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

File No. * SR 2026 - * 14

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 Rule 11.190(g)

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 04/30/2026

(Title *)

By Claudia Crowley

(Name *)

Chief Regulatory Officer

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: 2026.05.01 10:48:46 -04'00'

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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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 11.190(g)(1) to incrementally optimize the effectiveness of the proprietary mathematical calculation used to make quote instability determinations for certain orders. The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.³

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

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

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

respect to the proposed rule change are complete.

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

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

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

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

a. Purpose

The purpose of the proposed rule change is to amend IEX Rule 11.190(g)(1) to incrementally optimize the proprietary mathematical calculation used to make quote instability determinations for certain orders (i.e., to assess the probability of a “crumbling quote” -- an imminent change to the current Protected NBB⁴ to a lower price or the current Protected NBO⁵ to a higher price for a particular security). This calculation is referred to as the “crumbling quote indicator” or “CQI”. The System⁶ uses the CQI to make quote instability determinations for all Discretionary Limit (“D-Limit”)⁷ and Corporate Discretionary Peg (“C-Peg”)⁸ orders, and for Discretionary Peg (“D-Peg”)⁹ and primary peg (“P-Peg”)¹⁰ orders unless the User¹¹ submitted the D-Peg or P-Peg order

⁴ See IEX Rule 1.160(cc).

⁵ See IEX Rule 1.160(cc).

⁶ See IEX Rule 1.160(nn).

⁷ See IEX Rule 11.190(b)(7).

⁸ See IEX Rule 11.190(b)(16).

⁹ See IEX Rule 11.190(b)(10).

¹⁰ See IEX Rule 11.190(b)(8).

¹¹ See IEX Rule 1.160(qq).

with an instruction that the System apply the Quote Imbalance Indicator¹² instead of the CQI to the order.

Description of CQI Functionality

The Exchange has made incremental changes to optimize and enhance the effectiveness of the CQI in determining whether a crumbling quote exists several times since Exchange launch.¹³ Each change to the CQI was designed to incrementally increase the coverage¹⁴ of the System's quote instability determinations in predicting whether a particular quote is unstable by adjusting the logic underlying the quote instability calculation and introducing enhanced functionality designed to increase the number of crumbling quotes identified, while maintaining the CQI's accuracy rate¹⁵ in predicting the direction and timing of the next price change in the NBB or NBO, as applicable. The incrementally increased coverage is designed to increase protection from adverse selection associated with latency arbitrage during periods of quote instability to applicable D-Limit, C-Peg, D-Peg and P-Peg orders.

The CQI utilizes real time relative quoting activity of certain Protected

¹² See IEX Rule 11.190(g)(2). This rule filing will have no impact on the Quote Imbalance Indicator's inputs or rules.

¹³ See Securities Exchange Act Release 34-78510 (August 9, 2016), 81 FR 54166 (August 15, 2016) (SR-IEX-2016-11); Securities Exchange Act Release No. 80202 (March 10, 2017), 82 FR 14058 (March 16, 2017) (SR-IEX-2017-06); Securities Exchange Act Release No. 83048 (April 13, 2018), 83 FR 17467 (April 19, 2018) (SR-IEX-2018-07); Securities Exchange Act Release No. 96416 (December 1, 2022), 87 FR 75099 (December 7, 2022) (SR-IEX-2022-06); Securities Exchange Act Release No. 99990 (April 18, 2024), 89 FR 31236 (April 24, 2024) (SR-IEX-2024-07).

¹⁴ "Coverage" means the percentage of all "adverse" NBBO changes per symbol (lower for bids, higher for offers) that were predicted by the CQI (meaning the CQI was "on" at the time of the adverse NBBO change).

¹⁵ "Accuracy rate" means the percentage of time that the CQI accurately predicted the direction of the next price change.

Quotations¹⁶ as reference data and a “quote instability calculation” in which nine separate “quote instability rules”¹⁷ – each with specific conditions based on either the price, size, or price and size of the Signal Exchanges to assess the probability of a crumbling quote. Each of these rules can trigger a quote instability determination for either the NBB (for buy orders) the NBO (for sell orders), or both, of a particular security, meaning the System treats the quote as unstable and the CQI is on at that price level for two milliseconds.¹⁸ During all other times, the quote is considered stable, and the CQI is off. The System independently assesses the stability of the Protected NBB and Protected NBO for each security.

The CQI includes four categories of rules designed to predict whether the Protected NBB or Protected NBO is unstable, as follows:

- Disappearing bids (or offers) – This category includes four rules that focus on whether one or more of the Signal Exchanges is no longer disseminating a bid or offer at the Signal Best Bid¹⁹ or Signal Best Offer²⁰ as applicable²¹;

¹⁶ Specifically, IEX utilizes real time relative quoting activity of Protected Quotations from the “Signal Exchanges”, which are the following eleven exchanges: Cboe BZX Exchange (“BATS”), Cboe BYX Exchange (“BATY”), Cboe EDGA Exchange (“EDGA”), Cboe EDGX Exchange (“EDGX”), MIAX Pearl (“EPRL”), MEMX LLC (“MEMX”), the Nasdaq Stock Market (“XNGS”), Nasdaq BX (“XBOS”), Nasdaq PHLX (“XPHL”), the New York Stock Exchange (“XNYS”), and NYSE Arca (“ARCX”). See IEX Rule 11.190(g).

¹⁷ See IEX Rule 11.190(g)(1)(C).

¹⁸ The nine rules are designed to work together in determining whether a quote instability determination is triggered, and all nine rules are applicable to an order subject to the CQI. Users cannot elect that only some of the rules would apply.

¹⁹ “Signal Best Bid” means the highest Protected Bid of the Signal Exchanges. See IEX Rule 11.190(g)(2)(B)(i).

²⁰ “Signal Best Offer” means the lowest Protected Offer of the Signal Exchanges. See IEX Rule 11.190(g)(2)(B)(v).

²¹ See IEX Rule 11.190(g)(2)(C)(i).

- Recent changes in quote size – This category includes two rules that focus on whether there is an imbalance in the size of bids and offers at the Signal Best Bid or Signal Best Offer²²;
- Locked or crossed market – This category includes one rule that focuses on situations where the Signal Best Bid and Signal Best Offer are locked or crossed²³; and
- Quotation Changes – This category includes two rules that focus on changes to the Signal Best Bid or Signal Best Offer.²⁴

On a security-by-security basis, if the specified conditions of any of the quote instability rules are met, then the rule is deemed to be “True” for that security. Each rule also must be active before it can trigger a quote instability determination. When one or more quote instability rules is deemed to be True and any of such rules are active²⁵, the System will treat the quote as unstable.

IEX Rule 11.190(g)(3) provides that IEX reserves the right to modify the quote instability calculations as appropriate, subject to a filing of a proposed rule change with the SEC. Pursuant to this provision, IEX identified a modification to the CQI that it

²² See IEX Rule 11.190(g)(2)(C)(ii).

²³ See IEX Rule 11.190(g)(2)(C)(iii).

²⁴ See IEX Rule 11.190(g)(2)(C)(iv).

²⁵ The Exchange maintains an activation value for each quote instability rule, which is used to determine if each rule is active. Each rule’s activation value is computed (on a security-by-security basis for both the Bid side and the Offer side) in real time as a function of the number of times the quote moves to a less aggressive price within the two milliseconds following the time the rule was True and the total number of times the rule was True. Whenever the activation value for a given rule exceeds a fixed predetermined activation threshold specific to that rule, the rule is active (i.e., it is eligible to trigger a quote instability determination when True). If a rule’s activation value is below its activation threshold, it will not trigger a quote instability determination when True. See IEX Rule 11.190(g)(1)(D) for a description of activation value calculations and functionality.

believes will enhance its effectiveness, as described below.

