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

File No. * SR 2026 - * 02

Amendment No. (req. for Amendments *)

Filing by Investors' Exchange LLC

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		
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Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

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

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Proposed rule change to amend IEX Rules 2.230 and 2.190 regarding retention of jurisdiction and voluntary termination

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

Date (Title *)

By

(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 OZAROFF
CROWLEY

Digitally signed by CLAUDIA OZAROFF CROWLEY
Date: 2026.01.22 17:04:19 -05'00'

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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Retention of Jurisdiction 19b4 filed.doc

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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Retention of Jurisdiction Ex 1.docx

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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Retention of Jurisdiction Ex 5 filed.doc

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 2.230 (Retention of Jurisdiction) and IEX Rule 2.190 (Voluntary Termination of Rights as a Member). This proposed rule change is designed to update the Exchange’s retention of disciplinary jurisdiction over a former Member³ and persons whose association with a Member has been terminated, and to simplify the manner in which a Member may voluntarily terminate its membership with the Exchange. The Exchange has designated this proposal 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)(iii) under the Act.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 the time of this filing.

(c) Not applicable.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See IEX Rule 1.160(s). The term “Member” is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.”

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(f)(6)(iii).

2. Procedures of the Self-Regulatory Organization

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

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

Claudia Crowley
Chief Regulatory Officer
Investors Exchange LLC
646-343-2041

Gwen Licardo
Lead Regulation Counsel
Investors Exchange LLC
646-648-4260

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

a. Purpose

The Exchange proposes to (i) amend IEX Rule 2.230 to update the Exchange's retention of disciplinary jurisdiction over a former Member, or person whose association with a Member⁶ has been terminated, for conduct that occurred prior to the effective date of termination⁷; and (ii) amend IEX Rule 2.190 to simplify the manner in which a Member may voluntarily terminate its membership with the Exchange. Specifically, as described below, the Exchange proposes to replace rule provisions requiring the Exchange to file, within two years of a termination, a complaint with respect to any violative conduct by a terminated Member or a person associated with a Member that

⁶ See IEX Rule 1.160(y)(1). The term "Member" is used in this filing to refer both to Members and persons associated with a Member unless otherwise indicated.

⁷ See IEX Rule 2.230.

occurred prior to termination, with rule text providing that the Exchange retains jurisdiction following a termination, provided that, within one year of a termination, the Exchange provides written notice that an inquiry has commenced regarding matters that occurred prior to the termination. In addition, the Exchange proposes amending the voluntary termination process by removing the conditions related to completion of investigations and examinations to avoid unnecessary delay of voluntary termination requests.

As a national securities exchange and self-regulatory organization (“SRO”), IEX is subject to several provisions of the Act with respect to rule enforcement and discipline of Members and persons associated with Members. Section 6(b)(1)⁸ of the Act requires the Exchange to enforce compliance by its members and persons associated with its members with applicable provisions of the Act, the rules and regulations thereunder and Exchange Rules. Section 6(b)(6)⁹ of the Act requires that IEX Rules must provide that its members and persons associated with its members shall be appropriately disciplined for such violations of applicable provisions of the Act, the rules and regulations thereunder and Exchange Rules (i.e., rule violations).¹⁰ Section 6(b)(7)¹¹ of the Act provides that IEX Rules must provide a fair procedure for the disciplining of members and persons associated with members for rule violations.

Pursuant to current Rule 2.230, the Exchange retains disciplinary jurisdiction over

⁸ 15 U.S.C. 78f(b)(1).

⁹ 15 U.S.C. 78f(b)(6).

¹⁰ IEX Rule 2.120(a) provides that “the Exchange is required to discipline Members and persons associated with Members for violations of the provisions of IEX Rules, its Operating Agreement, its interpretations and policies and with the provisions of the Act and regulations thereunder.”

¹¹ 15 U.S.C. 78f(b)(7).

potential conduct violative of IEX Rules by a former Member or person formerly associated with a Member, that occurred prior to membership or association termination, by filing a complaint¹² within two years of the membership or association termination. Relatedly, under current Rule 2.190, a Member's voluntary termination of membership will not be effective until 30 days after the terminating Member has: (i) provided written notice; (ii) paid in full all indebtedness owed to the Exchange; (iii) there is a final disposition of any investigation or disciplinary action against the Member; and (iv) any examination of the Member has been completed and all exceptions resolved.¹³ Accordingly, before the Exchange may effectuate a Member's voluntary termination of membership, it must ensure that all examinations and investigations concerning the terminated Member or associated person are completed, and, to the extent that any complaint results therefrom or otherwise, Rule 2.230 requires that the complaint be filed within two years of the termination date.

The Exchange believes that these requirements are unnecessarily burdensome to both IEX and a terminating Member. Specifically, the requirement that investigations and examinations be completed before a voluntary termination may take effect can result in significant delay in effectuating a membership termination, even though some of the investigations and examinations will not ultimately result in a conclusion that the

¹² IEX Rule 9.212(a) (Complaint Issuance – Requirements, Service, Amendment, Withdrawal, and Docketing) provides that a complaint “shall be in writing and signed by the Department of Enforcement or the Department of Market Regulation . . . [and] specify in reasonable detail the conduct alleged to constitute the violative activity and the rule, regulation, or statutory provision the Respondent is alleged to be violating or to have violated . . . [and] shall be served by the Department of Enforcement or the Department of Market Regulation on each Party pursuant to IEX Rules 9.131 and 9.134, and filed at the time of service with the Office of Hearing Officers pursuant to IEX Rules 9.135, 9.136, and 9.137.”

¹³ IEX Rule 2.190 also authorizes the Board to declare a resignation effective at any earlier time.

Member violated applicable IEX Rules.¹⁴

As described more fully below, the proposed rule change provides for IEX's appropriate ongoing disciplinary jurisdiction over former Members and persons formerly associated with Members by requiring that the Exchange give written notice, within one year of the termination date, of the commencement of any inquiry into conduct that occurred before the membership or associational termination. The Exchange believes that the one-year notice requirement to retain jurisdiction over a former Member or associated person is a more reasonable approach rather than the current approach that can delay a termination until an investigation of a regulatory matter has progressed such that filing a complaint with two years is feasible.

In addition, the proposed rule change is designed to simplify the voluntary termination process to avoid unnecessary delay of voluntary termination requests by removing the conditions related to completion of investigations and examinations, while retaining the requirement to provide written notice to the Exchange. In addition, the Exchange proposes expanding the current requirement to pay all debt owed to the Exchange to cover all fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission, or the Securities Investor Protection Corporation ("SIPC").

