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

File No. \* SR 2025 - \* 27

Amendment No. (req. for Amendments \*)

Filing by Investors' Exchange LLC

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

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

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

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

Section 806(e)(2) \*

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

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

**Description**

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

Proposed Rule Change to Amend the Exchange's Fee Schedule Pursuant to IEX Rule 15.110(a) and (c)

**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 09/30/2025

(Title \*)

By Claudia Crowley

Chief Regulatory Officer

(Name \*)

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

Claudia Crowley  
Digitally signed by Claudia Crowley  
Date: 2025.09.30 14:24:41 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

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SMQ September 2025 Updates 19b-4

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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SMQ September 2025 Updates Ex 1 S

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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SMQ September 2025 Updates Ex 5 -

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”)<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 the Exchange’s fee schedule applicable to Members<sup>3</sup> (the “Fee Schedule”<sup>4</sup>) pursuant to IEX Rule 15.110(a) and (c) to modify the Supplemental Market Quality Program by introducing a second tier of qualifying securities and making it easier for Members to qualify for the incentive fees. Changes to the Fee Schedule pursuant to this proposal are effective upon filing<sup>5</sup>, and will be operative beginning on October 1, 2025.

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

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

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

<sup>3</sup> See IEX Rule 1.160(s).

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

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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

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

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

(a) Purpose

The Exchange proposes to amend its Fee Schedule to modify the Supplemental Market Quality Program ("SMQ" or the "Program")<sup>6</sup> by introducing a second tier of qualifying securities and modifying the quoting requirements to make it easier for Members to qualify for the SMQ incentive payments. The Program is intended to increase displayed liquidity and promote order flow to the Exchange by offering a financial incentive for Members to enter displayed orders or quotes (i.e., displayed trading interest) priced at the NBBO<sup>7</sup> on the Exchange for a significant portion of the day in certain securities designated by the Exchange ("SMQ Securities"). The Exchange now proposes to modify the SMQ by: (i) expanding the number of securities covered by the current SMQ (as explained below, these securities will now be referred to as "SMQ Level

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<sup>6</sup> The Exchange filed the proposed rule change establishing the SMQ on May 16, 2025. See Securities Exchange Act Release No. 103131 (May 27, 2025), 90 FR 23397 (June 2, 2025) (SR-IEX-2025-07) ("SMQ Product Filing").

<sup>7</sup> See IEX Rule 1.160(u).

1 Securities”) and creating a new, higher incentive payment tier for certain newly added securities which are more difficult to quote (which will be referred to as “SMQ Level 2 Securities”); (ii) increasing the minimum number of securities in which a Member must have qualifying quoting activity in the current Program from 50 securities to 100 securities; and (iii) changing the quoting requirements to qualify for the SMQ<sup>8</sup> by basing qualifying quoting activity on a Member’s percentage of market hours quoting on the NBB<sup>9</sup> plus that Member’s percentage of market hours quoting on the NBO.<sup>10</sup>

Notwithstanding the increase in the minimum number of securities in which a Member must have qualifying quoting activity, the Exchange believes that this change to the quoting requirements will make it easier for Members to achieve the minimum threshold required to be eligible for payment under the Program because more quoting activity will qualify under this proposed change.

Expansion of Securities Covered by the SMQ Program.

As set forth in the SMQ Product Filing, the Exchange determines which securities to designate as SMQ Securities by applying several objective factors concerning each security’s trading characteristics and generally designates as SMQ Securities those

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<sup>8</sup> Currently, if a Member quotes on the NBB and NBO concurrently for 20% of market hours, the Member’s Percent Time at the NBBO would be 20%. Under this proposal, the Percent Time at NBB and Percent Time at NBO would be added together and become “NBBO Time.” In this example, the Member’s NBBO Time would be 40%. As set forth in SR-IEX-2025-26 (the “ETP Quoting Filing”) and explained *infra*, IEX proposes to define “NBBO Time” as the sum of the Member’s “Percent Time at NBB” and “Percent Time at NBO.” And IEX proposes to define “Percent Time at NBB” and “Percent Time at NBO” as the aggregate percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the NBB or NBO, respectively.

<sup>9</sup> See IEX Rule 1.160(u).

<sup>10</sup> See IEX Rule 1.160(u).

securities that meet certain thresholds with respect to these factors.<sup>11</sup> These factors include IEX's current relative quote presence in each security (i.e., displayed order volume and time at the NBBO for each security traded on the Exchange), the number of market-wide daily price changes and the average market-wide quote size for each security, and each security's share price and average notional value traded.<sup>12</sup> IEX uses these factors to assess which securities are suitable for inclusion in the list of SMQ Securities, with a goal of identifying securities in which increased quoting would be impactful to both IEX and the market, but not unduly burdensome to its Members in meeting the quoting requirements to qualify for the SMQ.

As noted above, IEX is proposing to expand the number of securities included in the list of SMQ Securities. To do so, IEX is adjusting the thresholds it applies to the objective criteria described above, but is making no changes to the criteria used to assess a security's suitability for inclusion in the SMQ.

IEX also proposes to expand the SMQ by introducing a second tier of SMQ Securities, which it proposes to call "SMQ Level 2 Securities." SMQ Level 2 Securities will be selected from among the newly added SMQ Securities using the same objective criteria used for the current SMQ Securities, but the threshold values will be adjusted to select for symbols that are more difficult to quote (for example they are generally more expensive per share and experience more quote changes). As a result, market participants entering displayed trading interest in these securities put more capital at risk, potentially

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<sup>11</sup> As set forth in the SMQ Product Filing, the Exchange discussed with Commission staff the thresholds it applies to these objective factors. See SMQ Product Filing, supra note 6 at 90 Fed. Reg. at 23398.

<sup>12</sup> See SMQ Product Filing, supra note 6 at 90 Fed. Reg. at 23398.

face higher risk of adverse selection, and due to the increased frequency of quote changes, may be required to more closely manage their quotes in order to maintain a quote at the NBB, NBO, or the NBBO. To incentivize displayed trading interest in these SMQ Level 2 Securities, the Exchange proposes to provide a higher SMQ Incentive Payment<sup>13</sup> that will apply to qualifying quoting activity in these securities of \$400 per qualified security per month. In order to receive the SMQ Incentive Payment for quoting in SMQ Level 2 Securities, a Member must have an NBBO Time of at least 40% in at least 20 or more SMQ Level 2 Securities. The Exchange believes that introducing a new, higher incentive fee for the SMQ Level 2 Securities would be particularly impactful to IEX and the market more generally by increasing quoting competition in securities that are relatively more difficult to quote.

The Exchange will identify all securities that it determines are suitable to be included in the Level 2 tier, and identify them as such in the list of SMQ Level 2 Securities that the Exchange will maintain on its website. The Exchange also proposes to add to the SMQ section of the Fee Schedule a new Calculation Table (the “SMQ Level 2 Calculation Table”), which will specify the above criteria for qualifying for the SMQ Incentive Payment based upon quoting activity in SMQ Level 2 Securities. The new SMQ Level 2 Calculation Table will be as follows:

**SMQ Level 2 Calculation Table**

<b>SMQ Qualifying Activity: Average daily number of SMQ Level 2 Securities with an NBBO Time of at least 40%</b>	<b>SMQ Incentive Payment</b>
0-19	\$0 per qualified security per month
20 or more SMQ Level 2 Securities**	\$400 per qualified security per month

<sup>13</sup> As described *infra*, “SMQ Incentive Payment” shall mean “the fixed dollar amount paid per SMQ Security to a Member that satisfies the requirements for the SMQ listed herein.”