Proposal

IEX conducted an analysis of the efficacy of CQI in predicting whether a crumbling quote would occur, by reviewing randomly selected market data from January and February 2026. These results were then validated by testing different randomly selected dates from the same time period. Based upon this analysis, IEX proposes to update the Signal Best Bid²⁶ and Signal Best Offer²⁷ reference price definitions to which the CQI rules are applied (and a conforming change to two of the rules) to include IEX's Protected Quotation in addition to the eleven Signal Exchanges' Protected Quotations. As described in more detail below, IEX testing indicates that adding IEX's Protected Quotation to the Signal Best Bid and Signal Best Offer reference price computations would increase the CQI's coverage with comparable accuracy.

Specifically, IEX proposes to add the term "Input Exchanges" to the preamble to IEX Rule 11.190(g), defined as the Signal Exchanges plus IEX. And IEX proposes to modify the definitions of two quote instability variables, Signal Best Bid and Signal Best Offer, so that each definition specifies that for purposes solely of the CQI²⁸, the Signal Best Bid and Signal Best Offer are the highest Protected Bid and lowest Protected Offer, respectively, of the Input Exchanges.

²⁶ Signal Best Bid is currently defined as the highest Protected Bid of the Signal Exchanges. See IEX Rule 11.190(g)(1)(B)(i).

²⁷ Signal Best Offer is currently defined as the lowest Protected Offer of the Signal Exchanges. See IEX Rule 11.190(g)(1)(B)(v).

²⁸ No changes are proposed to the terms "Signal Best Bid" and "Signal Best Offer" as applicable to the Quote Imbalance Indicator, see IEX Rule 11.190(g)(2)(A)(i).

IEX is not proposing any changes to the other values, reference prices, or inputs to the CQI or any substantive changes to its nine quote instability rules. In other words, IEX is merely proposing to update the reference variables Signal Best Bid and Signal Best Offer by adding IEX to the Signal Best Bid and Signal Best Offer. IEX is not proposing to include itself in the Signal Exchanges. Therefore the various CQI rules which assess quoting patterns across the Signal Exchanges would not reflect IEX's quote. These existing CQI rules, which each compare the results of a mathematical calculation to specified reference price variables, will continue to operate in the same manner as currently specified, other than minor conforming change as described below.

The proposed changes to these reference prices used by the CQI are designed to increase the CQI's coverage by accounting for times that IEX's Protected Quotation is at or more aggressive than the highest Protected Bid and/or lowest Protected Offer of the Signal Exchanges. IEX's quote "presence" (i.e., time with a quotation on both sides of the national best bid and national best offer²⁹, or NBBO) has significantly increased in the last few years, and IEX now has a higher quote presence than all but two of the Signal Exchanges.³⁰

Accordingly, IEX believes that including IEX in the Signal Best Bid and Signal Best Offer reference data would enhance coverage of the System's quote instability determinations in predicting whether a particular quote is unstable because it would enable generation of a quote instability determination under additional circumstances,

²⁹ 17 CFR 242.600(b)(60) of Regulation NMS.

³⁰ During the fourth quarter of 2025, in securities comprising the Russell 3000 Index, IEX had a quote on both sides of the NBBO on average 32.7% of the time during regular trading hours (i.e., 9:30 a.m. through 4:00 p.m.).

such as when IEX is one of the Input Exchanges with a quote at the Signal Best Bid or Signal Best Offer and thereby provide greater protection for IEX displayed orders. For example, assume the following:

1. Nasdaq, EDGX, and IEX each have a displayed order at the NBB of 15.10, which is each of their Protected Bid and also the Signal Best Bid.
2. The Nasdaq and EDGX displayed orders move to 15.09, which is now the Signal Best Bid. Although IEX still has a displayed order at 15.10 its quote is not included in the Signal Best Bid so the Signal Best Bid is not at 15.10.
3. CQI Rule DB1 specifies that it will be “true” if Delta Bids is greater than one (1). The Signal will fire if it is true and active.
4. Delta Bids is defined as: number of these three (3) exchanges (BATS, EDGX, and Nasdaq) that had a Protected Bid equal to the Signal Best Bid within the preceding one (1) millisecond (or within the time period since the start time of the current Signal Best Bid if shorter), but for which the exchange’s Protected Bid is no longer equal to the Signal Best Bid.
5. Signal Best Bid is defined as the highest Protected Bid of the Signal Exchanges. It does not include IEX’s Protected Bid under current rules.
6. Under current rules, in the scenario described above, DB1 would not be true because both the Nasdaq and EDGX Protected Bids would be equal to the Signal Best Bid of 15.09, i.e., would not meet the condition that the number of Signal Exchanges that are no longer equal to the Signal Best Bid is more than one. Notwithstanding IEX’s Protected Bid at 15.10, the Signal Best Bid would be 15.09.
7. However, with the proposed change, the Signal Best Bid would include IEX’s Protected Bid at 15.10 and thus the Signal Best Bid would be 15.10. As a result, CQI Rule DB1 would be true because neither the Nasdaq nor EDGX Protected Bid would be equal to the Signal Best Bid. As a result CQI Rule DB1 would be true and fire if active.

IEX's market data analysis evidences that the inclusion of IEX's Protected Quotation in the reference data used by the CQI would result in an incremental enhancement to the efficacy of the CQI, while still being "on" for only small portion of the trading day, as set forth in the chart below:

Chart 1

<u>Metric</u>	<u>CQI</u>	<u>CQI Update</u>
Average time on ^a (average of all symbols)	8.6 seconds	9.7 seconds
Average time on (volume weighted)	86.0 seconds	93.6 seconds
Coverage (volume weighted) ^b	70.1%	75.0%
Accuracy Rate (volume weighted) ^c	67%	68%
% of the Day CQI is "On" (volume-weighted)	0.368%	0.400%
% of the day D-Limit is available at specified limit price	99.632%	99.600%

^a "Time on" means the average time CQI is on during a day per symbol.

^b See supra note 14.

^c "Accuracy" means the percent of time that following CQI being "on" the NBB or NBO (as applicable) moves in the predicted direction on the next price change.

Thus, IEX believes that the proposed change will incrementally enhance the existing protection provided by D-Limit orders by providing greater coverage (i.e., identifying more potentially crumbling quotes) with comparable accuracy.

IEX also estimated the impact of the proposed change on standard limit order executions by simulating the markouts³¹ for such executions had the orders been subject to the protection of the current CQI or the CQI as proposed to be updated ("CQI Update"). Assessment of these executions is designed to simulate differences in adverse selection protection from the current CQI and the CQI Update. As shown in the chart

³¹ Markouts measure the direction and degree to which the market moved after an execution, and are often measured as the difference between the execution price and the midpoint of the NBBO at various time intervals after a trade. Markouts are typically used as a way to measure the "quality" of a trade. In particular, short-term markouts of several milliseconds after the time of execution, are often used to assess whether an order was subject to "adverse selection" that can occur when a liquidity providing order is executed at a price that was about to become stale as a result of certain speed-based trading strategies.

below, both the current CQI and the CQI Update result in substantially improved markouts over executions without CQI protection, but the CQI Update would have provided incrementally enhanced protection compared to the current CQI (as measured by markouts) because it is better at identifying situations when adverse selection is most likely:

Chart 2

CQI vs CQI Update Markout Comparison, Standard Lit Limit Orders (January – February 2026, Trade-to-Mid, % of spread)				
	1 ms ^a	10 ms ^a	100 ms ^a	1000 ms ^a
No CQI Protection	13%	6%	3%	-2%
CQI	27%	22%	18%	12%
CQI Update	32%	26%	21%	15%

^a Measured in milliseconds after trade time

Similarly, IEX believes that the CQI Update will incrementally enhance the existing protection the CQI offers pegged orders by providing greater coverage (i.e., identifying more potentially crumbling quotes) with comparable accuracy. IEX estimated the impact of the CQI Update (compared to the existing CQI) on traditional midpoint order executions by simulating the markouts had the orders been subject to the protection of the current CQI or the CQI Update. Assessment of these executions is designed to simulate differences in adverse selection protection from CQI and CQI Update. As shown in the chart below, both CQI and the CQI Update result in improved markouts over executions without CQI protection, but the CQI Update would have provided incrementally enhanced protection compared to the CQI (as measured by markouts) because it is better at identifying situations when adverse selection is most likely:

Chart 3

CQI vs CQI Update Markout Comparison, Midpoint Peg Orders (January – February 2026, Trade-to-Mid, % of spread)				
	1 ms ^a	10 ms ^a	100 ms ^a	1000 ms ^a
No CQI Protection	0.3%	-0.5%	-1.0%	0.3%
CQI	1.6%	0.9%	0.3%	1.5%
CQI Update	1.7%	1.0%	0.4%	1.6%

^a Measured in milliseconds after trade time

Based on the foregoing, IEX believes that the inclusion of IEX’s Protected Quotation in the Signal Best Bid and Signal Best Offer calculations will incrementally enhance the effectiveness of the CQI in predicting whether a crumbling quote will occur by better reflecting the market activity in a particular security.