The Exchange does not believe the proposed rule change will adversely impact the Exchange's disciplinary jurisdiction over Members or persons associated with Members. As discussed above, the Exchange believes that a one-year time period to retain jurisdiction is a reasonable time for IEX (and FINRA on its behalf) to determine

¹⁴ The examinations that FINRA conducts on behalf of IEX are typically routine "cycle" examinations that are not prompted by potential violative activity by the firm but may nevertheless take several months to complete. In such circumstances, examinations can delay termination.

whether an investigation and/or examination may result in findings of potential rule violations by the former Member. If IEX (or FINRA) were to determine that regulatory action is appropriate, it would have adequate time to complete investigation of the matter. Further, as discussed below, these proposed changes are based on substantially identical rules of BZX, MIAX Pearl Equities, NYSE Arca, MEMX, and Nasdaq, with only non-substantive differences to account for different rule structures.

Retention of Jurisdiction

Currently, Rule 2.230(a) provides that the Exchange retains disciplinary jurisdiction over a Member or a person associated with a Member for matters that commenced prior to the effective membership or associational termination, provided that any such complaint is filed within two years after the effective date of the membership termination or associational termination.¹⁵ Rule 2.230(b) further provides that the Exchange retains jurisdiction over a person whose association with a Member has terminated, or upon such person's failure, while subject to IEX's jurisdiction, to provide information requested by IEX pursuant to IEX Rules, provided that any such complaint is filed within two years after the termination of association. In addition, if a termination notice is amended and discloses that any such person may have engaged in actionable conduct, the two year time period in which to file a complaint will recommence.

¹⁵ Investigations and disciplinary actions are conducted in accordance with Chapters 8 and 9 of the IEX Rules. Chapter 8 contains provisions related to investigations and sanctions, that require, among other things, that a Member, person associated with a Member or any other person subject to the Exchange's jurisdiction, provide information or testimony or permit an inspection and copying of books, records, or accounts to the Exchange upon request. Chapter 9 contains the Code of Procedure and includes proceedings for, among other things, disciplining a Member or person associated with a Member. IEX Rule 8.310 provides for the imposition of sanctions, after compliance with Chapter 9 Rules, on a Member or person associated with a Member for rule violations, as well as for any neglect or refusal to comply with an order, direction, or decision issued under IEX Rules.

The Exchange proposes to amend Rule 2.230(a) to provide that, with respect to Members and persons associated with Members whose membership or association has been terminated, the Exchange shall retain disciplinary jurisdiction over the former Member or associated person with respect to matters that occurred prior to the termination, provided that the Exchange provides written notice of the commencement of an inquiry into such matters within one year of the Exchange's receipt of the termination notice.

Under the current Rule 2.230(a), the Exchange retains disciplinary jurisdiction over a terminated Member provided that any complaint is filed within two years after the effective date of the termination. In contrast, the proposed amendments to Rule 2.230(a) would not require that a disciplinary matter have progressed to the point of filing a complaint for the Exchange to retain jurisdiction over a terminated Member but instead requires the Exchange to provide notice of the commencement of any inquiry into such matters within a year of termination to retain jurisdiction over a terminated Member.¹⁶

The Exchange believes that a one year period in which to provide notice of the commencement of any inquiry is reasonable because it balances the Exchange's need for sufficient time to determine whether there are any outstanding potential disciplinary issues to investigate and provides the terminated Member with clarity, within one year of its termination, whether any potential disciplinary matters are outstanding.

The Exchange believes that its retention of disciplinary jurisdiction pursuant to the proposed rule change will appropriately enable the Exchange to continue to enforce

¹⁶ As proposed, the notice requirement would not apply to a person who at any time after a termination again subjects himself or herself to the disciplinary jurisdiction of the Exchange by once again becoming a Member or a person associated with a Member.

compliance by the Exchange's Members and persons associated with them, with the Act, the rules and regulations thereunder, and the Rules of the Exchange. Because this rule change will allow the Exchange to retain disciplinary jurisdiction over a terminated Member or person associated with a Member without the need to file a complaint as a prerequisite to retaining jurisdiction, the Exchange will be able to more efficiently administer its enforcement obligations with respect to terminated Members and persons associated with them.

In addition, together with the proposed amendments to Rule 2.190 described below, the Exchange believes the proposed amendments will facilitate a more efficient voluntary termination process, in which a Member may voluntarily terminate its membership and cease being subject to Member obligations notwithstanding any ongoing disciplinary actions or examinations, provided the Member satisfies the conditions of the proposed amended Rule 2.190. In addition, the Exchange believes that, notwithstanding differences in rule structures among the exchanges, the proposed rule text for the retention of jurisdiction rule, Rule 2.230, is substantially identical to the rule text in comparable rules of BZX, MEMX, MIAX Pearl Equities, and Nasdaq with only non-substantive differences to account for different rule structures.¹⁷

Specifically, the Exchange is proposing the following change to Rule 2.230. The Exchange proposes replacing the existing Rule 2.230(a) and (b) with a single paragraph stating that any Member or person associated with a Member will continue to be subject to the Exchange's jurisdiction with respect to matters that occurred prior to the termination, provided that the Exchange provides written notice of the commencement of

¹⁷ See, e.g., BZX Rule 8.1(b); MEMX Rule 8.1(b); MIAX Pearl Rule 1000(c); Nasdaq Rule 9110(d).

any inquiry into disciplinary matters within one year of receiving written notice of termination. In addition, the Exchange proposes adding text stating that the Exchange will not be required to provide such notice when a person at any time after a termination becomes a Member or a person associated with a Member again, since by doing so, the Member or associated person expressly consents to the Exchange's jurisdiction over members to enforce compliance with the Exchange Act, and the Exchange's Rules.¹⁸

The Exchange also proposes removing is language in current Rule 2.230(b) stating that the Exchange retains jurisdiction over an associated person who fails to provide information requested by the Exchange pursuant to IEX Rules. This rule text is no longer necessary because Rule 8.210(a) (Provisions of Information and Testimony and Inspection and Copying of Books) provides that an Adjudicator¹⁹ of an Exchange disciplinary proceeding or IEX staff may require an associated person subject to IEX's jurisdiction to provide information or testify with respect to any matter involved in a disciplinary proceeding. Since under the proposed rule change the Exchange will retain jurisdiction over a person whose association was terminated, provided the Exchange gives the requisite notice specified in amended Rule 2.230, it is no longer necessary to include the current Rule 2.230(b) rule text referenced above because Rule 8.210(a) allows the Exchange to obtain information from the person.

Voluntary Membership Termination

Rule 2.190 governs a Member's right to voluntarily terminate its IEX membership. Currently, the rule provides that a Member's voluntary termination of its

¹⁸ See IEX Rule 2.120.

¹⁹ See IEX Rule 9.120(a).

membership rights shall not take effect until 30 days after certain specified conditions have been satisfied, including: (i) receipt of such written resignation; (ii) all indebtedness due the Exchange shall have been paid in full; (iii) any Exchange investigation or disciplinary action brought against the Member has reached a final disposition; and (iv) any examination of such Member is completed and all exceptions noted have been reasonably resolved. The Rule further provides that the Board may declare a resignation effective at any time.