\*\* SMQ Payouts will be made for all qualified securities if Member had SMQ Qualifying Activity in at least 20 SMQ Level 2 Securities during the month.

To distinguish the SMQ Level 2 Securities from the rest of the SMQ Securities, IEX proposes to rename the first tier of SMQ qualifying securities from “SMQ Securities” to “SMQ Level 1 Securities,” and revise the definition of “SMQ Securities” to include SMQ Level 1 and Level 2 Securities. Thus, as proposed, the SMQ section of the Fee Schedule will contain the following definitions of SMQ Securities:

- “SMQ Securities” shall mean either SMQ Level 1 or SMQ Level 2 Securities, as defined below.
- “SMQ Level 1 Securities” shall mean a list of securities designated as such, that are used for purposes of qualifying for the SMQ. The universe of these securities will be determined by the Exchange and published on the Exchange’s website **here**. Prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Level 1 Securities, and it will publish the updated list on the Fee Schedule at least one day prior to the start of the month.
- “SMQ Level 2 Securities” shall mean a list of securities designated as such, that are used for purposes of qualifying for the SMQ. The universe of these securities will be determined by the Exchange and published on the Exchange’s website **here**. Prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Level 2 Securities, and it will publish the updated list on the Fee Schedule at least one day prior to the start of the month.

#### Increasing the Quoting Activity Required to Qualify for SMQ Level 1 Securities

To qualify for the SMQ Incentive Payment currently, a Member must enter displayed trading interest (i.e., at least one displayed order or quote of at least one round lot size) at either the NBB, the NBO, or the NBBO, for at least 40% of time during regular market hours<sup>14</sup> in at least 50 of the SMQ Level 1 Securities (based on an average daily number) during the month. The Exchange proposes to increase the average daily

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<sup>14</sup> In the ETP Quoting Filing (SR-IEX-2025-26), the Exchange amended references to “regular trading hours” in the Fee Schedule to “Regular Market Hours.”

number of SMQ Level 1 Securities in which a Member must have the minimum amount of qualifying quoting activity from 50 SMQ Securities to 100 SMQ Level 1 Securities.

The Exchange also proposes to rename the current SMQ Calculation Table in the SMQ section of the Fee Schedule as the “SMQ Level 1 Calculation Table”, and to update the text as follows:

**SMQ Level 1 Calculation Table**

<b>SMQ Qualifying Activity: Average daily number of SMQ Level 1 Securities with an NBBO Time of at least 40%</b>	<b>SMQ Incentive Payment</b>
0-99	\$0 per qualified security per month
100 or more SMQ Level 1 Securities*	\$125 per qualified security per month

\* SMQ Payouts will be made for all qualified securities if Member had SMQ Qualifying Activity in at least 100 SMQ Level 1 Securities during the month.

The Exchange believes this increase is commensurate with the other modifications described herein, namely the increase in the number of securities that will be on the SMQ Level 1 Securities list, as described above, and the manner in which IEX will make it easier for Members to meet the quoting requirements, as described below. While this increase will require Members to engage in more quoting activity to qualify for SMQ Payments, Members will now have a larger number of securities in which to quote and, as described below, more relaxed quoting requirements. Taken together, the Exchange believes these changes will make it easier for Members to satisfy the minimum requirements. In addition, the Exchange believes that increasing the minimum average daily number of SMQ Level 1 Securities is appropriate to ensure the continuing effectiveness of the SMQ Program in improving trading conditions for all market participants through increased quoting competition on the Exchange in a larger number of securities.

The Exchange also proposes to revise two defined terms in the SMQ section of the Fee Schedule for clarity and consistency. Specifically, IEX proposes to rename the “SMQ Incentive Fee” as the “SMQ Incentive Payment.” IEX proposes to make this change because it is a more accurate description of the payments Members receive for participation in the SMQ, which are in fact payments, not fees charged to them. Consistent with this change, IEX proposes to revise the right-hand column in the SMQ Calculation Tables to now refer to the “SMQ Incentive Payment.” To avoid any potential confusion, IEX proposes to rename the otherwise-similarly named term “SMQ Payment” as the “SMQ Payout”, and to update the footnote to both SMQ Calculation Tables to now refer to SMQ Payouts. These proposed changes are designed to improve the clarity and accuracy of the SMQ section of the Fee Schedule.

#### Expansion of SMQ Qualifying Quoting Activity

Currently, a Member qualifies for the SMQ by entering displayed trading interest at either the NBB, the NBO, or the NBBO, for at least 40% of time during regular market hours in at least 50 of the SMQ Securities on average per day during the month (the “Percent Time at NBBO” requirement). The Exchange calculates the number of SMQ Securities for which each Member’s Percent Time at NBBO was at least 40% (“SMQ Qualifying Activity”) on a daily basis. At the end of the month, the Exchange calculates the monthly average of the number of SMQ Securities in which the Member had SMQ Qualifying Activity. If a Member, on an average daily basis, has SMQ Qualifying Activity in at least 50 of the SMQ Securities during the month, the Exchange pays the Member the “SMQ Incentive Payment” of \$125 per SMQ Security for which the Member

satisfied the SMQ requirements.<sup>15</sup>

As discussed above, the Exchange proposes to change the quoting requirements to qualify for the SMQ by basing qualifying quoting activity on a Member's NBBO Time: the Member's percentage of market hours quoting on the NBB plus the Member's percentage of market hours quoting on the NBO. For example, for a particular security, if a Member's Percent Time at NBB is 25% and Percent Time at NBO is 15%, its NBBO Time would be 40%. Alternatively, if a Member's Percent Time at NBB is 20% and concurrently, the Member's Percent Time at NBO is also 20%, then that Member's NBBO Time also would be 40%. Put differently, quoting activity on either side of the NBBO will now count toward the relevant eligibility threshold.

In a rule filing filed by the Exchange concurrently with this one,<sup>16</sup> the Exchange moved certain terms and definitions in the SMQ section of the Fee Schedule that were applicable to other parts of the Fee Schedule to the Definitions and Notes subheadings of the Transaction Fees section of the Fee Schedule. Thus, the term "Percent Time at NBBO" has been removed from the Fee Schedule and replaced with the terms "Percent Time at NBB"<sup>17</sup>, "Percent Time at NBO"<sup>18</sup> and "NBBO Time"<sup>19</sup> which appear in the

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<sup>15</sup> Currently, the Exchange pays SMQ Payments for all qualified securities if the Member had SMQ Qualifying Activity in at least 50 SMQ Securities during the month.

<sup>16</sup> See ETP Quoting Filing (SR-IEX-2025-26).

<sup>17</sup> The Fee Schedule defines this term as "the aggregate of the percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the national best bid ('NBB')."

<sup>18</sup> The Fee Schedule defines this term as "the aggregate of the percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the national best offer ('NBO')."

<sup>19</sup> The Fee Schedule defines this term as "the Member's Percent Time at NBB plus the Member's Percent Time at NBO. For example, for a particular security, if a Member's Percent Time at NBB is 25% and Percent Time at NBO is 15%, its NBBO Time would be 40%. Alternatively, if a

“Definitions” subheading of the Transaction Fees section of the Fee Schedule.