Conforming Changes

IEX also proposes to make two conforming changes to the CQI formula set forth in IEX Rule 11.190(g)(1). First, IEX proposes to revise the term “Update”,³² a variable used by the CQI which refers to changes in the price or size of a Signal Exchange’s Protected Bid or Offer. To reflect inclusion of IEX’s Protected Quotation, IEX proposes to modify the definition of Update to specify that for purposes solely of the CQI, “Update” means any change in the price or size of an Input Exchange’s Protected Bid or Offer.³³

Second, IEX proposes to revise two of the disappearing bids (and offers) rules contained in Rule 11.190(g)(1)(C)(i)(c) and (d) as follows (underlined and italicized language proposed to be added):

- Rule DB3 (DO3) assesses whether Delta Bids (Offers) is greater than or equal to (1) one and Bids (Offers) is less than or equal to (1) one. The rule’s

³² See IEX Rule 11.190(g)(1)(B)(vii).

³³ Update is also used by the Quote Imbalance Indicator, see IEX Rule 11.190(g)(2)(A)(i), but the proposed modification to the definition are not applicable to the Quote Imbalance Indicator.

Activation Threshold is 0.30.

- Rule DB4 (DO4) assesses whether Delta Bids (Offers) is greater than or equal to (1) one, Bids (Offers) is *less than or* equal to (1) one, and the product of Signal Best Bid (Offer) and Aggregate Best Bid (Offer) Size is less than \$60,000. The rule's Activation Threshold is 0.30.

These changes are necessitated because, with the inclusion of IEX in the reference variables Signal Best Bid and Signal Best Offer (for the CQI), but not in the reference variables Bids (the number of Signal Exchanges for which the highest Protected Bid is equal to the Signal Best Bid) and Offers (the number of Signal Exchanges for which the lowest Protected Offer is equal to the Signal Best Offer), it is possible that the value of “Bids” or “Offers” will be zero.

Implementation

The Exchange will announce the implementation date of the proposed rule change by Trading Alert at least ten days in advance of such implementation date and within 90 days of effectiveness of this proposed rule change.

b. Statutory Basis

IEX believes that the proposed rule change is consistent with Section 6(b)³⁴ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act,³⁵ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to

³⁴ 15 U.S.C. 78f.

³⁵ 15 U.S.C. 78f(b)(5).

protect investors and the public interest. As discussed in the Purpose section, the proposed change is based on the Exchange's analysis of market data, which supports that the proposed change would incrementally enhance the effectiveness of the CQI in providing protection from adverse selection associated with latency arbitrage during periods of quote instability to applicable D-Limit, C-Peg, D-Peg and P-Peg orders.

Further, as noted in Chart 1 in the Purpose section, IEX expects that the proposed CQI Update would increase CQI's volume-weighted coverage by 4.9% (from 70.1% to 75.0%) with a comparable accuracy rate. Thus, the Exchange believes that the proposed change is consistent with the Act because it is designed to increase the coverage of the CQI, thereby providing additional protection from adverse selection associated with latency arbitrage during periods of quote instability to D-Limit, D-Peg, P-Peg, and C-Peg orders, thus protecting investors and the public interest. Moreover, IEX's market data analysis, as described in the Purpose section supports that with the proposed change, the CQI would be "on" for only a small portion of the trading day while providing robust protection in a narrowly tailored manner that balances the ability of long-term investors to access liquidity in the ordinary course.

Additionally, the Exchange believes that the proposed rule change may result in more and larger sized displayed and non-displayed D-Limit orders, as well as non-displayed D-Peg, P-Peg and C-Peg orders, being entered on IEX as a result of the improved coverage and continued accuracy of the CQI. To the extent more orders are entered, the increased liquidity would benefit all IEX members and their customers. And to the extent that more displayed D-Limit orders are entered, price discovery and price formation will be enhanced on IEX and in the market generally to the benefit of all IEX

Members and market participants. Furthermore, the Exchange notes that all Members and their customers are eligible to use D-Limit, D-Peg, P-Peg and C-Peg orders, and therefore all Members and their customers are eligible to benefit from the proposed enhanced protections against adverse selection provided by the CQI. Thus, the Exchange believes that application of the rule change is equitable and not unfairly discriminatory.

Additionally, the Exchange notes that the CQI is a narrowly tailored fixed formula specified transparently in IEX rules, that was previously approved by the Commission.³⁶ The Exchange is not proposing to add any new functionality, but merely to enhance an SEC approved quote instability calculation as described in the Purpose Section. And as proposed, the CQI will continue to be a narrowly tailored fixed formula specified transparently in IEX's rules. Thus, IEX does not believe that the proposal raises any new or novel issues that have not already been considered by the Commission, in that the CQI functionality was previously approved by the Commission.³⁷

Also, IEX Rule 11.190(g)(3) specifically contemplates that the Exchange will periodically modify the quote instability calculations as appropriate, and the proposed rule change is consistent with this provision.

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. To the contrary, as discussed in the Statutory Basis section, the proposal is designed to enhance competition by incentivizing additional liquidity.

³⁶ See supra note 13.

³⁷ See supra note 13.

With regard to intra-market competition, the proposed changes to the reference data used by the CQI would apply equally to all Members on a fair, impartial and nondiscriminatory basis without imposing any new burdens on the Members because D-Limit, D-Peg, P-Peg and C-Peg orders are each optional order types, and the CQI is one of two choices of Quote Dynamics³⁸ that Members may apply to their eligible pegged orders. The Commission has already approved the CQI³⁹ and as discussed in the Purpose and Statutory Basis sections, the proposed rule change is designed to merely provide a narrowly tailored enhancement; therefore, no new burdens are being proposed.

With regard to inter-market competition, other exchanges are free to adopt similar quote instability calculations subject to the SEC rule filing process. In this regard, the Exchange notes that NYSE American LLC until recently had a “discretionary pegged order type”, see former NYSE American LLC Rule 7.31E(h)(3)(D), which copied an earlier iteration of the Exchange’s quote instability calculation.⁴⁰

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)

³⁸ See IEX Rule 11.190(g).

³⁹ See supra note 13.

⁴⁰ See Securities Exchange Act Release 34-99827 (March 21, 2024), 89 FR 21302 (March 27, 2024) (SR-NYSEAMER-2024-21) (modifying NYSE American’s discretionary pegged order type to remove its quote instability calculation).

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act⁴¹ and paragraph (f)(6) of Rule 19b-4 thereunder.⁴² The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.⁴³

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4⁴⁴ because it would neither significantly affect the protection of investors or the public interest nor impose any significant burden on competition. Rather, the proposed rule change is designed to benefit investors through a minor enhancement to the CQI as described in the Purpose and Statutory Basis sections.

IEX notes that it has previously adopted several rule changes that made other incremental enhancements to the quote instability calculation specified in Rule 11.190(g)(1) through rule filings pursuant to subparagraph (f)(6) of Rule 19b-4.⁴⁵ The Exchange believes that this proposed rule change is comparable or smaller in scope to

⁴¹ 15 U.S.C. 78s(b)(3)(A).

⁴² 17 CFR 240.19b-4(f)(6).

⁴³ 17 CFR 240.19b-4(f)(6)(iii).

⁴⁴ 17 CFR 240.19b-4(f)(6).

⁴⁵ See e.g., supra note 13.

those earlier filings and does not raise any new or novel issues not already considered by the Commission.