The Exchange has observed that the current requirements of Rule 2.190—that investigations and examinations be completed, and all exceptions resolved—before a voluntary termination will take effect have resulted in significant delay in effectuating a membership termination pending completion of such matters, some of which have resolved without a finding of any violations. Similarly, the two year time limit in which to file a complaint with respect to any potentially violative conduct may be unduly restrictive for the Exchange (and FINRA on its behalf) in the case of a complex matter. And as a practical matter, if filing a complaint is warranted, all exceptions with respect to the investigation or examination in question will not be resolved which means that termination cannot occur until the exceptions have been addressed through a disciplinary matter.

The Exchange believes that Rule 2.190, as amended, will facilitate a more efficient voluntary termination process, in which a Member may voluntarily terminate its Member status and cease being subject to Member obligations notwithstanding any ongoing disciplinary proceedings or examinations, given that the Exchange, through amended Rule 2.230 will be able to retain disciplinary jurisdiction over the Member

following such voluntary termination if warranted. The proposed amendments will streamline the voluntary termination process by removing conditions that have the potential to unnecessarily prolong unwanted obligations of membership, including, for example, filing annual reports with the Exchange through FINRA²⁰ and maintaining certain books and records.²¹ As discussed below, IEX does not believe it is necessary to delay a membership termination until any pending investigations, disciplinary proceedings, or examinations have reached a final disposition or are completed and all exceptions noted have been reasonably resolved because IEX will have one year to retain jurisdiction over a terminated member or associated person. IEX believes this is an adequate time frame to determine whether potentially violative conduct may have occurred prior to termination.

Accordingly, the Exchange proposes to amend Rule 2.190 to remove the conditions set forth in Rule 2.190(iii) (the requirement that any Exchange investigation or disciplinary action brought against the Member has reached a final disposition) and (iv) (the requirement that any examination by the Exchange of such Member is completed and all exceptions noted have been reasonably resolved). As proposed, amended Rule 2.190 would require that a Member's voluntary termination would not be effective until a Member has provided written notice of resignation to the Exchange (current Rule 2.190(i)), completed any outstanding filings required under the Rules, and paid any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission, or SIPC,. The proposed change would expand current Rule 2.190(ii), which

²⁰ 17 CFR 240.17a-5.

²¹ See IEX Rule 4.511.

requires all indebtedness due the Exchange be paid in full, to also cover all outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission or SIPC to ensure that a Member has complied with these important financial obligations before a termination may take effect.

The Exchange also proposes to remove the rule text in Rule 2.190 providing that a voluntary termination will not take effect until 30 days after the Member has satisfied the stated conditions. The Exchange believes this 30 day waiting period is unnecessary because the Exchange will be able to promptly verify whether the terminating Member has satisfied the criteria to terminate.

In addition, as proposed, amended Rule 2.190 will require, as a condition of voluntary termination, that the Member make any outstanding filings required under the Exchange's Rules. The Exchange believes this amendment is appropriate because, to the extent a Member voluntarily terminating its membership is delinquent in any filings required by IEX Rules or FINRA rules incorporated by reference, this condition will ensure that the Member comes into compliance on required filings before the termination takes effect.²² This provision is substantially identical to the voluntary termination rules at BZX, MIAX Pearl Equities, and NYSE Arca.²³

The Exchange proposes to delete current Rule 2.190(ii), which requires the resigning Member to pay in full all indebtedness due to the Exchange. As proposed, amended Rule 2.190 will require a resigning Member to pay any outstanding fees,

²² See e.g., IEX Rule 4.120 (Regulatory Notification and Business Curtailment), based on FINRA Rule 4120, which requires members to file certain regulatory reports concerning financial and operating conditions.

²³ See, e.g., BZX Rule 2.8; MIAX Pearl Equities Rule 206; and NYSE Arca Rule 2.22(b).

assessments, charges, fines, or other amounts due to the Exchange, the Commission, or SIPC. The proposed amendment is more expansive than the existing language in Rule 2.190. The Exchange believes the proposed amendment is appropriate because it furthers the protection of investors by ensuring that a resigning Member has complied with these important financial obligations before their termination takes effect. This provision is substantially identical to the voluntary termination rules of BZX, MIAX Pearl Equities, and NYSE Arca.²⁴

The Exchange also proposes to remove the proviso at the end of Rule 2.190 that the Board may declare a Member's resignation effective at any earlier time. In light of the proposed amendments, the Exchange does not expect there will be extended delays in the effectiveness of a membership termination and accordingly there is no compelling reason for the conditions in the proposed rule amendments to be subject to override by the Board. Furthermore, the other exchanges with similar rules do not include such a provision.²⁵ Therefore, the Exchange proposes removing this rule text from the amended rule.

Finally, the Exchange proposes amending the first sentence of Rule 2.190 to remove the terms "only" and "addressed" because they are unnecessarily duplicative and replacing the second sentence with "(a) made any outstanding filings required under the Rules; and (b) paid any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission or the Securities Investor Protection Corporation."

b. Statutory Basis

²⁴ Id.

²⁵ Id.

IEX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,²⁶ in general and further the objectives of Section 6(b)(1)²⁷ of the Act in that it is designed to enable the Exchange to carry out the purposes of the Act and to comply with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange.

As a general matter, IEX believes that the proposed rule change is consistent with the Act because it will make the voluntary termination process more efficient for Members and the Exchange because it will enable the Exchange to retain disciplinary jurisdiction over a terminated Member or person associated with a Member without the need to file a complaint as a prerequisite to retaining such jurisdiction, and thereby enable the Exchange to more efficiently administer its enforcement obligations with respect to terminated Members and persons associated with them. Members will not be forced to incur unwanted membership obligations during the pendency of any ongoing investigation or examination (which in many cases do not identify any violative conduct), and thereby foster cooperation and coordination between the Exchange and its Members and persons associated with them, and will apply uniformly to all Members wishing to voluntarily terminate their membership.

Specifically, the Exchange believes the proposed changes to Rules 2.230 and 2.190 are consistent with Section 6(b)(1)²⁸ of the Act because they would allow the Exchange to retain disciplinary jurisdiction over a terminated Member within an

²⁶ 15 U.S.C. 78f.

²⁷ 15 U.S.C. 78f(b)(1).

²⁸ 15 U.S.C. 78f(b)(1).

appropriate time period following termination, while not unduly prolonging the termination process and subjecting the Member to unwanted membership obligations.

The Exchange believes these proposed rule changes will continue to support the Exchange's ability to carry out its regulatory obligations under the Act in the context of a voluntary termination by a Member, or the termination of a person's association with a Member.