Additionally, the ETP Quoting Filing moved the language about trading days and hours that are excluded from the quoting calculations as well as how Members can aggregate their activity with their affiliates from the SMQ section of the Fee Schedule to the Notes subheading of the Transaction Fees section of the Fee Schedule. IEX also modified the language, so that it now describes how the Exchange applies these exclusions and aggregations to the SMQ as well as to certain other quoting and trading based fee incentives. For clarity purposes, IEX proposes to add a bullet under the “Supplemental Market Quality Program” subheading that reads:

Please refer to the Definitions and Notes sections located at the beginning of the Transaction Fees section for the definition of NBBO Time as well as information about how the Exchange calculates NBBO Time and allows Members to aggregate their NBBO Time with their affiliates.

The effect of these proposed changes will be to relax the quoting activity requirements to qualify for the SMQ Program so that any quoting activity at the NBB or the NBO (or NBB and NBO combined) will count toward the eligibility threshold. The Exchange believes that this proposed change will make it easier for Members to qualify for, and expand opportunities to participate in, the Program, thereby providing enhanced liquidity for all market participants through increased displayed trading interest and narrower bid-ask spreads on the Exchange.

All other aspects of calculating a Member’s eligibility for SMQ payments remain unchanged. As the Exchange does currently, on a daily basis the Exchange will calculate

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Member’s Percent Time at NBB is 20% and concurrently, the Member’s Percent Time at NBO is also 20%, then that Member’s NBBO Time would be 40%.”

the average daily number of SMQ Level 1 Securities in which the Member had SMQ Qualifying Activity based on the Member's daily quoting activity. For clarity and consistency, IEX proposes to modify the definition of SMQ Qualifying Activity in the SMQ section of the Fee Schedule to read as follows:

“SMQ Qualifying Activity”: As described in the Notes section, above, on a daily basis, the Exchange will determine the number of SMQ Level 1 and/or Level 2 Securities in which a Member meets the threshold for NBBO Time set forth in the below SMQ Calculation Tables. At the end of the month, the Exchange will calculate the SMQ Qualifying Activity by taking the average (rounded to the nearest whole number) of the number of SMQ Level 1 and/or Level 2 Securities for which the Member's NBBO Time was at least the threshold value set forth in the Calculation Tables below.

The relevant text in the Notes section referred to in the definition of SMQ Qualifying Activity<sup>20</sup> reads as follows:

Unless otherwise specified, for any tiers that include NBBO Time as a required criteria (for example, the Displayed Liquidity Adding Rebate Tiers in footnote 4 and the Supplemental Market Quality Program), on a daily basis, the Exchange will determine the number of securities in which a Member meets the threshold value (set forth in the tier) for NBBO Time for that day. At the end of the month, the Exchange will take the average (rounded to the nearest whole number) of the number of securities in which a Member's NBBO Time was at least the threshold value set forth in the applicable tier.

In summary, if a Member has SMQ Qualifying Activity in an average of at least 100 of the SMQ Level 1 Securities during the month, the Exchange will pay the Member \$125 per qualified security.<sup>21</sup> If a Member has SMQ Qualifying Activity in an average of at least 20 SMQ Level 2 Securities, the Exchange will pay the Member \$400 per

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<sup>20</sup> This text was added to the Fee Schedule by the ETP Quoting Filing.

<sup>21</sup> The SMQ Incentive Payment for SMQ Level 1 Securities will remain unchanged at \$125 per qualified security.

qualified security. Furthermore, both SMQ Level 1 and Level 2 Calculation Tables will have a footnote explaining that SMQ Payments will be made for all qualified securities if the Member had SMQ Qualifying Activity in at least the threshold number of SMQ Securities during the month.

The following examples illustrate how the amended SMQ will work.

Example No. 1 (SMQ Level 1 Securities)

Assume that in a particular month, IEX has designated 500 securities as SMQ Level 1 Securities. There are 20 trading days in that month, and on ten of those days Member A's NBBO Time is 40% for 200 of the SMQ Level 1 Securities. On the other ten trading days, Member A's NBBO Time is 40% for 100 of the SMQ Securities. At the end of the month, IEX calculates the average number of SMQ Securities in which Member A has at least 40 Percent NBBO Time on a daily basis to be 150 SMQ Level 1 Securities. IEX provides a lump sum payment of \$18,750 to Member A (\$125 times 150 SMQ Level 1 Securities) (the "SMQ Payment").

Example No. 2 (SMQ Level 2 Securities)

Assume that in a particular month, IEX has designated 100 securities as SMQ Level 2 Securities. There are 21 trading days in that month, and on eleven of those days Member B's NBBO Time is 40% for 25 of the SMQ Level 2 Securities. On the other ten trading days, Member B's NBBO Time is 40% for 30 of the SMQ Level 2 Securities. At the end of the month, IEX calculates the average daily number of SMQ Level 2 Securities in which Member B had at least 40 Percent NBBO Time to be 27<sup>22</sup> SMQ Level 2

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<sup>22</sup> As set forth in the proposed Fee Schedule, the Exchange will calculate the SMQ Qualifying Activity by taking the average of the number of SMQ Level 2 Securities for which the Member's

Securities. IEX provides a lump sum payment of \$10,800 to Member B (\$400 times 27 SMQ Level 2 Securities) (the “SMQ Payment”).

As noted above, the Exchange will apply the same exclusions to the calculation of NBBO Time that currently apply to the SMQ (e.g., excluding time periods of system disruptions, days with scheduled early market close, or any regular market hours when an SMQ Security is subject to a trading halt or Limit Up-Limit Down pause).<sup>23</sup> For example, if an SMQ Security was halted for 30 minutes during one trading day, and a Member provided displayed trading interest in that security at the NBB (NBO) for 2.4 hours of that trading day, the Member’s Percent Time at NBB (NBO) for that day would be 40%, because 2.4 hours is 40% of 6 hours.<sup>24</sup>

The Exchange will continue to allow Members to aggregate their Percent Time at NBB and their Percent Time at NBO (and thus their NBBO Time) with other Members with which they are affiliated,<sup>25</sup> if Members provide prior notice to the Exchange. As proposed, to the extent that two or more affiliated companies maintain separate memberships with the Exchange and can demonstrate their affiliation by showing they control, are controlled by, or are under common control with each other, the Exchange would permit such Members to aggregate their Percent Time at NBB (and their Percent Time at NBO). Members will be responsible for having proper internal documentation in

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NBBO Time was at least 40% and round that number to the nearest whole number. Thus, 27.38 SMQ Securities is rounded to 27.

<sup>23</sup> See, e.g., IEX Rules 11.271 and 11.280.

<sup>24</sup> If IEX did not exclude the time a security is halted from its calculation of Percent Time at NBB (NBO), in this example the Member’s Percent Time at NBB (NBO) would be 37% (2.4 hours divided by the full 6.5 hour trading day), and the Member’s trading activity in that security for that day would not count towards its SMQ Qualifying Activity.

<sup>25</sup> As defined in Rule 12b-2 under the Act, 17 CFR 240.12b-2.

their books and records substantiating that the two or more Members seeking to aggregate their Percent Time at NBB and their Percent Time at NBO are affiliates of one another.