Accordingly, the Exchange believes that the proposed rule change is noncontroversial and satisfies the requirements of Rule 19b-4(f)(6).⁴⁶

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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 organization or of the Commission.

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.

⁴⁶ 17 CFR 240.19b-4(f)(6).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 - ; File No. SR-IEX-2026-14)

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IEX Rule 11.190(g)

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 11.190(g)(1) to incrementally optimize the effectiveness of the proprietary mathematical calculation used to make quote instability determinations for certain orders. The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁶

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 17 CFR 240.19b-4(f)(6)(iii).

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 purpose of the proposed rule change is to amend IEX Rule 11.190(g)(1) to incrementally optimize the proprietary mathematical calculation used to make quote instability determinations for certain orders (i.e., to assess the probability of a "crumbling quote" -- an imminent change to the current Protected NBB⁷ to a lower price or the current Protected NBO⁸ to a higher price for a particular security). This calculation is referred to as the "crumbling quote indicator" or "CQI". The System⁹ uses the CQI to make quote instability determinations for all Discretionary Limit ("D-Limit")¹⁰ and Corporate Discretionary Peg ("C-Peg")¹¹ orders, and for

⁷ See IEX Rule 1.160(cc).

⁸ See IEX Rule 1.160(cc).

⁹ See IEX Rule 1.160(nn).

¹⁰ See IEX Rule 11.190(b)(7).

¹¹ See IEX Rule 11.190(b)(16).

Discretionary Peg (“D-Peg”)¹² and primary peg (“P-Peg”)¹³ orders unless the User¹⁴ submitted the D-Peg or P-Peg order with an instruction that the System apply the Quote Imbalance Indicator¹⁵ instead of the CQI to the order.

Description of CQI Functionality

The Exchange has made incremental changes to optimize and enhance the effectiveness of the CQI in determining whether a crumbling quote exists several times since Exchange launch.¹⁶ Each change to the CQI was designed to incrementally increase the coverage¹⁷ of the System’s quote instability determinations in predicting whether a particular quote is unstable by adjusting the logic underlying the quote instability calculation and introducing enhanced functionality designed to increase the number of crumbling quotes identified, while maintaining the CQI’s accuracy rate¹⁸ in predicting the direction and timing of the next price change in the NBB or NBO, as applicable. The incrementally increased coverage is designed to increase protection from adverse selection associated with latency arbitrage during periods of quote instability to applicable D-Limit, C-Peg, D-Peg and P-Peg orders.

¹² See IEX Rule 11.190(b)(10).

¹³ See IEX Rule 11.190(b)(8).

¹⁴ See IEX Rule 1.160(qq).

¹⁵ See IEX Rule 11.190(g)(2). This rule filing will have no impact on the Quote Imbalance Indicator’s inputs or rules.

¹⁶ See Securities Exchange Act Release 34-78510 (August 9, 2016), 81 FR 54166 (August 15, 2016) (SR-IEX-2016-11); Securities Exchange Act Release No. 80202 (March 10, 2017), 82 FR 14058 (March 16, 2017) (SR-IEX-2017-06); Securities Exchange Act Release No. 83048 (April 13, 2018), 83 FR 17467 (April 19, 2018) (SR-IEX-2018-07); Securities Exchange Act Release No. 96416 (December 1, 2022), 87 FR 75099 (December 7, 2022) (SR-IEX-2022-06); Securities Exchange Act Release No. 99990 (April 18, 2024), 89 FR 31236 (April 24, 2024) (SR-IEX-2024-07).

¹⁷ “Coverage” means the percentage of all “adverse” NBBO changes per symbol (lower for bids, higher for offers) that were predicted by the CQI (meaning the CQI was “on” at the time of the adverse NBBO change).

¹⁸ “Accuracy rate” means the percentage of time that the CQI accurately predicted the direction of the next price change.

The CQI utilizes real time relative quoting activity of certain Protected Quotations¹⁹ as reference data and a “quote instability calculation” in which nine separate “quote instability rules”²⁰ – each with specific conditions based on either the price, size, or price and size of the Signal Exchanges to assess the probability of a crumbling quote. Each of these rules can trigger a quote instability determination for either the NBB (for buy orders) the NBO (for sell orders), or both, of a particular security, meaning the System treats the quote as unstable and the CQI is on at that price level for two milliseconds.²¹ During all other times, the quote is considered stable, and the CQI is off. The System independently assesses the stability of the Protected NBB and Protected NBO for each security.

The CQI includes four categories of rules designed to predict whether the Protected NBB or Protected NBO is unstable, as follows:

- Disappearing bids (or offers) – This category includes four rules that focus on whether one or more of the Signal Exchanges is no longer disseminating a bid or offer at the Signal Best Bid²² or Signal Best Offer²³ as applicable²⁴;

¹⁹ Specifically, IEX utilizes real time relative quoting activity of Protected Quotations from the “Signal Exchanges”, which are the following eleven exchanges: Cboe BZX Exchange (“BATS”), Cboe BYX Exchange (“BATY”), Cboe EDGA Exchange (“EDGA”), Cboe EDGX Exchange (“EDGX”), MIAX Pearl (“EPRL”), MEMX LLC (“MEMX”), the Nasdaq Stock Market (“XNGS”), Nasdaq BX (“XBOS”), Nasdaq PHLX (“XPHL”), the New York Stock Exchange (“XNYS”), and NYSE Arca (“ARCX”). See IEX Rule 11.190(g).

²⁰ See IEX Rule 11.190(g)(1)(C).

²¹ The nine rules are designed to work together in determining whether a quote instability determination is triggered, and all nine rules are applicable to an order subject to the CQI. Users cannot elect that only some of the rules would apply.

²² “Signal Best Bid” means the highest Protected Bid of the Signal Exchanges. See IEX Rule 11.190(g)(2)(B)(i).

²³ “Signal Best Offer” means the lowest Protected Offer of the Signal Exchanges. See IEX Rule 11.190(g)(2)(B)(v).

²⁴ See IEX Rule 11.190(g)(2)(C)(i).

- Recent changes in quote size – This category includes two rules that focus on whether there is an imbalance in the size of bids and offers at the Signal Best Bid or Signal Best Offer²⁵;
- Locked or crossed market – This category includes one rule that focuses on situations where the Signal Best Bid and Signal Best Offer are locked or crossed²⁶; and
- Quotation Changes – This category includes two rules that focus on changes to the Signal Best Bid or Signal Best Offer.²⁷

On a security-by-security basis, if the specified conditions of any of the quote instability rules are met, then the rule is deemed to be “True” for that security. Each rule also must be active before it can trigger a quote instability determination. When one or more quote instability rules is deemed to be True and any of such rules are active²⁸, the System will treat the quote as unstable.

IEX Rule 11.190(g)(3) provides that IEX reserves the right to modify the quote instability calculations as appropriate, subject to a filing of a proposed rule change with the SEC. Pursuant to this provision, IEX identified a modification to the CQI that it believes will enhance its effectiveness, as described below.

Proposal

²⁵ See IEX Rule 11.190(g)(2)(C)(ii).

²⁶ See IEX Rule 11.190(g)(2)(C)(iii).

²⁷ See IEX Rule 11.190(g)(2)(C)(iv).

²⁸ The Exchange maintains an activation value for each quote instability rule, which is used to determine if each rule is active. Each rule’s activation value is computed (on a security-by-security basis for both the Bid side and the Offer side) in real time as a function of the number of times the quote moves to a less aggressive price within the two milliseconds following the time the rule was True and the total number of times the rule was True. Whenever the activation value for a given rule exceeds a fixed predetermined activation threshold specific to that rule, the rule is active (i.e., it is eligible to trigger a quote instability determination when True). If a rule’s activation value is below its activation threshold, it will not trigger a quote instability determination when True. See IEX Rule 11.190(g)(1)(D) for a description of activation value calculations and functionality.