The Exchange believes the proposed change to Rule 2.230 enabling the Exchange to retain disciplinary jurisdiction over terminated Members and persons associated with Members is also consistent with the above-referenced requirements. As discussed in the Purpose section, as proposed, the Exchange will have an appropriate time period in which to retain jurisdiction over terminated Members and persons associated with a Member and thereby address any potentially violative conduct without the needing to delay termination until a full investigation is completed.

The Exchange believes the proposed change to Rule 2.190 requiring a Member seeking to terminate to provide the Exchange with written notice, make any outstanding filings and pay any outstanding fees owed to the Exchange, the Commission, or SIPC before a termination will be deemed effective are consistent with the Act's requirements that an exchange's rules be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest. As discussed in the Purpose section, IEX believes that this requirement furthers the protection of investors and the public interest by ensuring that a resigning Member has complied with these important financial

obligations before their termination takes effect.

The Exchange also believes that the proposed rule change regarding retention of jurisdiction is consistent with Section 6(b)(6)²⁹ of the Act in that it is designed to provide authority to the Exchange to appropriately enable it to discipline former Members and persons associated with its Members for any rule violations that occurred during membership or association with a Member.

Further, the Exchange believes that the proposed rule change is consistent with Section 6(b)(7)³⁰ of the Act because it would support a fair procedure for the disciplining of Members and persons associated with Members for rule violations. Specifically, as proposed the Exchange will be able to retain jurisdiction over terminated Members and persons associated within a reasonable period of time for rule violations that may have occurred while the firm was a Member or while an individual was associated with a Member. The Exchange believes that one year is reasonable in that it provides adequate time for FINRA, on the Exchange's behalf, to determine whether an inquiry into a potential disciplinary matter is warranted.³¹

In addition, the Exchange believes the proposed rule change is just, equitable, and not unfairly discriminatory. Under the proposed changes to Rule 2.190, the obligations imposed on Members wishing to voluntarily terminate—that they make any outstanding filings and pay any outstanding fees owed to the Exchange, the Commission, or SIPC—merely impose existing obligations and are the same regardless of the circumstances

²⁹ 15 U.S.C. 78f(b)(6).

³⁰ 15 U.S.C. 78f(b)(7).

³¹ IEX and FINRA are parties to a regulatory services agreement pursuant to which FINRA has agreed to perform certain regulatory functions on behalf of IEX. See IEX Rules 8.100; 9.001.

surrounding a Member's voluntary termination.

Similarly, the proposed change to Rule 2.230 will enable the Exchange to continue to enforce compliance by the Exchange's Members and persons associated with them whose membership or association has been terminated, with the Act, the rules and regulations thereunder, and the rules of the Exchange. Because this rule change will allow the Exchange to retain disciplinary jurisdiction over a terminated Member or person associated with a Member without the need to file a complaint as a prerequisite to retaining such jurisdiction, the Exchange will be able to more efficiently administer its enforcement obligations with respect to terminated Members and persons associated with them. At the same time, since the Exchange will be required to notify a terminated Member or person associated with Members of the commencement of any inquiry within one year of the termination date, terminated Members and persons associated with a Member will gain clarity sooner regarding any potential disciplinary proceedings they may face concerning conduct that occurred before the termination date. Furthermore, the Exchange's retention of disciplinary jurisdiction over terminated Members and associated persons following termination under the proposed change would apply equally to all Members and associated persons, without regard to the circumstances of the termination or the amount of trading a Member did on the Exchange.

The Exchange notes, as discussed in the Purpose section, that the proposed rule change is substantially identical to rules of several other exchanges regarding voluntary terminations and the retention of jurisdiction over terminated Members. Accordingly, the Exchange does not believe that the proposed rule change raises any new or novel issues not already considered by the Commission.

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

The Exchange 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, as amended. The proposed rule change is not designed to address any competitive issues but rather to provide for a simplified voluntary termination process, and appropriate retention of jurisdiction of former Members and persons associated with a Member.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The Exchange believes that this proposal qualifies for effectiveness on filing as a “non-controversial” rule change in accordance with Section 19(b)(3)(A) of the Act³² and paragraph (f)(6) of Rule 19b-4 thereunder.³³ The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) by its terms, will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. In addition, the Exchange provided the Commission with written notice of its

³² 15 U.S.C. 78s(b)(3)(A).

³³ 17 C.F.R. 240.19b-4.

intent to file the proposed rule change, along with a brief description and text of the proposed rule changes, at least five business days prior to the date of filing, or such shorter time as the Commission may designate.

The Exchange believes that this proposal qualifies for non-controversial filing because the proposed rule change is designed to update the Exchange's retention of jurisdiction over former Members and persons formerly associated with a Member, provided that the Exchange gives notice of the commencement of any inquiry within one year of the effective termination date, and to simplify the manner in which a Member may voluntarily terminate membership. The proposed rule change will not significantly affect the protection of investors or the public interest because it will continue to provide a fair and appropriate process for the Exchange to retain jurisdiction over former Members and associated persons and address any potentially violative conduct. The Exchange also believes that this filing is non-controversial because it raises no new or novel issues not already considered by the Commission, as discussed in the Purpose and Statutory Basis sections. Accordingly, the Exchange believes that the proposed rule change is eligible for immediate effectiveness.³⁴

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

³⁴ See Securities Exchange Act Release No. 58092 (July 3, 2008), 73 FR 40144 (July 11, 2008) (concerning 17 CFR 200 and 241).

19(b)(2)(B) of the Act to determine whether the proposed rule change should be approved or disapproved.³⁵

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

The proposed rule text for Rule 2.230 concerning retention of disciplinary jurisdiction following termination is based on BZX Rule 8.1(b), MEMX Rule 8.1(b), MIAX Pearl Equities Rule 1000(c), and Nasdaq Rule 9110(d) (the only exception being that Nasdaq's Rule 9110(d) does not include the last sentence of the proposed rule text regarding a person who, after a termination, subjects himself or herself to the disciplinary jurisdiction by becoming a Member or person associated with a Member). The proposed rule text for Rule 2.190 concerning voluntary terminations is based on BZX Rule 2.8, MIAX Pearl Equities Rule 206, and NYSE Arca Rule 2.22(b).

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

³⁵ 15 U.S.C. 78s(b)(2)(B).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 - ; File No. SR-IEX-2026-02)

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IEX Rules 2.230 and 2.190 regarding Retention of Jurisdiction and Voluntary Termination

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 the Exchange is filing with the Commission a proposed rule change to amend IEX Rule 2.230 (Retention of Jurisdiction) and IEX Rule 2.190 (Voluntary Termination of Rights as a Member). This proposed rule change is designed to update the Exchange’s retention of disciplinary jurisdiction over a former Member⁶ and persons whose association with a Member

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ 15 U.S.C. 78s(b)(1).