The SMQ, as amended with the changes described herein, will remain open to all Members and will not impose any two-sided quotation obligations on any Member seeking to qualify for the SMQ. Accordingly, the amended SMQ will continue to be designed to attract liquidity from any firm willing to provide liquidity at the NBB or NBO in SMQ Level 1 or Level 2 Securities. Through these proposed changes, the Exchange is proposing to increase opportunities for Members to earn an SMQ Payment by increasing the number of securities in the Program, offering an increased incentive payment for displayed trading interest in relatively more difficult-to-quote securities, and changing the quoting activity calculation to count time quoting at either the NBB or the NBO as the basis for the SMQ Qualifying Activity, thereby making it easier to satisfy the quoting activity requirement. As noted in the SMQ Product Filing, the SMQ Program is similar to quote incentive programs at other national securities exchanges.<sup>26</sup>

(b) Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)<sup>27</sup> of the Act in general, and furthers the objectives of Sections 6(b)(4)<sup>28</sup> of the Act, in particular, in that it is designed to provide for the equitable allocation of

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<sup>26</sup> See SMQ Product Filing, *supra* note 6, 90 FR at 23400 (comparing the SMQ to the Enhanced Market Quality Program offered by Nasdaq BX, the Market Quality program offered by MIAX PEARL, and Cboe EDGA's NBBO Setter Program); *see also* LTSE's Liquidity Incentive Program, available at <https://ltse.com/trading/fee-schedules>.

<sup>27</sup> 15 U.S.C. 78f.

<sup>28</sup> 15 U.S.C. 78f(b)(4).

reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange believes that the proposed fee change is reasonable, fair and equitable, and non-discriminatory.

The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. Based upon informal discussions with Members regarding the current SMQ Program, IEX has concluded that it will be able to more effectively compete with other exchanges for order flow by expanding the list of SMQ-eligible securities; offering Members an increased incentive payment for posting displayed liquidity on the Exchange in securities that are relatively more difficult-to-quote compared to other securities; and relaxing the quoting activity that qualifies for the SMQ. IEX believes that Members and other market participants may be more willing to send displayed trading interest to IEX if the proposed rule changes are adopted. Accordingly, IEX has designed the proposed changes to further incentivize Members to send displayed quotes at the NBB (NBO) in a wider range of securities and specifically, in lower displayed volume securities. IEX believes that an increase in displayed liquidity and order flow to the Exchange will, in turn, improve the quality of the IEX market and increase its attractiveness to existing and prospective participants. In addition, the proposal is equitable and not unfairly discriminatory as the proposal would equitably allocate SMQ Payments among Members by paying Members based on their total quoting activity in SMQ Level 1 Securities and SMQ Level 2 Securities in any given month.

As noted in the Purpose section, the Exchange believes the proposed incentive

payments in the Supplemental Market Quality Program will incentivize Members to direct additional displayed liquidity-providing orders to the Exchange in SMQ Securities, thereby promoting price discovery and market quality in the SMQ Securities and more generally on the Exchange, and, further, that the resulting increased displayed liquidity and narrower spreads will benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, enhancing quoting competition across all exchanges, and promoting market transparency.

As discussed above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The SMQ is comparable to quote incentive programs at other exchanges and thus IEX does not believe that the proposal raises any new or novel issues not already considered by the Commission in the context of other exchanges' fees.<sup>29</sup> To the extent this proposed fee change is successful in incentivizing the entry and execution of displayed trading interest on IEX, such greater liquidity will benefit all market participants by increasing price discovery and price formation as well as market quality and execution opportunities.

Finally, the Exchange believes that the textual changes to the Fee Schedule, specifically moving some definitions to the Transaction Fees section of the Fee Schedule and updating definitions in the SMQ section of the terms "SMQ Qualifying Activity", "SMQ Incentive Payments", and "SMQ Payouts"; is consistent with the requirements above. These proposed changes are designed to reduce any potential confusion for market participants using IEX's Fee Schedule and to provide clarity, accuracy, and consistency

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<sup>29</sup> See supra note 26.

between the Fee Schedule and the Rule Book. Further, IEX believes these changes would contribute to reasonably ensuring that the requirements of the SMQ Program, and any other activity-based incentive or rebate described in the Fee Schedule, are clear, accurate, and consistent with the Rule Book.

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

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

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different Members may qualify for different amounts of SMQ Payments, these payments are not based on the type of Member entering the displayed trading interest, but rather on the amount of displayed trading interest in a wide range of eligible securities that each Member submits to the Exchange.

Further, the proposed fee changes are intended to incentivize market participants to bring increased order flow to the Exchange, which benefits all market participants.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>30</sup> IEX has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act to determine whether the proposed rule change should be approved or disapproved.<sup>31</sup>

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

The proposed rule change is not based on the rules of another self-regulatory

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<sup>30</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>31</sup> 15 U.S.C. 78s(b)(2)(B).

organization or of the Commission.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

Exhibit 5 – Text of Proposed Rule Change.

## EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34 - ; File No. SR-IEX-2025-27)

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

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 Securities Exchange Act of 1934 (“Act”),<sup>4</sup> and Rule 19b-4 thereunder,<sup>5</sup> Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the Exchange’s fee schedule applicable to Members<sup>6</sup> (the

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<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> See IEX Rule 1.160(s).

“Fee Schedule”<sup>7</sup>) pursuant to IEX Rule 15.110(a) and (c) to modify the Supplemental Market Quality Program by introducing a second tier of qualifying securities and making it easier for Members to qualify for the incentive fees. Changes to the Fee Schedule pursuant to this proposal are effective upon filing,<sup>8</sup> and will be operative beginning on October 1, 2025.

The text of the proposed rule change is available at the Exchange’s website at <https://www.iexexchange.io/resources/regulation/rule-filings> and at the principal office of the Exchange.

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

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

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

1. Purpose

The Exchange proposes to amend its Fee Schedule to modify the Supplemental

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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

Market Quality Program (“SMQ” or the “Program”)<sup>9</sup> by introducing a second tier of qualifying securities and modifying the quoting requirements to make it easier for Members to qualify for the SMQ incentive payments. The Program is intended to increase displayed liquidity and promote order flow to the Exchange by offering a financial incentive for Members to enter displayed orders or quotes (i.e., displayed trading interest) priced at the NBBO<sup>10</sup> on the Exchange for a significant portion of the day in certain securities designated by the Exchange (“SMQ Securities”). The Exchange now proposes to modify the SMQ by: (i) expanding the number of securities covered by the current SMQ (as explained below, these securities will now be referred to as “SMQ Level 1 Securities”) and creating a new, higher incentive payment tier for certain newly added securities which are more difficult to quote (which will be referred to as “SMQ Level 2 Securities”); (ii) increasing the minimum number of securities in which a Member must have qualifying quoting activity in the current Program from 50 securities to 100 securities; and (iii) changing the quoting requirements to qualify for the SMQ<sup>11</sup> by basing qualifying quoting activity on a Member’s percentage of market hours quoting on

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<sup>9</sup> The Exchange filed the proposed rule change establishing the SMQ on May 16, 2025. See Securities Exchange Act Release No. 103131 (May 27, 2025), 90 FR 23397 (June 2, 2025) (SR-IEX-2025-07) (“SMQ Product Filing”).

<sup>10</sup> See IEX Rule 1.160(u).

<sup>11</sup> Currently, if a Member quotes on the NBB and NBO concurrently for 20% of market hours, the Member’s Percent Time at the NBBO would be 20%. Under this proposal, the Percent Time at NBB and Percent Time at NBO would be added together and become “NBBO Time.” In this example, the Member’s NBBO Time would be 40%. As set forth in SR-IEX-2025-26 (the “ETP Quoting Filing”) and explained infra, IEX proposes to define “NBBO Time” as the sum of the Member’s “Percent Time at NBB” and “Percent Time at NBO.” And IEX proposes to define “Percent Time at NBB” and “Percent Time at NBO” as the aggregate percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the NBB or NBO, respectively.

the NBB<sup>12</sup> plus that Member's percentage of market hours quoting on the NBO.<sup>13</sup>

Notwithstanding the increase in the minimum number of securities in which a Member must have qualifying quoting activity, the Exchange believes that this change to the quoting requirements will make it easier for Members to achieve the minimum threshold required to be eligible for payment under the Program because more quoting activity will qualify under this proposed change.