IEX conducted an analysis of the efficacy of CQI in predicting whether a crumbling quote would occur, by reviewing randomly selected market data from January and February 2026. These results were then validated by testing different randomly selected dates from the same time period. Based upon this analysis, IEX proposes to update the Signal Best Bid²⁹ and Signal Best Offer³⁰ reference price definitions to which the CQI rules are applied (and a conforming change to two of the rules) to include IEX's Protected Quotation in addition to the eleven Signal Exchanges' Protected Quotations. As described in more detail below, IEX testing indicates that adding IEX's Protected Quotation to the Signal Best Bid and Signal Best Offer reference price computations would increase the CQI's coverage with comparable accuracy.

Specifically, IEX proposes to add the term "Input Exchanges" to the preamble to IEX Rule 11.190(g), defined as the Signal Exchanges plus IEX. And IEX proposes to modify the definitions of two quote instability variables, Signal Best Bid and Signal Best Offer, so that each definition specifies that for purposes solely of the CQI³¹, the Signal Best Bid and Signal Best Offer are the highest Protected Bid and lowest Protected Offer, respectively, of the Input Exchanges.

IEX is not proposing any changes to the other values, reference prices, or inputs to the CQI or any substantive changes to its nine quote instability rules. In other words, IEX is merely proposing to update the reference variables Signal Best Bid and Signal Best Offer by adding IEX to the Signal Best Bid and Signal Best Offer. IEX is not proposing to include itself in the Signal

²⁹ Signal Best Bid is currently defined as the highest Protected Bid of the Signal Exchanges. See IEX Rule 11.190(g)(1)(B)(i).

³⁰ Signal Best Offer is currently defined as the lowest Protected Offer of the Signal Exchanges. See IEX Rule 11.190(g)(1)(B)(v).

³¹ No changes are proposed to the terms "Signal Best Bid" and "Signal Best Offer" as applicable to the Quote Imbalance Indicator, see IEX Rule 11.190(g)(2)(A)(i).

Exchanges. Therefore the various CQI rules which assess quoting patterns across the Signal Exchanges would not reflect IEX's quote. These existing CQI rules, which each compare the results of a mathematical calculation to specified reference price variables, will continue to operate in the same manner as currently specified, other than minor conforming change as described below.

The proposed changes to these reference prices used by the CQI are designed to increase the CQI's coverage by accounting for times that IEX's Protected Quotation is at or more aggressive than the highest Protected Bid and/or lowest Protected Offer of the Signal Exchanges. IEX's quote "presence" (i.e., time with a quotation on both sides of the national best bid and national best offer³², or NBBO) has significantly increased in the last few years, and IEX now has a higher quote presence than all but two of the Signal Exchanges.³³

Accordingly, IEX believes that including IEX in the Signal Best Bid and Signal Best Offer reference data would enhance coverage of the System's quote instability determinations in predicting whether a particular quote is unstable because it would enable generation of a quote instability determination under additional circumstances, such as when IEX is one of the Input Exchanges with a quote at the Signal Best Bid or Signal Best Offer and thereby provide greater protection for IEX displayed orders. For example, assume the following:

1. Nasdaq, EDGX, and IEX each have a displayed order at the NBB of 15.10, which is each of their Protected Bid and also the Signal Best Bid.
2. The Nasdaq and EDGX displayed orders move to 15.09, which is now the Signal Best Bid. Although IEX still has a displayed order at 15.10 its quote is not

³² 17 CFR 242.600(b)(60) of Regulation NMS.

³³ During the fourth quarter of 2025, in securities comprising the Russell 3000 Index, IEX had a quote on both sides of the NBBO on average 32.7% of the time during regular trading hours (i.e., 9:30 a.m. through 4:00 p.m.).

- included in the Signal Best Bid so the Signal Best Bid is not at 15.10.
3. CQI Rule DB1 specifies that it will be “true” if Delta Bids is greater than one (1). The Signal will fire if it is true and active.
 4. Delta Bids is defined as: number of these three (3) exchanges (BATS, EDGX, and Nasdaq) that had a Protected Bid equal to the Signal Best Bid within the preceding one (1) millisecond (or within the time period since the start time of the current Signal Best Bid if shorter), but for which the exchange’s Protected Bid is no longer equal to the Signal Best Bid.
 5. Signal Best Bid is defined as the highest Protected Bid of the Signal Exchanges. It does not include IEX’s Protected Bid under current rules.
 6. Under current rules, in the scenario described above, DB1 would not be true because both the Nasdaq and EDGX Protected Bids would be equal to the Signal Best Bid of 15.09, i.e., would not meet the condition that the number of Signal Exchanges that are no longer equal to the Signal Best Bid is more than one. Notwithstanding IEX’s Protected Bid at 15.10, the Signal Best Bid would be 15.09.
 7. However, with the proposed change, the Signal Best Bid would include IEX’s Protected Bid at 15.10 and thus the Signal Best Bid would be 15.10. As a result, CQI Rule DB1 would be true because neither the Nasdaq nor EDGX Protected Bid would be equal to the Signal Best Bid. As a result CQI Rule DB1 would be true and fire if active.

IEX’s market data analysis evidences that the inclusion of IEX’s Protected Quotation in the reference data used by the CQI would result in an incremental enhancement to the efficacy of the CQI, while still being “on” for only small portion of the trading day, as set forth in the chart below:

Chart 1

<u>Metric</u>	<u>CQI</u>	<u>CQI Update</u>
Average time on ^a (average of all symbols)	8.6 seconds	9.7 seconds
Average time on (volume weighted)	86.0 seconds	93.6 seconds

Coverage (volume weighted) ^b	70.1%	75.0%
Accuracy Rate (volume weighted) ^c	67%	68%
% of the Day CQI is “On” (volume-weighted)	0.368%	0.400%
% of the day D-Limit is available at specified limit price	99.632%	99.600%

^a “Time on” means the average time CQI is on during a day per symbol.

^b See supra note 28.

^c “Accuracy” means the percent of time that following CQI being “on” the NBB or NBO (as applicable) moves in the predicted direction on the next price change.

Thus, IEX believes that the proposed change will incrementally enhance the existing protection provided by D-Limit orders by providing greater coverage (i.e., identifying more potentially crumbling quotes) with comparable accuracy.

IEX also estimated the impact of the proposed change on standard limit order executions by simulating the markouts³⁴ for such executions had the orders been subject to the protection of the current CQI or the CQI as proposed to be updated (“CQI Update”). Assessment of these executions is designed to simulate differences in adverse selection protection from the current CQI and the CQI Update. As shown in the chart below, both the current CQI and the CQI Update result in substantially improved markouts over executions without CQI protection, but the CQI Update would have provided incrementally enhanced protection compared to the current CQI (as measured by markouts) because it is better at identifying situations when adverse selection is most likely:

Chart 2

CQI vs CQI Update Markout Comparison, Standard Lit Limit Orders (January – February 2026, Trade-to-Mid, % of spread)				
	1 ms ^a	10 ms ^a	100 ms ^a	1000 ms ^a
No CQI Protection	13%	6%	3%	-2%

³⁴ Markouts measure the direction and degree to which the market moved after an execution, and are often measured as the difference between the execution price and the midpoint of the NBBO at various time intervals after a trade. Markouts are typically used as a way to measure the “quality” of a trade. In particular, short-term markouts of several milliseconds after the time of execution, are often used to assess whether an order was subject to “adverse selection” that can occur when a liquidity providing order is executed at a price that was about to become stale as a result of certain speed-based trading strategies.

CQI	27%	22%	18%	12%
CQI Update	32%	26%	21%	15%

^a Measured in milliseconds after trade time

Similarly, IEX believes that the CQI Update will incrementally enhance the existing protection the CQI offers pegged orders by providing greater coverage (i.e., identifying more potentially crumbling quotes) with comparable accuracy. IEX estimated the impact of the CQI Update (compared to the existing CQI) on traditional midpoint order executions by simulating the markouts had the orders been subject to the protection of the current CQI or the CQI Update. Assessment of these executions is designed to simulate differences in adverse selection protection from CQI and CQI Update. As shown in the chart below, both CQI and the CQI Update result in improved markouts over executions without CQI protection, but the CQI Update would have provided incrementally enhanced protection compared to the CQI (as measured by markouts) because it is better at identifying situations when adverse selection is most likely:

Chart 3

CQI vs CQI Update Markout Comparison, Midpoint Peg Orders (January – February 2026, Trade-to-Mid, % of spread)				
	1 ms ^a	10 ms ^a	100 ms ^a	1000 ms ^a
No CQI Protection	0.3%	-0.5%	-1.0%	0.3%
CQI	1.6%	0.9%	0.3%	1.5%
CQI Update	1.7%	1.0%	0.4%	1.6%

^a Measured in milliseconds after trade time

Based on the foregoing, IEX believes that the inclusion of IEX's Protected Quotation in the Signal Best Bid and Signal Best Offer calculations will incrementally enhance the effectiveness of the CQI in predicting whether a crumbling quote will occur by better reflecting the market activity in a particular security.