⁵ 17 CFR 240.19b-4.

⁶ See IEX Rule 1.160(s). The term “Member” is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.”

has been terminated, and to simplify the manner in which a Member may voluntarily terminate its membership with the Exchange. The Exchange has designated this proposal as “non-controversial” under Section 19(b)(3)(A) of the Act⁷ and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁸

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 (i) amend IEX Rule 2.230 to update the Exchange’s retention of disciplinary jurisdiction over a former Member, or person whose association with a Member⁹ has been terminated, for conduct that occurred prior to the effective date of termination¹⁰; and (ii) amend IEX Rule 2.190 to simplify the manner in which a Member may voluntarily terminate

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6)(iii).

⁹ See IEX Rule 1.160(y)(1). The term “Member” is used in this filing to refer both to Members and persons associated with a Member unless otherwise indicated.

¹⁰ See IEX Rule 2.230.

its membership with the Exchange. Specifically, as described below, the Exchange proposes to replace rule provisions requiring the Exchange to file, within two years of a termination, a complaint with respect to any violative conduct by a terminated Member or a person associated with a Member that occurred prior to termination, with rule text providing that the Exchange retains jurisdiction following a termination, provided that, within one year of a termination, the Exchange provides written notice that an inquiry has commenced regarding matters that occurred prior to the termination. In addition, the Exchange proposes amending the voluntary termination process by removing the conditions related to completion of investigations and examinations to avoid unnecessary delay of voluntary termination requests.

As a national securities exchange and self-regulatory organization (“SRO”), IEX is subject to several provisions of the Act with respect to rule enforcement and discipline of Members and persons associated with Members. Section 6(b)(1)¹¹ of the Act requires the Exchange to enforce compliance by its members and persons associated with its members with applicable provisions of the Act, the rules and regulations thereunder and Exchange Rules. Section 6(b)(6)¹² of the Act requires that IEX Rules must provide that its members and persons associated with its members shall be appropriately disciplined for such violations of applicable provisions of the Act, the rules and regulations thereunder and Exchange Rules (i.e., rule violations).¹³ Section 6(b)(7)¹⁴ of the Act provides that IEX Rules must provide a fair procedure for the disciplining of members and persons associated with members for rule violations.

¹¹ 15 U.S.C. 78f(b)(1).

¹² 15 U.S.C. 78f(b)(6).

¹³ IEX Rule 2.120(a) provides that “the Exchange is required to discipline Members and persons associated with Members for violations of the provisions of IEX Rules, its Operating Agreement, its interpretations and policies and with the provisions of the Act and regulations thereunder.”

¹⁴ 15 U.S.C. 78f(b)(7).

Pursuant to current Rule 2.230, the Exchange retains disciplinary jurisdiction over potential conduct violative of IEX Rules by a former Member or person formerly associated with a Member, that occurred prior to membership or association termination, by filing a complaint¹⁵ within two years of the membership or association termination. Relatedly, under current Rule 2.190, a Member's voluntary termination of membership will not be effective until 30 days after the terminating Member has: (i) provided written notice; (ii) paid in full all indebtedness owed to the Exchange; (iii) there is a final disposition of any investigation or disciplinary action against the Member; and (iv) any examination of the Member has been completed and all exceptions resolved.¹⁶ Accordingly, before the Exchange may effectuate a Member's voluntary termination of membership, it must ensure that all examinations and investigations concerning the terminated Member or associated person are completed, and, to the extent that any complaint results therefrom or otherwise, Rule 2.230 requires that the complaint be filed within two years of the termination date.

The Exchange believes that these requirements are unnecessarily burdensome to both IEX and a terminating Member. Specifically, the requirement that investigations and examinations be completed before a voluntary termination may take effect can result in significant delay in effectuating a membership termination, even though some of the investigations and examinations will not ultimately result in a conclusion that the Member

¹⁵ IEX Rule 9.212(a) (Complaint Issuance – Requirements, Service, Amendment, Withdrawal, and Docketing) provides that a complaint “shall be in writing and signed by the Department of Enforcement or the Department of Market Regulation . . . [and] specify in reasonable detail the conduct alleged to constitute the violative activity and the rule, regulation, or statutory provision the Respondent is alleged to be violating or to have violated . . . [and] shall be served by the Department of Enforcement or the Department of Market Regulation on each Party pursuant to IEX Rules 9.131 and 9.134, and filed at the time of service with the Office of Hearing Officers pursuant to IEX Rules 9.135, 9.136, and 9.137.”

¹⁶ IEX Rule 2.190 also authorizes the Board to declare a resignation effective at any earlier time.

violated applicable IEX Rules.¹⁷

As described more fully below, the proposed rule change provides for IEX's appropriate ongoing disciplinary jurisdiction over former Members and persons formerly associated with Members by requiring that the Exchange give written notice, within one year of the termination date, of the commencement of any inquiry into conduct that occurred before the membership or associational termination. The Exchange believes that the one-year notice requirement to retain jurisdiction over a former Member or associated person is a more reasonable approach rather than the current approach that can delay a termination until an investigation of a regulatory matter has progressed such that filing a complaint with two years is feasible.

In addition, the proposed rule change is designed to simplify the voluntary termination process to avoid unnecessary delay of voluntary termination requests by removing the conditions related to completion of investigations and examinations, while retaining the requirement to provide written notice to the Exchange. In addition, the Exchange proposes expanding the current requirement to pay all debt owed to the Exchange to cover all fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission, or the Securities Investor Protection Corporation ("SIPC").

The Exchange does not believe the proposed rule change will adversely impact the Exchange's disciplinary jurisdiction over Members or persons associated with Members. As discussed above, the Exchange believes that a one-year time period to retain jurisdiction is a reasonable time for IEX (and FINRA on its behalf) to determine whether an investigation and/or examination may result in findings of potential rule violations by the former Member. If IEX (or

¹⁷ The examinations that FINRA conducts on behalf of IEX are typically routine "cycle" examinations that are not prompted by potential violative activity by the firm but may nevertheless take several months to complete. In such circumstances, examinations can delay termination.

FINRA) were to determine that regulatory action is appropriate, it would have adequate time to complete investigation of the matter. Further, as discussed below, these proposed changes are based on substantially identical rules of BZX, MIAX Pearl Equities, NYSE Arca, MEMX, and Nasdaq, with only non-substantive differences to account for different rule structures.

Retention of Jurisdiction

Currently, Rule 2.230(a) provides that the Exchange retains disciplinary jurisdiction over a Member or a person associated with a Member for matters that commenced prior to the effective membership or associational termination, provided that any such complaint is filed within two years after the effective date of the membership termination or associational termination.¹⁸ Rule 2.230(b) further provides that the Exchange retains jurisdiction over a person whose association with a Member has terminated, or upon such person's failure, while subject to IEX's jurisdiction, to provide information requested by IEX pursuant to IEX Rules, provided that any such complaint is filed within two years after the termination of association. In addition, if a termination notice is amended and discloses that any such person may have engaged in actionable conduct, the two year time period in which to file a complaint will recommence.