Expansion of Securities Covered by the SMQ Program.

As set forth in the SMQ Product Filing, the Exchange determines which securities to designate as SMQ Securities by applying several objective factors concerning each security's trading characteristics and generally designates as SMQ Securities those securities that meet certain thresholds with respect to these factors.<sup>14</sup> These factors include IEX's current relative quote presence in each security (i.e., displayed order volume and time at the NBBO for each security traded on the Exchange), the number of market-wide daily price changes and the average market-wide quote size for each security, and each security's share price and average notional value traded.<sup>15</sup> IEX uses these factors to assess which securities are suitable for inclusion in the list of SMQ Securities, with a goal of identifying securities in which increased quoting would be impactful to both IEX and the market, but not unduly burdensome to its Members in meeting the quoting requirements to qualify for the SMQ.

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<sup>12</sup> See IEX Rule 1.160(u).

<sup>13</sup> See IEX Rule 1.160(u).

<sup>14</sup> As set forth in the SMQ Product Filing, the Exchange discussed with Commission staff the thresholds it applies to these objective factors. See SMQ Product Filing, supra note 9 at 90 Fed. Reg. at 23398.

<sup>15</sup> See SMQ Product Filing, supra note 9 at 90 Fed. Reg. at 23398.

As noted above, IEX is proposing to expand the number of securities included in the list of SMQ Securities. To do so, IEX is adjusting the thresholds it applies to the objective criteria described above, but is making no changes to the criteria used to assess a security's suitability for inclusion in the SMQ.

IEX also proposes to expand the SMQ by introducing a second tier of SMQ Securities, which it proposes to call "SMQ Level 2 Securities." SMQ Level 2 Securities will be selected from among the newly added SMQ Securities using the same objective criteria used for the current SMQ Securities, but the threshold values will be adjusted to select for symbols that are more difficult to quote (for example they are generally more expensive per share and experience more quote changes). As a result, market participants entering displayed trading interest in these securities put more capital at risk, potentially face higher risk of adverse selection, and due to the increased frequency of quote changes, may be required to more closely manage their quotes in order to maintain a quote at the NBB, NBO, or the NBBO. To incentivize displayed trading interest in these SMQ Level 2 Securities, the Exchange proposes to provide a higher SMQ Incentive Payment<sup>16</sup> that will apply to qualifying quoting activity in these securities of \$400 per qualified security per month. In order to receive the SMQ Incentive Payment for quoting in SMQ Level 2 Securities, a Member must have an NBBO Time of at least 40% in at least 20 or more SMQ Level 2 Securities. The Exchange believes that introducing a new, higher incentive fee for the SMQ Level 2 Securities would be particularly impactful to IEX and the market more generally by increasing quoting competition in securities that

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<sup>16</sup> As described *infra*, "SMQ Incentive Payment" shall mean "the fixed dollar amount paid per SMQ Security to a Member that satisfies the requirements for the SMQ listed herein."

are relatively more difficult to quote.

The Exchange will identify all securities that it determines are suitable to be included in the Level 2 tier, and identify them as such in the list of SMQ Level 2 Securities that the Exchange will maintain on its website. The Exchange also proposes to add to the SMQ section of the Fee Schedule a new Calculation Table (the “SMQ Level 2 Calculation Table”), which will specify the above criteria for qualifying for the SMQ Incentive Payment based upon quoting activity in SMQ Level 2 Securities. The new SMQ Level 2 Calculation Table will be as follows:

**SMQ Level 2 Calculation Table**

<b>SMQ Qualifying Activity: Average daily number of SMQ Level 2 Securities with an NBBO Time of at least 40%</b>	<b>SMQ Incentive Payment</b>
0-19	\$0 per qualified security per month
20 or more SMQ Level 2 Securities**	\$400 per qualified security per month

\*\* SMQ Payouts will be made for all qualified securities if Member had SMQ Qualifying Activity in at least 20 SMQ Level 2 Securities during the month.

To distinguish the SMQ Level 2 Securities from the rest of the SMQ Securities, IEX proposes to rename the first tier of SMQ qualifying securities from “SMQ Securities” to “SMQ Level 1 Securities,” and revise the definition of “SMQ Securities” to include SMQ Level 1 and Level 2 Securities. Thus, as proposed, the SMQ section of the Fee Schedule will contain the following definitions of SMQ Securities:

- “SMQ Securities” shall mean either SMQ Level 1 or SMQ Level 2 Securities, as defined below.
- “SMQ Level 1 Securities” shall mean a list of securities designated as such, that are used for purposes of qualifying for the SMQ. The universe of these securities will be determined by the Exchange and published on the Exchange’s website **here**. Prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Level 1 Securities, and it will publish the updated list on the Fee Schedule at least one day prior to the start of the month.

- “SMQ Level 2 Securities” shall mean a list of securities designated as such, that are used for purposes of qualifying for the SMQ. The universe of these securities will be determined by the Exchange and published on the Exchange’s website **here**. Prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Level 2 Securities, and it will publish the updated list on the Fee Schedule at least one day prior to the start of the month.

#### Increasing the Quoting Activity Required to Qualify for SMQ Level 1 Securities

To qualify for the SMQ Incentive Payment currently, a Member must enter displayed trading interest (i.e., at least one displayed order or quote of at least one round lot size) at either the NBB, the NBO, or the NBBO, for at least 40% of time during regular market hours<sup>17</sup> in at least 50 of the SMQ Level 1 Securities (based on an average daily number) during the month. The Exchange proposes to increase the average daily number of SMQ Level 1 Securities in which a Member must have the minimum amount of qualifying quoting activity from 50 SMQ Securities to 100 SMQ Level 1 Securities. The Exchange also proposes to rename the current SMQ Calculation Table in the SMQ section of the Fee Schedule as the “SMQ Level 1 Calculation Table”, and to update the text as follows:

#### **SMQ Level 1 Calculation Table**

<b>SMQ Qualifying Activity: Average daily number of SMQ Level 1 Securities with an NBBO Time of at least 40%</b>	<b>SMQ Incentive Payment</b>
0-99	\$0 per qualified security per month
100 or more SMQ Level 1 Securities*	\$125 per qualified security per month

\* SMQ Payouts will be made for all qualified securities if Member had SMQ Qualifying Activity in at least 100 SMQ Level 1 Securities during the month.

The Exchange believes this increase is commensurate with the other

<sup>17</sup> In the ETP Quoting Filing (SR-IEX-2025-26), the Exchange amended references to “regular trading hours” in the Fee Schedule to “Regular Market Hours.”

modifications described herein, namely the increase in the number of securities that will be on the SMQ Level 1 Securities list, as described above, and the manner in which IEX will make it easier for Members to meet the quoting requirements, as described below. While this increase will require Members to engage in more quoting activity to qualify for SMQ Payments, Members will now have a larger number of securities in which to quote and, as described below, more relaxed quoting requirements. Taken together, the Exchange believes these changes will make it easier for Members to satisfy the minimum requirements. In addition, the Exchange believes that increasing the minimum average daily number of SMQ Level 1 Securities is appropriate to ensure the continuing effectiveness of the SMQ Program in improving trading conditions for all market participants through increased quoting competition on the Exchange in a larger number of securities.