Conforming Changes

IEX also proposes to make two conforming changes to the CQI formula set forth in IEX Rule 11.190(g)(1). First, IEX proposes to revise the term “Update”,³⁵ a variable used by the CQI which refers to changes in the price or size of a Signal Exchange’s Protected Bid or Offer. To reflect inclusion of IEX’s Protected Quotation, IEX proposes to modify the definition of Update to specify that for purposes solely of the CQI, “Update” means any change in the price or size of an Input Exchange’s Protected Bid or Offer.³⁶

Second, IEX proposes to revise two of the disappearing bids (and offers) rules contained in Rule 11.190(g)(1)(C)(i)(c) and (d) as follows (underlined and italicized language proposed to be added):

- Rule DB3 (DO3) assesses whether Delta Bids (Offers) is greater than or equal to (1) one and Bids (Offers) is *less than or* equal to (1) one. The rule’s Activation Threshold is 0.30.
- Rule DB4 (DO4) assesses whether Delta Bids (Offers) is greater than or equal to (1) one, Bids (Offers) is *less than or* equal to (1) one, and the product of Signal Best Bid (Offer) and Aggregate Best Bid (Offer) Size is less than \$60,000. The rule’s Activation Threshold is 0.30.

These changes are necessitated because, with the inclusion of IEX in the reference variables Signal Best Bid and Signal Best Offer (for the CQI), but not in the reference variables Bids (the number of Signal Exchanges for which the highest Protected Bid is equal to the Signal Best Bid) and Offers (the number of Signal Exchanges for which the lowest Protected Offer is equal to the Signal Best Offer), it is possible that the value of “Bids” or “Offers” will be zero.

Implementation

The Exchange will announce the implementation date of the proposed rule change by

³⁵ See IEX Rule 11.190(g)(1)(B)(vii).

³⁶ Update is also used by the Quote Imbalance Indicator, see IEX Rule 11.190(g)(2)(A)(i), but the proposed modification to the definition are not applicable to the Quote Imbalance Indicator.

Trading Alert at least ten days in advance of such implementation date and within 90 days of effectiveness of this proposed rule change.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with Section 6(b)³⁷ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act,³⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. As discussed in the Purpose section, the proposed change is based on the Exchange's analysis of market data, which supports that the proposed change would incrementally enhance the effectiveness of the CQI in providing protection from adverse selection associated with latency arbitrage during periods of quote instability to applicable D-Limit, C-Peg, D-Peg and P-Peg orders.

Further, as noted in Chart 1 in the Purpose section, IEX expects that the proposed CQI Update would increase CQI's volume-weighted coverage by 4.9% (from 70.1% to 75.0%) with a comparable accuracy rate. Thus, the Exchange believes that the proposed change is consistent with the Act because it is designed to increase the coverage of the CQI, thereby providing additional protection from adverse selection associated with latency arbitrage during periods of quote instability to D-Limit, D-Peg, P-Peg, and C-Peg orders, thus protecting investors and the public interest. Moreover, IEX's market data analysis, as described in the Purpose section

³⁷ 15 U.S.C. 78f.

³⁸ 15 U.S.C. 78f(b)(5).

supports that with the proposed change, the CQI would be “on” for only a small portion of the trading day while providing robust protection in a narrowly tailored manner that balances the ability of long-term investors to access liquidity in the ordinary course.

Additionally, the Exchange believes that the proposed rule change may result in more and larger sized displayed and non-displayed D-Limit orders, as well as non-displayed D-Peg, P-Peg and C-Peg orders, being entered on IEX as a result of the improved coverage and continued accuracy of the CQI. To the extent more orders are entered, the increased liquidity would benefit all IEX members and their customers. And to the extent that more displayed D-Limit orders are entered, price discovery and price formation will be enhanced on IEX and in the market generally to the benefit of all IEX Members and market participants. Furthermore, the Exchange notes that all Members and their customers are eligible to use D-Limit, D-Peg, P-Peg and C-Peg orders, and therefore all Members and their customers are eligible to benefit from the proposed enhanced protections against adverse selection provided by the CQI. Thus, the Exchange believes that application of the rule change is equitable and not unfairly discriminatory.

Additionally, the Exchange notes that the CQI is a narrowly tailored fixed formula specified transparently in IEX rules, that was previously approved by the Commission.³⁹ The Exchange is not proposing to add any new functionality, but merely to enhance an SEC approved quote instability calculation as described in the Purpose Section. And as proposed, the CQI will continue to be a narrowly tailored fixed formula specified transparently in IEX’s rules. Thus, IEX does not believe that the proposal raises any new or novel issues that have not already been considered by the Commission, in that the CQI functionality was previously approved by the

³⁹ See supra note 1616.

Commission.⁴⁰

Also, IEX Rule 11.190(g)(3) specifically contemplates that the Exchange will periodically modify the quote instability calculations as appropriate, and the proposed rule change is consistent with this provision.

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. To the contrary, as discussed in the Statutory Basis section, the proposal is designed to enhance competition by incentivizing additional liquidity.

With regard to intra-market competition, the proposed changes to the reference data used by the CQI would apply equally to all Members on a fair, impartial and nondiscriminatory basis without imposing any new burdens on the Members because D-Limit, D-Peg, P-Peg and C-Peg orders are each optional order types, and the CQI is one of two choices of Quote Dynamics⁴¹ that Members may apply to their eligible pegged orders. The Commission has already approved the CQI⁴² and as discussed in the Purpose and Statutory Basis sections, the proposed rule change is designed to merely provide a narrowly tailored enhancement; therefore, no new burdens are being proposed.

With regard to inter-market competition, other exchanges are free to adopt similar quote instability calculations subject to the SEC rule filing process. In this regard, the Exchange notes that NYSE American LLC until recently had a “discretionary pegged order type”, see former

⁴⁰ See supra note 16.

⁴¹ See IEX Rule 11.190(g).

⁴² See supra note 16.

NYSE American LLC Rule 7.31E(h)(3)(D), which copied an earlier iteration of the Exchange's quote instability calculation.⁴³

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)⁴⁴ of the Act and Rule 19b-4(f)(6)⁴⁵ 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 the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4⁴⁶ because it would neither significantly affect the protection of investors or the public interest nor impose any significant burden on competition. Rather, the proposed rule change is designed to benefit investors through a minor enhancement to the CQI to incrementally optimize the proprietary mathematical calculation used to make quote instability determinations for certain orders, as described herein.

IEX notes that it has previously adopted several rule changes that made other incremental enhancements to the quote instability calculation specified in Rule 11.190(g)(1) through rule

⁴³ See Securities Exchange Act Release 34-99827 (March 21, 2024), 89 FR 21302 (March 27, 2024) (SR-NYSEAMER-2024-21) (modifying NYSE American's discretionary pegged order type to remove its quote instability calculation).

⁴⁴ 15 U.S.C. 78s(b)(3)(A).

⁴⁵ 17 CFR 240.19b-4(f)(6).

⁴⁶ 17 CFR 240.19b-4(f)(6).

filings pursuant to subparagraph (f)(6) of Rule 19b-4.⁴⁷ The Exchange believes that this proposed rule change is comparable or smaller in scope to those earlier filings and does not raise any new or novel issues not already considered by the Commission.

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)⁴⁸ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-IEX-2026-13 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.

⁴⁷ See e.g., *supra* note 16.

⁴⁸ 15 U.S.C. 78s(b)(2)(B).

