations is available at <https://www.finra.org/rules-guidance/key-topics/covid-19/exams>.

¹⁷ Information from Prometric about its safety practices and the impact of COVID-19 on its operations is available at <https://www.prometric.com/corona-virus-update>.

the inability to fully reopen all Prometric test centers due to COVID-19 have led to a significant backlog of individuals who are waiting to sit for FINRA examinations.¹⁸

In addition, Members are continuing to experience operational challenges with much of their personnel working from home due to shelter-in-place orders, restrictions on businesses and social activity imposed in various states, and adherence to other social distancing guidelines consistent with the recommendations of public health officials.¹⁹

As a result, Members continue to face potentially significant disruptions to their normal business operations that may include a limitation of in-person activities and staff absenteeism as a result of the health and welfare concerns stemming from COVID-19. Such potential disruptions may be further exacerbated and may even affect client services if Members cannot continue to keep principal positions filled as they may have difficulty finding other qualified individuals to transition into these roles or may need to reallocate employee time and resources away from other critical responsibilities at the Member.

These ongoing, extenuating circumstances make it impracticable for Members to ensure that the individuals whom they have designated to function in a principal as set forth in IEX Rule 2.160(i) are able to successfully sit for and pass an appropriate qualification examination within the 120-calendar day period required by Supplementary Material .01 under Rule 2.160(i), or to find other qualified staff to fill

¹⁸ Although an online test delivery service has been launched to help address the backlog, the General Securities Principal Exam (Series 24) is not available online (See supra note 13). FINRA is considering making additional qualifications examinations available remotely on a limited basis.

¹⁹ See, e.g., Centers for Disease Control and Prevention, How to Protect Yourself & Others, <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html>.

these positions. The ongoing circumstances also require individuals to be exposed to the health risks associated with taking an in-person examination, because the General Securities Principal examinations is not available online. Therefore, IEX is proposing to extend the 120-day period during which an individual can function as a principal before having to pass an applicable qualification examination until April 30, 2021.²⁰ The proposed rule change would apply only to those individuals who were designated to function as a principal prior to January 1, 2021. Any individuals designated to function as a principal on or after January 1, 2021 would need to successfully pass an appropriate qualification examination within 120 days.

The Exchange believes that this proposed continued extension of time is tailored to address the needs and constraints on a Member's operations during the COVID-19 pandemic, without significantly compromising critical investor protection. The proposed extension of time will help to minimize the impact of COVID-19 on Members by providing continued flexibility so that Members can ensure that principal positions remain filled. The potential risks from the proposed extension of the 120-day period are mitigated by the ongoing requirement that Members supervise the activities of these designated individuals and ensure compliance with federal securities laws and regulations, as well as IEX Rules.

As noted below, IEX has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so IEX can

²⁰ If IEX seeks to provide additional temporary relief from the rule requirements identified in this proposed rule change beyond April 30, 2021, IEX will submit a separate rule filing to further extend the temporary extension of time.

implement the proposed rule change immediately.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)²¹ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act²² in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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 by harmonizing the Exchange's registration rules with those of FINRA, on which they are based. Consequently, the proposed change will conform the Exchange's rules to changes made to corresponding FINRA rules, thus promoting application of consistent regulatory standards with respect to rules that FINRA enforces pursuant to its regulatory services agreement with the Exchange.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issue but to align the Exchange's rules with those of FINRA, which will assist FINRA in its oversight work done pursuant to a regulatory services agreement with IEX. The proposed rule change will also provide for consistent application of the Exchange's registration rules with those of FINRA, on which they are based. The Exchange believes that the proposed rule change is necessary to temporarily rebalance the attendant benefits and costs of the

²¹ 15 U.S.C. 78f.

²² 15 U.S.C. 78f(b)(5).

obligations under Rule 2.160 in response to the impacts of the COVID-19 pandemic that would otherwise result if the temporary rule amendment was not adopted. Consequently, the Exchange believes that the proposed temporary relief afforded by the proposed rule change and the benefit of harmonizing the Exchange's registration and qualification rules with those of FINRA does not present any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change 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)²³ of the Act and Rule 19b-4(f)(6)²⁴ 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.

A proposed rule change filed under Rule 19b-4(f)(6)²⁵ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²⁶ the Commission may designate a shorter time if such action is consistent

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(6).

²⁵ 17 CFR 240.19b-4(f)(6).

²⁶ 17 CFR 240.19b-4(f)(6)(iii).

with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay.

The Exchange respectfully requested that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. Waiving the 30-day delay would permit the Exchange to harmonize its rules with FINRA, as described herein, upon effectiveness of the proposed rule filing. The proposed rule change does not present any new or novel issues because IEX is harmonizing its registration rules with those of FINRA, on which they are based. Further, waiver of the operative delay will avoid any potential confusion that may otherwise occur on the part of IEX Members as to the applicable registration and qualification requirements.²⁷

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)²⁸ 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:

²⁷ As noted above by the Exchange, the proposed temporary rule change is based on recent filings by FINRA for which the Commission waived the 30-day operative delay. See supra note 6.

²⁸ 15 U.S.C. 78s(b)(2)(B).

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. Please include File Number SR-IEX-2020-20 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-2020-20. 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 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. 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-2020-20 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.²⁹

²⁹ 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Change

Proposed new language is underlined

Rule 2.160(a)-(i) No changes

Supplementary Material .01 No changes

.02 Temporary Extension of the Limited Period for Registered Persons to Function as Principals.
Any person who was designated to function as a principal under Supplementary Material .01 of
this Rule prior to January 1, 2021 may continue to function as a principal without having
successfully passed an appropriate qualification examination until April 30, 2021

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