The Exchange proposes to amend Rule 2.230(a) to provide that, with respect to Members and persons associated with Members whose membership or association has been terminated, the Exchange shall retain disciplinary jurisdiction over the former Member or associated person with

¹⁸ Investigations and disciplinary actions are conducted in accordance with Chapters 8 and 9 of the IEX Rules. Chapter 8 contains provisions related to investigations and sanctions, that require, among other things, that a Member, person associated with a Member or any other person subject to the Exchange's jurisdiction, provide information or testimony or permit an inspection and copying of books, records, or accounts to the Exchange upon request. Chapter 9 contains the Code of Procedure and includes proceedings for, among other things, disciplining a Member or person associated with a Member. IEX Rule 8.310 provides for the imposition of sanctions, after compliance with Chapter 9 Rules, on a Member or person associated with a Member for rule violations, as well as for any neglect or refusal to comply with an order, direction, or decision issued under IEX Rules.

respect to matters that occurred prior to the termination, provided that the Exchange provides written notice of the commencement of an inquiry into such matters within one year of the Exchange's receipt of the termination notice.

Under the current Rule 2.230(a), the Exchange retains disciplinary jurisdiction over a terminated Member provided that any complaint is filed within two years after the effective date of the termination. In contrast, the proposed amendments to Rule 2.230(a) would not require that a disciplinary matter have progressed to the point of filing a complaint for the Exchange to retain jurisdiction over a terminated Member but instead requires the Exchange to provide notice of the commencement of any inquiry into such matters within a year of termination to retain jurisdiction over a terminated Member.¹⁹

The Exchange believes that a one year period in which to provide notice of the commencement of any inquiry is reasonable because it balances the Exchange's need for sufficient time to determine whether there are any outstanding potential disciplinary issues to investigate and provides the terminated Member with clarity, within one year of its termination, whether any potential disciplinary matters are outstanding.

The Exchange believes that its retention of disciplinary jurisdiction pursuant to the proposed rule change will appropriately enable the Exchange to continue to enforce compliance by the Exchange's Members and persons associated with them, with the Act, the rules and regulations thereunder, and the Rules of the Exchange. Because this rule change will allow the Exchange to retain disciplinary jurisdiction over a terminated Member or person associated with a Member without the need to file a complaint as a prerequisite to retaining jurisdiction, the

¹⁹ As proposed, the notice requirement would not apply to a person who at any time after a termination again subjects himself or herself to the disciplinary jurisdiction of the Exchange by once again becoming a Member or a person associated with a Member.

Exchange will be able to more efficiently administer its enforcement obligations with respect to terminated Members and persons associated with them.

In addition, together with the proposed amendments to Rule 2.190 described below, the Exchange believes the proposed amendments will facilitate a more efficient voluntary termination process, in which a Member may voluntarily terminate its membership and cease being subject to Member obligations notwithstanding any ongoing disciplinary actions or examinations, provided the Member satisfies the conditions of the proposed amended Rule 2.190. In addition, the Exchange believes that, notwithstanding differences in rule structures among the exchanges, the proposed rule text for the retention of jurisdiction rule, Rule 2.230, is substantially identical to the rule text in comparable rules of BZX, MEMX, MIAX Pearl Equities, and Nasdaq with only non-substantive differences to account for different rule structures.²⁰

Specifically, the Exchange is proposing the following change to Rule 2.230. The Exchange proposes replacing the existing Rule 2.230(a) and (b) with a single paragraph stating that any Member or person associated with a Member will continue to be subject to the Exchange's jurisdiction with respect to matters that occurred prior to the termination, provided that the Exchange provides written notice of the commencement of any inquiry into disciplinary matters within one year of receiving written notice of termination. In addition, the Exchange proposes adding text stating that the Exchange will not be required to provide such notice when a person at any time after a termination becomes a Member or a person associated with a Member again, since by doing so, the Member or associated person expressly consents to the Exchange's jurisdiction over members to enforce compliance with the Exchange Act, and the Exchange's

²⁰ See, e.g., BZX Rule 8.1(b); MEMX Rule 8.1(b); MIAX Pearl Rule 1000(c); Nasdaq Rule 9110(d).

Rules.²¹

The Exchange also proposes removing is language in current Rule 2.230(b) stating that the Exchange retains jurisdiction over an associated person who fails to provide information requested by the Exchange pursuant to IEX Rules. This rule text is no longer necessary because Rule 8.210(a) (Provisions of Information and Testimony and Inspection and Copying of Books) provides that an Adjudicator²² of an Exchange disciplinary proceeding or IEX staff may require an associated person subject to IEX's jurisdiction to provide information or testify with respect to any matter involved in a disciplinary proceeding. Since under the proposed rule change the Exchange will retain jurisdiction over a person whose association was terminated, provided the Exchange gives the requisite notice specified in amended Rule 2.230, it is no longer necessary to include the current Rule 2.230(b) rule text referenced above because Rule 8.210(a) allows the Exchange to obtain information from the person.

Voluntary Membership Termination

Rule 2.190 governs a Member's right to voluntarily terminate its IEX membership. Currently, the rule provides that a Member's voluntary termination of its membership rights shall not take effect until 30 days after certain specified conditions have been satisfied, including: (i) receipt of such written resignation; (ii) all indebtedness due the Exchange shall have been paid in full; (iii) any Exchange investigation or disciplinary action brought against the Member has reached a final disposition; and (iv) any examination of such Member is completed and all exceptions noted have been reasonably resolved. The Rule further provides that the Board may declare a resignation effective at any time.

²¹ See IEX Rule 2.120.

²² See IEX Rule 9.120(a).

The Exchange has observed that the current requirements of Rule 2.190—that investigations and examinations be completed, and all exceptions resolved—before a voluntary termination will take effect have resulted in significant delay in effectuating a membership termination pending completion of such matters, some of which have resolved without a finding of any violations. Similarly, the two year time limit in which to file a complaint with respect to any potentially violative conduct may be unduly restrictive for the Exchange (and FINRA on its behalf) in the case of a complex matter. And as a practical matter, if filing a complaint is warranted, all exceptions with respect to the investigation or examination in question will not be resolved which means that termination cannot occur until the exceptions have been addressed through a disciplinary matter.