All submissions should refer to file number SR-IEX-2026-13. 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-2026-13 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.⁴⁹

Sherry R. Haywood,

Assistant Secretary.

⁴⁹ 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Change

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

INVESTORS EXCHANGE RULE BOOK

CHAPTER 11. TRADING RULES

Rule 11.190. Orders and Modifiers

(a)-(f) No change.

(g) Quote Dynamics

The Exchange utilizes real time relative quoting activity of Protected Quotations from eleven exchanges (ARCX, BATY, BATS, EDGA, EDGX, EPRL, MEMX, XBOS, XNGS, XNYS, XPHL) referred to as “Signal Exchanges”, and, as specified, the Exchange’s own Protected Quotation (collectively, with the Signal Exchanges, referred to as the “Input Exchanges”) to: (i) make quote instability determinations, as set forth in subparagraph (1) of Rule 11.190(g); or (ii) make quote imbalance determinations, as set forth in subparagraph (2) of IEX Rule 11.190(g).

- (1) Quote Instability. The Exchange utilizes nine proprietary mathematical calculations (“the Quote Instability Rules”) to assess the probability of an imminent change to the current Protected NBB to a lower price or a Protected NBO to a higher price for a particular security. Each Quote Instability Rule independently assesses the probability of an imminent change to the current Protected NBB to a lower price or Protected NBO to a higher price for a particular security. When the quoting activity meets one or more Quote Instability Rule’s predefined criteria and that Quote Instability Rule’s current activation value pursuant to this IEX Rule 11.190(g)(1) (“Activation Value”) is greater than the Exchange’s defined threshold (“Activation Threshold”) for that Quote Instability Rule, the System treats the quote as not stable (“quote instability” or a “crumbling quote”). For each Quote Instability Rule, the Activation Value is initialized at 0.5 at the start of the Regular Session and updated during regular market hours as described in this IEX Rule 11.190(g)(1). During all other times, the quote is considered stable (“quote stability”).

When the System determines that either the Protected NBB or the Protected NBO in a particular security is unstable, the determination remains in effect at that price

level for two (2) milliseconds (a “Quote Instability Determination”). Quote Instability Determinations are made separately for the Protected NBB and Protected NBO, so it is possible for zero, one or both of the Protected NBB and Protected NBO to be subject to a quote instability determination concurrently. A new Quote Instability Determination may be made after at least 250 microseconds has elapsed since a preceding Quote Instability Determination on the same side of the market in a particular security (i.e., Protected NBB or Protected NBO). If a new Quote Instability Determination is made, the Quote Instability Determination will be extended and in effect until two (2) milliseconds after the new Quote Instability Determination. Quote instability is determined by the System when:

- (A) The conditions set forth in one or more of the Quote Instability Rules are met and that Quote Instability Rule’s current Activation Value is greater than its Activation Threshold.
- (B) Quote Stability Variables. The Exchange uses the quote stability variables defined below to calculate whether the conditions set forth in each Quote Instability Rule set forth in subparagraph (1)(C) of this IEX Rule 11.190(g) are met.
 - (i) “Signal Best Bid” means the highest Protected Bid of the Signal Exchanges, and for purposes solely of subparagraph (1) of Rule 11.190(g), means the highest Protected Bid of the Input Exchanges.
 - (ii) “Signal Exchange’s Best Bid Size” means the total shares (measured in round lot multiples) of a Signal Exchange displayed at the Signal Exchange’s Protected Bid.
 - (iii) “Aggregate Best Bid Size” means the aggregate total shares (measured in round lot multiples) of the Signal Exchanges displayed at the Signal Best Bid.
 - (iv) “Bids” means the number of Signal Exchanges for which the highest Protected Bid is equal to the Signal Best Bid.
 - (v) “Signal Best Offer” means the lowest Protected Offer of the Signal Exchanges, and for purposes solely of subparagraph (1) of Rule 11.190(g), means the lowest Protected Offer of the Input Exchanges.
 - (vi) “Signal Exchange’s Best Offer Size” means the total shares (measured in round lot multiples) of a Signal Exchange displayed at the Signal Exchange’s Protected Offer.
 - (vii) “Update” means any change to either the price or size of a Signal Exchange’s Protected Bid or Offer, including a change to the quote

condition of a Signal Exchange's Protected Bid or Protected Offer. For purposes solely of subparagraph (1) of Rule 11.190(g), "Update" means any change to either the price or size of an Input Exchange's Protected Bid or Offer, including a change to the quote condition of an Input Exchange's Protected Bid or Protected Offer.

- (viii) "Aggregate Best Offer Size" means the aggregate total shares (measured in round lot multiples) of the Signal Exchanges displayed at the Signal Best Offer.
- (ix) "Offers" means the number of Signal Exchanges for which the lowest Protected Offer is equal to the Signal Best Offer.
- (x) "Delta Bids" means the number of these three (3) exchanges (BATS, EDGX, and XNGS) that had a Protected Bid equal to the Signal Best Bid within the preceding one (1) millisecond (or within the time period since the start time of the current Signal Best Bid if shorter), but for which the exchange's Protected Bid is no longer equal to the Signal Best Bid.
- (xi) "Delta Offers" means the number of these three (3) exchanges (BATS, EDGX, and XNGS) that had a Protected Offer equal to the Signal Best Offer within the preceding one (1) millisecond (or within the time period since the start time of the current Signal Best Offer if shorter), but for which the exchange's Protected Offer is no longer equal to the Signal Best Offer.
- (xii) "Bid Pressure" means the number of Updates in the preceding two (2) millisecond period (or within the time period since the start time of the current Signal Best Bid if shorter) in which one or more of the following four events occurred at one or more of the Signal Exchanges:
 - (a) The Signal Exchange's Protected Bid decreased, and its prior value was greater than or equal to the Signal Best Bid minus the Signal Spread;
 - (b) The Signal Exchange's Protected Offer decreased, and its current value is less than or equal to the Signal Best Offer plus the Signal Spread;
 - (c) The Signal Exchange's Best Bid Size decreased in size without a change to the price of the Signal Exchange's Protected Bid, which is greater than or equal to the Signal Best Bid minus the Signal Spread; or
 - (d) The Signal Exchange's Best Offer Size increased in size without a

change to the price of the Signal Exchange's Protected Offer, which is less than or equal to the Signal Best Offer plus the Signal Spread.

- (xiii) "Offer Pressure" means the number of Updates in the preceding two (2) millisecond period (or within the time period since the start time of the current Signal Best Offer if shorter) in which one or more of the following four events occurred at any of the Signal Exchanges:
- (a) The Signal Exchange's Protected Offer increased, and its prior value was less than or equal to the Signal Best Offer plus the Signal Spread;
 - (b) The Signal Exchange's Protected Bid increased, and its current value is greater than or equal to the Signal Best Bid minus the Signal Spread;
 - (c) The Signal Exchange's Best Offer Size decreased in size without a change to the price of the Signal Exchange's Protected Offer, which is less than or equal to the Signal Best Offer plus the Signal Spread; or
 - (d) The Signal Exchange's Best Bid Size increased in size without any change to the price of the Signal Exchange's Protected Bid, which is greater than or equal to the Signal Best Bid minus the Signal Spread.
- (xiv) "Signal Spread" means the Signal Best Offer minus the Signal Best Bid.
- (xv) "Signal Spread Bin Value" means the Signal Spread, rounded down to a full cent and restricted to a value between \$0.00 and \$0.04 so that values greater than \$0.04 are assigned a Signal Spread Bin Value of \$0.04 and values at or below \$0.00 are assigned a Signal Spread Bin Value of \$0.00.
- (xvi) "Lookback Average Signal Spread Bin Value" means the average of the Signal Spread Bin Value over the past twenty Updates.
- (xvii) "Previous Signal Best Bid" means the Signal Best Bid as of the last Update.
- (xviii) "Previous Aggregate Best Bid Size" means the aggregate total shares displayed among Signal Exchanges at the Previous Best Bid as of the last Update.