The Exchange also proposes to revise two defined terms in the SMQ section of the Fee Schedule for clarity and consistency. Specifically, IEX proposes to rename the “SMQ Incentive Fee” as the “SMQ Incentive Payment.” IEX proposes to make this change because it is a more accurate description of the payments Members receive for participation in the SMQ, which are in fact payments, not fees charged to them. Consistent with this change, IEX proposes to revise the right-hand column in the SMQ Calculation Tables to now refer to the “SMQ Incentive Payment.” To avoid any potential confusion, IEX proposes to rename the otherwise-similarly named term “SMQ Payment” as the “SMQ Payout”, and to update the footnote to both SMQ Calculation Tables to now refer to SMQ Payouts. These proposed changes are designed to improve the clarity and accuracy of the SMQ section of the Fee Schedule.

### Expansion of SMQ Qualifying Quoting Activity

Currently, a Member qualifies for the SMQ by entering displayed trading interest at either the NBB, the NBO, or the NBBO, for at least 40% of time during regular market hours in at least 50 of the SMQ Securities on average per day during the month (the “Percent Time at NBBO” requirement). The Exchange calculates the number of SMQ Securities for which each Member’s Percent Time at NBBO was at least 40% (“SMQ Qualifying Activity”) on a daily basis. At the end of the month, the Exchange calculates the monthly average of the number of SMQ Securities in which the Member had SMQ Qualifying Activity. If a Member, on an average daily basis, has SMQ Qualifying Activity in at least 50 of the SMQ Securities during the month, the Exchange pays the Member the “SMQ Incentive Payment” of \$125 per SMQ Security for which the Member satisfied the SMQ requirements.<sup>18</sup>

As discussed above, the Exchange proposes to change the quoting requirements to qualify for the SMQ by basing qualifying quoting activity on a Member’s NBBO Time: the Member’s percentage of market hours quoting on the NBB plus the Member’s percentage of market hours quoting on the NBO. For example, for a particular security, if a Member’s Percent Time at NBB is 25% and Percent Time at NBO is 15%, its NBBO Time would be 40%. Alternatively, if a Member’s Percent Time at NBB is 20% and concurrently, the Member’s Percent Time at NBO is also 20%, then that Member’s NBBO Time also would be 40%. Put differently, quoting activity on either side of the NBBO will now count toward the relevant eligibility threshold.

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<sup>18</sup> Currently, the Exchange pays SMQ Payments for all qualified securities if the Member had SMQ Qualifying Activity in at least 50 SMQ Securities during the month.

In a rule filing filed by the Exchange concurrently with this one,<sup>19</sup> the Exchange moved certain terms and definitions in the SMQ section of the Fee Schedule that were applicable to other parts of the Fee Schedule to the Definitions and Notes subheadings of the Transaction Fees section of the Fee Schedule. Thus, the term “Percent Time at NBBO” has been removed from the Fee Schedule and replaced with the terms “Percent Time at NBB”<sup>20</sup>, “Percent Time at NBO”<sup>21</sup> and “NBBO Time”<sup>22</sup> which appear in the “Definitions” subheading of the Transaction Fees section of the Fee Schedule.

Additionally, the ETP Quoting Filing moved the language about trading days and hours that are excluded from the quoting calculations as well as how Members can aggregate their activity with their affiliates from the SMQ section of the Fee Schedule to the Notes subheading of the Transaction Fees section of the Fee Schedule. IEX also modified the language, so that it now describes how the Exchange applies these exclusions and aggregations to the SMQ as well as to certain other quoting and trading based fee incentives. For clarity purposes, IEX proposes to add a bullet under the “Supplemental Market Quality Program” subheading that reads:

Please refer to the Definitions and Notes sections located at the beginning of the Transaction Fees section for the definition of NBBO Time as well

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<sup>19</sup> See ETP Quoting Filing (SR-IEX-2025-26).

<sup>20</sup> The Fee Schedule defines this term as “the aggregate of the percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the national best bid (‘NBB’).”

<sup>21</sup> The Fee Schedule defines this term as “the aggregate of the percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the national best offer (‘NBO’).”

<sup>22</sup> The Fee Schedule defines this term as “the Member’s Percent Time at NBB plus the Member’s Percent Time at NBO. For example, for a particular security, if a Member’s Percent Time at NBB is 25% and Percent Time at NBO is 15%, its NBBO Time would be 40%. Alternatively, if a Member’s Percent Time at NBB is 20% and concurrently, the Member’s Percent Time at NBO is also 20%, then that Member’s NBBO Time would be 40%.”

as information about how the Exchange calculates NBBO Time and allows Members to aggregate their NBBO Time with their affiliates.

The effect of these proposed changes will be to relax the quoting activity requirements to qualify for the SMQ Program so that any quoting activity at the NBB or the NBO (or NBB and NBO combined) will count toward the eligibility threshold. The Exchange believes that this proposed change will make it easier for Members to qualify for, and expand opportunities to participate in, the Program, thereby providing enhanced liquidity for all market participants through increased displayed trading interest and narrower bid-ask spreads on the Exchange.

All other aspects of calculating a Member's eligibility for SMQ payments remain unchanged. As the Exchange does currently, on a daily basis the Exchange will calculate the average daily number of SMQ Level 1 Securities in which the Member had SMQ Qualifying Activity based on the Member's daily quoting activity. For clarity and consistency, IEX proposes to modify the definition of SMQ Qualifying Activity in the SMQ section of the Fee Schedule to read as follows:

“SMQ Qualifying Activity”: As described in the Notes section, above, on a daily basis, the Exchange will determine the number of SMQ Level 1 and/or Level 2 Securities in which a Member meets the threshold for NBBO Time set forth in the below SMQ Calculation Tables. At the end of the month, the Exchange will calculate the SMQ Qualifying Activity by taking the average (rounded to the nearest whole number) of the number of SMQ Level 1 and/or Level 2 Securities for which the Member's NBBO Time was at least the threshold value set forth in the Calculation Tables below.

The relevant text in the Notes section referred to in the definition of SMQ Qualifying

Activity<sup>23</sup> reads as follows:

Unless otherwise specified, for any tiers that include NBBO Time as a required criteria (for example, the Displayed Liquidity Adding Rebate Tiers in footnote 4 and the Supplemental Market Quality Program), on a daily basis, the Exchange will determine the number of securities in which a Member meets the threshold value (set forth in the tier) for NBBO Time for that day. At the end of the month, the Exchange will take the average (rounded to the nearest whole number) of the number of securities in which a Member's NBBO Time was at least the threshold value set forth in the applicable tier.

In summary, if a Member has SMQ Qualifying Activity in an average of at least 100 of the SMQ Level 1 Securities during the month, the Exchange will pay the Member \$125 per qualified security.<sup>24</sup> If a Member has SMQ Qualifying Activity in an average of at least 20 SMQ Level 2 Securities, the Exchange will pay the Member \$400 per qualified security. Furthermore, both SMQ Level 1 and Level 2 Calculation Tables will have a footnote explaining that SMQ Payments will be made for all qualified securities if the Member had SMQ Qualifying Activity in at least the threshold number of SMQ Securities during the month.

The following examples illustrate how the amended SMQ will work.

Example No. 1 (SMQ Level 1 Securities)

Assume that in a particular month, IEX has designated 500 securities as SMQ Level 1 Securities. There are 20 trading days in that month, and on ten of those days Member A's NBBO Time is 40% for 200 of the SMQ Level 1 Securities. On the other ten trading days, Member A's NBBO Time is 40% for 100 of the SMQ Securities. At the

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<sup>23</sup> This text was added to the Fee Schedule by the ETP Quoting Filing.