The Exchange believes that Rule 2.190, as amended, will facilitate a more efficient voluntary termination process, in which a Member may voluntarily terminate its Member status and cease being subject to Member obligations notwithstanding any ongoing disciplinary proceedings or examinations, given that the Exchange, through amended Rule 2.230 will be able to retain disciplinary jurisdiction over the Member following such voluntary termination if warranted. The proposed amendments will streamline the voluntary termination process by removing conditions that have the potential to unnecessarily prolong unwanted obligations of membership, including, for example, filing annual reports with the Exchange through FINRA²³ and maintaining certain books and records.²⁴ As discussed below, IEX does not believe it is necessary to delay a membership termination until any pending investigations, disciplinary proceedings, or examinations have reached a final disposition or are completed and all

²³ 17 CFR 240.17a-5.

²⁴ See IEX Rule 4.511.

exceptions noted have been reasonably resolved because IEX will have one year to retain jurisdiction over a terminated member or associated person. IEX believes this is an adequate time frame to determine whether potentially violative conduct may have occurred prior to termination.

Accordingly, the Exchange proposes to amend Rule 2.190 to remove the conditions set forth in Rule 2.190(iii) (the requirement that any Exchange investigation or disciplinary action brought against the Member has reached a final disposition) and (iv) (the requirement that any examination by the Exchange of such Member is completed and all exceptions noted have been reasonably resolved). As proposed, amended Rule 2.190 would require that a Member's voluntary termination would not be effective until a Member has provided written notice of resignation to the Exchange (current Rule 2.190(i)), completed any outstanding filings required under the Rules, and paid any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission, or SIPC,. The proposed change would expand current Rule 2.190(ii), which requires all indebtedness due the Exchange be paid in full, to also cover all outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission or SIPC to ensure that a Member has complied with these important financial obligations before a termination may take effect.

The Exchange also proposes to remove the rule text in Rule 2.190 providing that a voluntary termination will not take effect until 30 days after the Member has satisfied the stated conditions. The Exchange believes this 30 day waiting period is unnecessary because the Exchange will be able to promptly verify whether the terminating Member has satisfied the criteria to terminate.

In addition, as proposed, amended Rule 2.190 will require, as a condition of voluntary

termination, that the Member make any outstanding filings required under the Exchange's Rules.

The Exchange believes this amendment is appropriate because, to the extent a Member voluntarily terminating its membership is delinquent in any filings required by IEX Rules or FINRA rules incorporated by reference, this condition will ensure that the Member comes into compliance on required filings before the termination takes effect.²⁵ This provision is substantially identical to the voluntary termination rules at BZX, MIAX Pearl Equities, and NYSE Arca.²⁶

The Exchange proposes to delete current Rule 2.190(ii), which requires the resigning Member to pay in full all indebtedness due to the Exchange. As proposed, amended Rule 2.190 will require a resigning Member to pay any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission, or SIPC. The proposed amendment is more expansive than the existing language in Rule 2.190. The Exchange believes the proposed amendment is appropriate because it furthers the protection of investors by ensuring that a resigning Member has complied with these important financial obligations before their termination takes effect. This provision is substantially identical to the voluntary termination rules of BZX, MIAX Pearl Equities, and NYSE Arca.²⁷

The Exchange also proposes to remove the proviso at the end of Rule 2.190 that the Board may declare a Member's resignation effective at any earlier time. In light of the proposed amendments, the Exchange does not expect there will be extended delays in the effectiveness of a membership termination and accordingly there is no compelling reason for the conditions in the

²⁵ See e.g., IEX Rule 4.120 (Regulatory Notification and Business Curtailment), based on FINRA Rule 4120, which requires members to file certain regulatory reports concerning financial and operating conditions.

²⁶ See, e.g., BZX Rule 2.8; MIAX Pearl Equities Rule 206; and NYSE Arca Rule 2.22(b).

²⁷ Id.

proposed rule amendments to be subject to override by the Board. Furthermore, the other exchanges with similar rules do not include such a provision.²⁸ Therefore, the Exchange proposes removing this rule text from the amended rule.

Finally, the Exchange proposes amending the first sentence of Rule 2.190 to remove the terms “only” and “addressed” because they are unnecessarily duplicative and replacing the second sentence with “(a) made any outstanding filings required under the Rules; and (b) paid any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission or the Securities Investor Protection Corporation.”

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,²⁹ in general and further the objectives of Section 6(b)(1)³⁰ of the Act in that it is designed to enable the Exchange to carry out the purposes of the Act and to comply with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange.

As a general matter, IEX believes that the proposed rule change is consistent with the Act because it will make the voluntary termination process more efficient for Members and the Exchange because it will enable the Exchange to retain disciplinary jurisdiction over a terminated Member or person associated with a Member without the need to file a complaint as a prerequisite to retaining such jurisdiction, and thereby enable the Exchange to more efficiently administer its enforcement obligations with respect to terminated Members and persons associated with them. Members will not be forced to incur unwanted membership obligations

²⁸ Id.

²⁹ 15 U.S.C. 78f.

³⁰ 15 U.S.C. 78f(b)(1).

during the pendency of any ongoing investigation or examination (which in many cases do not identify any violative conduct), and thereby foster cooperation and coordination between the Exchange and its Members and persons associated with them, and will apply uniformly to all Members wishing to voluntarily terminate their membership.

Specifically, the Exchange believes the proposed changes to Rules 2.230 and 2.190 are consistent with Section 6(b)(1)³¹ of the Act because they would allow the Exchange to retain disciplinary jurisdiction over a terminated Member within an appropriate time period following termination, while not unduly prolonging the termination process and subjecting the Member to unwanted membership obligations. The Exchange believes these proposed rule changes will continue to support the Exchange's ability to carry out its regulatory obligations under the Act in the context of a voluntary termination by a Member, or the termination of a person's association with a Member.

The Exchange believes the proposed change to Rule 2.230 enabling the Exchange to retain disciplinary jurisdiction over terminated Members and persons associated with Members is also consistent with the above-referenced requirements. As discussed in the Purpose section, as proposed, the Exchange will have an appropriate time period in which to retain jurisdiction over terminated Members and persons associated with a Member and thereby address any potentially violative conduct without the needing to delay termination until a full investigation is completed.

The Exchange believes the proposed change to Rule 2.190 requiring a Member seeking to terminate to provide the Exchange with written notice, make any outstanding filings and pay any outstanding fees owed to the Exchange, the Commission, or SIPC before a termination will be deemed effective are consistent with the Act's requirements that an exchange's rules be designed

³¹ 15 U.S.C. 78f(b)(1).

to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest. As discussed in the Purpose section, IEX believes that this requirement furthers the protection of investors and the public interest by ensuring that a resigning Member has complied with these important financial obligations before their termination takes effect.

The Exchange also believes that the proposed rule change regarding retention of jurisdiction is consistent with Section 6(b)(6)³² of the Act in that it is designed to provide authority to the Exchange to appropriately enable it to discipline former Members and persons associated with its Members for any rule violations that occurred during membership or association with a Member.