<sup>24</sup> The SMQ Incentive Payment for SMQ Level 1 Securities will remain unchanged at \$125 per qualified security.

end of the month, IEX calculates the average number of SMQ Securities in which Member A has at least 40 Percent NBBO Time on a daily basis to be 150 SMQ Level 1 Securities. IEX provides a lump sum payment of \$18,750 to Member A (\$125 times 150 SMQ Level 1 Securities) (the “SMQ Payment”).

Example No. 2 (SMQ Level 2 Securities)

Assume that in a particular month, IEX has designated 100 securities as SMQ Level 2 Securities. There are 21 trading days in that month, and on eleven of those days Member B’s NBBO Time is 40% for 25 of the SMQ Level 2 Securities. On the other ten trading days, Member B’s NBBO Time is 40% for 30 of the SMQ Level 2 Securities. At the end of the month, IEX calculates the average daily number of SMQ Level 2 Securities in which Member B had at least 40 Percent NBBO Time to be 27<sup>25</sup> SMQ Level 2 Securities. IEX provides a lump sum payment of \$10,800 to Member B (\$400 times 27 SMQ Level 2 Securities) (the “SMQ Payment”).

As noted above, the Exchange will apply the same exclusions to the calculation of NBBO Time that currently apply to the SMQ (e.g., excluding time periods of system disruptions, days with scheduled early market close, or any regular market hours when an SMQ Security is subject to a trading halt or Limit Up-Limit Down pause).<sup>26</sup> For example, if an SMQ Security was halted for 30 minutes during one trading day, and a Member provided displayed trading interest in that security at the NBB (NBO) for 2.4 hours of that trading day, the Member’s Percent Time at NBB (NBO) for that day would be 40%,

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<sup>25</sup> As set forth in the proposed Fee Schedule, the Exchange will calculate the SMQ Qualifying Activity by taking the average of the number of SMQ Level 2 Securities for which the Member’s NBBO Time was at least 40% and round that number to the nearest whole number. Thus, 27.38 SMQ Securities is rounded to 27.

<sup>26</sup> See, e.g., IEX Rules 11.271 and 11.280.

because 2.4 hours is 40% of 6 hours.<sup>27</sup>

The Exchange will continue to allow Members to aggregate their Percent Time at NBB and their Percent Time at NBO (and thus their NBBO Time) with other Members with which they are affiliated,<sup>28</sup> if Members provide prior notice to the Exchange. As proposed, to the extent that two or more affiliated companies maintain separate memberships with the Exchange and can demonstrate their affiliation by showing they control, are controlled by, or are under common control with each other, the Exchange would permit such Members to aggregate their Percent Time at NBB (and their Percent Time at NBO). Members will be responsible for having proper internal documentation in their books and records substantiating that the two or more Members seeking to aggregate their Percent Time at NBB and their Percent Time at NBO are affiliates of one another.

The SMQ, as amended with the changes described herein, will remain open to all Members and will not impose any two-sided quotation obligations on any Member seeking to qualify for the SMQ. Accordingly, the amended SMQ will continue to be designed to attract liquidity from any firm willing to provide liquidity at the NBB or NBO in SMQ Level 1 or Level 2 Securities. Through these proposed changes, the Exchange is proposing to increase opportunities for Members to earn an SMQ Payment by increasing the number of securities in the Program, offering an increased incentive payment for displayed trading interest in relatively more difficult-to-quote securities, and

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<sup>27</sup> If IEX did not exclude the time a security is halted from its calculation of Percent Time at NBB (NBO), in this example the Member's Percent Time at NBB (NBO) would be 37% (2.4 hours divided by the full 6.5 hour trading day), and the Member's trading activity in that security for that day would not count towards its SMQ Qualifying Activity.

<sup>28</sup> As defined in Rule 12b-2 under the Act, 17 CFR 240.12b-2.

changing the quoting activity calculation to count time quoting at either the NBB or the NBO as the basis for the SMQ Qualifying Activity, thereby making it easier to satisfy the quoting activity requirement. As noted in the SMQ Product Filing, the SMQ Program is similar to quote incentive programs at other national securities exchanges.<sup>29</sup>

## 2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)<sup>30</sup> of the Act in general, and furthers the objectives of Sections 6(b)(4)<sup>31</sup> of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange believes that the proposed fee change is reasonable, fair and equitable, and non-discriminatory.

The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. Based upon informal discussions with Members regarding the current SMQ Program, IEX has concluded that it will be able to more effectively compete with other exchanges for order flow by expanding the list of SMQ-eligible securities; offering Members an increased incentive payment for posting displayed liquidity on the Exchange in securities that are relatively more difficult-to-quote compared to other securities; and relaxing the quoting activity that qualifies for the

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<sup>29</sup> See SMQ Product Filing, *supra* note 9, 90 FR at 23400 (comparing the SMQ to the Enhanced Market Quality Program offered by Nasdaq BX, the Market Quality program offered by MIAX PEARL, and Cboe EDGA's NBBO Setter Program); *see also* LTSE's Liquidity Incentive Program, available at <https://ltse.com/trading/fee-schedules>.

<sup>30</sup> 15 U.S.C. 78f.

<sup>31</sup> 15 U.S.C. 78f(b)(4).

SMQ. IEX believes that Members and other market participants may be more willing to send displayed trading interest to IEX if the proposed rule changes are adopted.

Accordingly, IEX has designed the proposed changes to further incentivize Members to send displayed quotes at the NBB (NBO) in a wider range of securities and specifically, in lower displayed volume securities. IEX believes that an increase in displayed liquidity and order flow to the Exchange will, in turn, improve the quality of the IEX market and increase its attractiveness to existing and prospective participants. In addition, the proposal is equitable and not unfairly discriminatory as the proposal would equitably allocate SMQ Payments among Members by paying Members based on their total quoting activity in SMQ Level 1 Securities and SMQ Level 2 Securities in any given month.

As noted in the Purpose section, the Exchange believes the proposed incentive payments in the Supplemental Market Quality Program will incentivize Members to direct additional displayed liquidity-providing orders to the Exchange in SMQ Securities, thereby promoting price discovery and market quality in the SMQ Securities and more generally on the Exchange, and, further, that the resulting increased displayed liquidity and narrower spreads will benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, enhancing quoting competition across all exchanges, and promoting market transparency.

As discussed above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The SMQ is comparable to quote incentive programs at other exchanges and thus IEX does not believe that the proposal

raises any new or novel issues not already considered by the Commission in the context of other exchanges' fees.<sup>32</sup> To the extent this proposed fee change is successful in incentivizing the entry and execution of displayed trading interest on IEX, such greater liquidity will benefit all market participants by increasing price discovery and price formation as well as market quality and execution opportunities.

Finally, the Exchange believes that the textual changes to the Fee Schedule, specifically moving some definitions to the Transaction Fees section of the Fee Schedule and updating definitions in the SMQ section of the terms "SMQ Qualifying Activity", "SMQ Incentive Payments", and "SMQ Payouts"; is consistent with the requirements above. These proposed changes are designed to reduce any potential confusion for market participants using IEX's Fee Schedule and to provide clarity, accuracy, and consistency between the Fee Schedule and the Rule Book. Further, IEX believes these changes would contribute to reasonably ensuring that the requirements of the SMQ Program, and any other activity-based incentive or rebate described in the Fee Schedule, are clear, accurate, and consistent with the Rule Book.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in a highly competitive market in which

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<sup>32</sup> See supra note 29.

market participants can readily favor competing venues if fee schedules at other venues are viewed as more favorable. Consequently, the Exchange believes that the degree to which IEX fees could impose any burden on competition is extremely limited and does not believe that such fees would burden competition between Members or competing venues. Moreover, as noted in the Statutory Basis section, the Exchange does not believe that the proposed changes raise any new or novel issues not already considered by the Commission.

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different Members may qualify for different amounts of SMQ Payments, these payments are not based on the type of Member entering the displayed trading interest, but rather on the amount of displayed trading interest in a wide range of eligible securities that each Member submits to the Exchange. Further, the proposed fee changes are intended to incentivize market participants to bring increased order flow to the Exchange, which benefits all market participants.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)<sup>33</sup> of the Act.

At any time within 60 days of the filing of the proposed rule change, the

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<sup>33</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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)<sup>34</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 (<https://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-2025-27 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-2025-27. 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

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<sup>34</sup> 15 U.S.C. 78s(b)(2)(B).

(<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-IEX-2025-27 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.<sup>35</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>35</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.

**Investors Exchange Fee Schedule**

Effective October 1, 2025

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**Transaction Fees**

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**Definitions**

- “Fee Code” is identified on each execution report message from the Exchange in the Trade Liquidity Indicator (FIX tag 9730) field.
- “MPID” means a market participant identifier.
- “TDV” means the total dollar value of the execution calculated as the execution price multiplied by the number of shares executed in the transaction.
- “ADV” means average daily volume calculated as the number of shares added or removed (as applicable) that execute at or above \$1.00 per share, per day. ADV is calculated on a monthly basis.
  - Routed shares executed away from IEX are not included in ADV calculation.
  - Auction and Opening Process executed shares are not included in ADV calculation.
  - “non-displayed ADV” refers to executions with the following Fee Code Combinations: MI, MIB, TI, TIB, TIY, TIYB, TIR, TLW, TLWB, and MIA.
  - “Baseline non-displayed ADV” means executions with any of the Fee Code Combinations MI, MIB, TI, TIB, TIY, or TIYB in August 2025.
  - “Incremental non-displayed ADV” means executions with any of the Fee Code Combinations MI, MIB, TI, TIB, TIY, or TIYB that exceed the Baseline non-displayed ADV.
- “Percent Time at NBB” means the aggregate of the percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the national best bid (“NBB”).
- “Percent Time at NBO” means the aggregate of the percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the national best offer (“NBO”).
- “NBBO Time” means the Member’s Percent Time at NBB plus the Member’s Percent Time at NBO.
  - For example, for a particular security, if a Member’s Percent Time at NBB is 25% and Percent Time at NBO is 15%, its NBBO Time would be 40%. Alternatively, if a Member’s Percent Time at NBB is 20% and concurrently, the Member’s Percent Time at NBO is also 20%, then that Member’s NBBO Time would be 40%.

## Notes

- The Exchange excludes from its calculation of ADV, Percent Time at NBB, and Percent Time at NBO:
  - Any trading day that the Exchange’s system experiences a disruption that lasts for more than 60 minutes during Regular Market Hours; and
  - Any day with a scheduled early market close.
- The Exchange excludes from its calculation of Percent Time at NBB and Percent Time at NBO any portion of Regular Market Hours when a security is subject to a trading halt or pause.
- With prior notice to the Exchange, a Member may aggregate ADV, Percent Time at NBB, and Percent Time at NBO with other Members with which the Member is affiliated pursuant to Rule 12b-2 under the Act.
- Unless otherwise specified, for any tiers that include NBBO Time as a required criteria (for example, the Displayed Liquidity Adding Rebate Tiers in footnote 4 and the Supplemental Market Quality Program), on a daily basis, the Exchange will determine the number of securities in which a Member meets the threshold value (set forth in the tier) for NBBO Time for that day. At the end of the month, the Exchange will take the average (rounded to the nearest whole number) of the number of securities in which a Member’s NBBO Time was at least the threshold value set forth in the applicable tier.

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## Supplemental Market Quality Program

- The Exchange offers a Supplemental Market Quality Program (“SMQ”) to incentivize quoting in certain securities.
- Please refer to the Definitions and Notes sections located at the beginning of the Transaction Fees section for the definition of NBBO Time as well as information about how the Exchange calculates NBBO Time and allows Members to aggregate their NBBO Time with their affiliates.
- “SMQ Securities” shall mean [a list of securities designated as such, that are used for purposes of qualifying for the SMQ. The universe of these securities will be determined by the Exchange and published on the Exchange’s website **here**. Prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Securities, and it will publish the updated list on the Fee Schedule at least one day prior to the start of the month.]either SMQ Level 1 or SMQ Level 2 Securities, as defined below.
- “SMQ Level 1 Securities” shall mean a list of securities designated as such, that are used for purposes of qualifying for the SMQ. The universe of these securities will be determined by the Exchange and published on the Exchange’s website **here**. Prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Level 1 Securities, and it will publish the

- updated list on the Fee Schedule at least one day prior to the start of the month.

“SMQ Level 2 Securities” shall mean a list of securities designated as such, that are used for purposes of qualifying for the SMQ. The universe of these securities will be determined by the Exchange and published on the Exchange’s website **here**. Prior to the start of each month, the Exchange will reevaluate and, as applicable, update its list of SMQ Level 2 Securities, and it will publish the updated list on the Fee Schedule at least one day prior to the start of the month.
- “SMQ Qualifying Activity”: As described in the Notes section, above, [O]n a daily basis, the Exchange will [calculate] determine the number of SMQ Level 1 and/or Level 2 Securities [for] in which a Member[’s Percent Time at NBBO] meets the threshold [was at least 40% as] for NBBO Time set forth in the below SMQ Calculation Tables. At the end of the month, the Exchange will calculate the SMQ Qualifying Activity by taking the average (rounded to the nearest whole number) of the number of SMQ Level 1 and/or Level 2 Securities for which the Member’s [Percent Time at the] NBBO Time was at least the threshold value set forth in the Calculation Tables below[ 40% (rounded to the nearest whole number)].
- “SMQ Incentive Payment[Fee]” shall mean the fixed dollar amount paid per SMQ Security to a Member that satisfies the requirements for the SMQ listed herein.
- “SMQ Payout [Payment]” shall mean the lump sum payment made by the Exchange at the end of each month to a Member. As set forth in the below SMQ Calculation Tables, the Exchange will calculate the SMQ Payout[Payment] by multiplying the SMQ Qualifying Activity times the SMQ Incentive Payment[Fee].

**SMQ Level 1 Calculation Table**

<b><u>SMQ Qualifying Activity: Average daily number of SMQ Level 1 Securities with an [a Percent Time at]NBBO Time of at least 40% [of the time during regular trading hours during the month]</u></b>	<b><u>SMQ Incentive Payment</u></b>
0-[49]99	\$0 per qualified security per month
[50]100 or more SMQ Level 1 Securities*	\$125 per qualified security per month

\* SMQ Payouts [Payments] will be made for all qualified securities if Member had SMQ Qualifying Activity in at least [50]100 SMQ Level 1 Securities during the month.

**SMQ Level 2 Calculation Table**

<b><u>SMQ Qualifying Activity: Average daily number of SMQ Level 2 Securities with an NBBO Time of at least 40%</u></b>	<b><u>SMQ Incentive Payment</u></b>
0-19	\$0 per qualified security per month
20 or more SMQ Level 2 Securities**	\$400 per qualified security per month

\*\* SMQ Payouts will be made for all qualified securities if Member had SMQ Qualifying Activity in at least 20 SMQ Level 2 Securities during the month.

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