Further, the Exchange believes that the proposed rule change is consistent with Section 6(b)(7)³³ of the Act because it would support a fair procedure for the disciplining of Members and persons associated with Members for rule violations. Specifically, as proposed the Exchange will be able to retain jurisdiction over terminated Members and persons associated within a reasonable period of time for rule violations that may have occurred while the firm was a Member or while an individual was associated with a Member. The Exchange believes that one year is reasonable in that it provides adequate time for FINRA, on the Exchange's behalf, to determine whether an inquiry into a potential disciplinary matter is warranted.³⁴

In addition, the Exchange believes the proposed rule change is just, equitable, and not

³² 15 U.S.C. 78f(b)(6).

³³ 15 U.S.C. 78f(b)(7).

³⁴ IEX and FINRA are parties to a regulatory services agreement pursuant to which FINRA has agreed to perform certain regulatory functions on behalf of IEX. See IEX Rules 8.100; 9.001.

unfairly discriminatory. Under the proposed changes to Rule 2.190, the obligations imposed on Members wishing to voluntarily terminate—that they make any outstanding filings and pay any outstanding fees owed to the Exchange, the Commission, or SIPC—merely impose existing obligations and are the same regardless of the circumstances surrounding a Member’s voluntary termination.

Similarly, the proposed change to Rule 2.230 will enable the Exchange to continue to enforce compliance by the Exchange’s Members and persons associated with them whose membership or association has been terminated, with the Act, the rules and regulations thereunder, and the rules of the Exchange. Because this rule change will allow the Exchange to retain disciplinary jurisdiction over a terminated Member or person associated with a Member without the need to file a complaint as a prerequisite to retaining such jurisdiction, the Exchange will be able to more efficiently administer its enforcement obligations with respect to terminated Members and persons associated with them. At the same time, since the Exchange will be required to notify a terminated Member or person associated with Members of the commencement of any inquiry within one year of the termination date, terminated Members and persons associated with a Member will gain clarity sooner regarding any potential disciplinary proceedings they may face concerning conduct that occurred before the termination date. Furthermore, the Exchange’s retention of disciplinary jurisdiction over terminated Members and associated persons following termination under the proposed change would apply equally to all Members and associated persons, without regard to the circumstances of the termination or the amount of trading a Member did on the Exchange.

The Exchange notes, as discussed in the Purpose section, that the proposed rule change is substantially identical to rules of several other exchanges regarding voluntary terminations and

the retention of jurisdiction over terminated Members. Accordingly, the Exchange does not believe that the proposed rule change raises any new or novel issues not already considered by the Commission.

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

The Exchange 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, as amended. The proposed rule change is not designed to address any competitive issues but rather to provide for a simplified voluntary termination process, and appropriate retention of jurisdiction of former Members and persons associated with a Member.

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

Written comments were neither solicited nor received.

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

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

The Exchange believes that this proposal qualifies for non-controversial filing because the proposed rule change is designed to update the Exchange's retention of jurisdiction over

³⁵ 15 U.S.C. 78s(b)(3)(A).

³⁶ 17 CFR 240.19b-4(f)(6).

former Members and persons formerly associated with a Member, provided that the Exchange gives notice of the commencement of any inquiry within one year of the effective termination date, and to simplify the manner in which a Member may voluntarily terminate membership. The proposed rule change will not significantly affect the protection of investors or the public interest because it will continue to provide a fair and appropriate process for the Exchange to retain jurisdiction over former Members and associated persons and address any potentially violative conduct. The Exchange also believes that this filing is non-controversial because it raises no new or novel issues not already considered by the Commission, as discussed in the Purpose and Statutory Basis sections. Accordingly, the Exchange believes that the proposed rule change is eligible for immediate effectiveness.

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)³⁷ 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

³⁷ 15 U.S.C. 78s(b)(2)(B).

(<https://www.sec.gov/rules/sro.shtml>); or

- Send an email to rule-comments@sec.gov. Please include file number SR-IEX-2026-02 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-2026-02. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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-2026-02 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.³⁸

Sherry R. Haywood,

Assistant Secretary.

³⁸ 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Changes

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

INVESTORS EXCHANGE RULE BOOK

CHAPTER 2. MEMBERS OF THE EXCHANGE

Rule 2.190. Voluntary Termination of Rights as a Member

A Member may voluntarily terminate its rights as a Member [only] by submitting a written resignation [addressed] to the Exchange's Secretary or another officer designated by the Exchange. A termination will not be effective until the terminating Member has:[Such resignation shall not take effect until 30 days after all of the terminating Member has satisfied the following conditions have been satisfied: (i) receipt of such written resignation; (ii) all indebtedness due the Exchange shall have been paid in full; (iii) any Exchange investigation or disciplinary action brought against the Member has reached a final disposition; and (iv) any examination by the Exchange of such Member is completed and all exceptions noted have been reasonably resolved; provided, however, that the Board may declare a resignation effective at any earlier time.] (a) made any outstanding filings required under the Rules; and (b) paid any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission or the Securities Investor Protection Corporation.

Rule 2.230. Retention of Jurisdiction

Any Member or person associated with a Member shall continue to be subject to the disciplinary jurisdiction of the Exchange following the termination of such person's membership or association with a Member with respect to matters that occurred prior to such termination; provided that written notice of the commencement of an inquiry into such matters is given by the Exchange to such former Member or former associated person within one year of receipt by the Exchange of the latest written notice of the termination of such person's status as a Member or person associated with a Member. The foregoing notice requirement does not apply to a person who at any time after a termination again subjects himself or herself to the disciplinary jurisdiction of the Exchange by becoming a Member or a person associated with a Member.

- [(a) An IEX Member whose membership is revoked, terminated or cancelled, and a person whose association thereof is revoked, terminated or cancelled, and is no longer associated with any member shall continue to be subject to the filing of a complaint under IEX rules based upon conduct which commenced prior to the effective date of the revocation or

termination. Any such complaint, however, shall be filed within two years after the effective date of resignation, cancellation, termination or revocation.

- (b) A person whose association with an IEX Member has been revoked, terminated or cancelled and is no longer associated with any IEX Member shall continue to be subject to the filing of a complaint under IEX rules based upon conduct that commenced prior to the termination, revocation or cancellation or upon such person's failure, while subject to IEX's jurisdiction to provide information requested by IEX pursuant to IEX rules. Any such complaint shall be filed within:
- (i) two years after the effective date of termination of registration with IEX pursuant to Rule 2.160(r)(1), provided however that any amendment to a notice of termination filed pursuant to Rule 2.160(r)(2) that is filed within two years of the original notice that discloses that such person may have engaged in conduct actionable under any applicable statute, rule, or regulation shall operate to recommence the running of the two-year period under this subsection; or
 - (ii) two years after the effective date of revocation or cancellation of registration pursuant to IEX rules; or in the case of an unregistered person, two years after the date upon which such person ceased to be associated with the member.]