- (xix) “Previous Signal Best Offer” means the Signal Best Offer as of the last Update.
 - (xx) “Previous Aggregate Best Offer Size” means the aggregate total shares displayed among Signal Exchanges at the Previous Best Offer as of the last Update.
- (C) Quote Instability Rules. The four (4) categories of rules designed to predict whether the Protected NBB (NBO) is unstable are set forth below. A determination that the Protected NBB for a particular security is unstable does not impact the System’s ability to determine that the Protected NBO for that same security is also unstable, and vice versa.
- (i) Disappearing bids (or offers) rules:
 - (a) Rule DB1 (DO1) assesses whether Delta Bids (Offers) is greater than (1) one. The rule’s Activation Threshold is 0.30.
 - (b) Rule DB2 (DO2) assesses whether Delta Bids (Offers) is greater than (1) one and the product of Signal Best Bid (Offer) and Aggregate Best Bid (Offer) Size is less than \$60,000. The rule’s Activation Threshold is 0.30.
 - (c) Rule DB3 (DO3) assesses whether Delta Bids (Offers) is greater than or equal to (1) one and Bids (Offers) is less than or equal to (1) one. The rule’s Activation Threshold is 0.30.
 - (d) Rule DB4 (DO4) assesses whether Delta Bids (Offers) is greater than or equal to (1) one, Bids (Offers) is less than or equal to (1) one, and the product of Signal Best Bid (Offer) and Aggregate Best Bid (Offer) Size is less than \$60,000. The rule’s Activation Threshold is 0.30.
 - (ii) Recent changes in quote size rules:
 - (a) Rule SB1 (SO1) assesses whether Bids (Offers) is less than or equal to (1) one, Bid (Offer) Pressure is greater than or equal to Offer (Bid) Pressure, Aggregate Best Offer (Bid) Size is greater than Aggregate Best Bid (Offer) Size, and Bid (Offer) Pressure is greater than (2) two. The rule’s Activation Threshold is 0.30.
 - (b) Rule SB2 (SO2) assesses whether Bids (Offers) is less than or equal to (1) one, Bid (Offer) Pressure is greater than or equal to Offer (Bid) Pressure, Aggregate Best Offer (Bid) Size is

greater than Aggregate Best Bid (Offer) Size, Bid (Offer) Pressure is greater than (1) one, and Signal Spread Bin Value is less than Lookback Average Signal Spread Bin Value. The rule's Activation Threshold is 0.30.

(iii) Locked or crossed market rules:

- (a) Rule LB (LO) assesses whether either of the following conditions are met: (A) Signal Best Offer (Bid) is less than (greater than) Previous Signal Best Offer (Bid) and Signal Best Bid is greater than or equal to Signal Best Offer; or (B) Aggregate Best Offer (Bid) Size is greater than Previous Aggregate Best Offer (Bid) Size, Aggregate Best Offer (Bid) Size is greater than Aggregate Best Bid (Offer) Size, and Signal Best Bid is greater than or equal to Signal Best Offer. The rule's Activation Threshold is 0.

(iv) Quotation change rules:

- (a) Rule FB1 (FO1) assesses whether Signal Best Bid (Offer) is greater than Previous Signal Best Bid (Offer). The rule's Activation Threshold is 0.50.
- (b) Rule FB2 (FO2) assesses whether Signal Best Bid (Offer) is less than Previous Signal Best Bid (Offer). The rule's Activation Threshold is 0.50.

(D) Activation Value.

(i) No change.

- (a) No change.

(ii) No change.

- (2) Quote Imbalance. The Exchange utilizes three proprietary mathematical calculations ("the Quote Imbalance Rules") to identify whether there is a quote imbalance in a security. When one or more of the Quote Imbalance Rule's predefined criteria is satisfied, the System treats the quote as imbalanced ("quote imbalance"). During all other times, the quote is considered balanced ("quote balance"). The System will continually evaluate whether there is a quote imbalance for any symbol. When the predefined criteria for all three of the Quote Imbalance Rules are no longer satisfied, the System will no longer treat the quote as imbalanced.

- (A) Quote Imbalance Variables. The Exchange uses the quote imbalance variables defined below to calculate whether the conditions set forth in each Quote Imbalance Rule are met when making quote imbalance determinations.
- (i) The terms “Signal Best Bid”, “Signal Best Offer”, “Aggregate Best Bid Size”, “Aggregate Best Offer Size”, “Previous Aggregate Best Bid Size”, “Previous Aggregate Best Offer Size”, “Previous Signal Best Bid”, “Previous Signal Best Offer”, “Signal Spread”, and “Update” have the meanings set forth in IEX Rule 11.190(g)(1)(B).
 - (ii) “Signal Bid Delta” is determined based on the relationship between the Signal Best Bid and the Previous Signal Best Bid. Specifically:
 - (a) If the Signal Best Bid is greater than the Previous Signal Best Bid, then the Signal Bid Delta is equal to the Aggregate Best Bid Size.
 - (b) If the Signal Best Bid is less than the Previous Signal Best Bid, then the Signal Bid Delta is equal to the Previous Aggregate Best Bid Size times negative one (1) (i.e., the negative value of the Previous Aggregate Best Bid Size).
 - (c) If the Signal Best Bid is equal to the Previous Signal Best Bid, then the Signal Bid Delta is equal to the Aggregate Best Bid Size minus the Previous Aggregate Best Bid Size.
 - (iii) “Signal Offer Delta” is calculated based on the relationship between the Signal Best Offer and the Previous Signal Best Offer. Specifically:
 - (a) If the Signal Best Offer is less than the Previous Signal Best Offer, then the Signal Offer Delta is equal to the Aggregate Best Offer Size.
 - (b) If the Signal Best Offer is greater than the Previous Signal Best Offer, then the Signal Offer Delta is equal to the Previous Aggregate Best Offer Size times negative one (1) (i.e., the negative value of the Previous Aggregate Best Offer Size).
 - (c) If the Signal Best Offer is equal to the Previous Signal Best

Offer, then the Signal Offer Delta is equal to the Aggregate Best Offer Size minus the Previous Aggregate Best Offer Size.

- (iv) “Lookback Window” means: (i) the preceding 10 milliseconds if the Signal Spread is less than or equal to one cent (\$0.01); or (ii) the preceding 100 milliseconds if the Signal Spread is greater than one cent (\$0.01).
- (v) “Bid Imbalance” is equal to the Signal Offer Delta minus the Signal Bid Delta. Bid Imbalance is measured each time there is a Update to the Quote during the Lookback Window.
- (vi) “Signal Bid Delta Imbalance” is equal to the sum of the Bid Imbalance values calculated during the Lookback Window (considering only up to a maximum of the most recent 128 Updates during the Lookback Window).
- (vii) “Offer Imbalance” is equal to the Signal Bid Delta minus the Signal Offer Delta. Offer Imbalance is measured each time there is an Update to the Quote during the Lookback Window.
- (viii) “Signal Offer Delta Imbalance” is equal to the sum of the Offer Imbalance values calculated during the Lookback Window (considering only up to a maximum of the most recent 128 QI Updates during the Lookback Window).
- (ix) “Delta Imbalance Threshold” is equal to twenty (20) times round lot multiples if the Signal Spread is less than or equal to one cent (\$0.01) or is equal to zero (0) if the Signal Spread is greater than one cent (\$0.01).
- (x) “Bid Book Skew” is equal to the logarithm of the Aggregate Best Offer Size minus the logarithm of the Aggregate Best Bid Size.
- (xi) “Offer Book Skew” is equal to the logarithm of the Aggregate Best Bid Size minus the logarithm of the Aggregate Best Offer Size.
- (xii) “Book Skew Imbalance Threshold” is equal to 0.4 if the Signal Spread is less than or equal to one cent (\$0.01) or is equal to 0.7 if the Signal Spread is greater than one cent (\$0.01).

(B) Quote Imbalance Rules. The three rules designed to identify whether a

quote is imbalanced are set forth below. A determination that the Protected NBB for a particular security is imbalanced does not impact the System's ability to determine that the Protected NBO for that same security is also imbalanced, and vice versa.

- (i) Rule Bid (Offer) BS indicates a period of quote imbalance if the Bid (Offer) Book Skew is greater than the Book Skew Imbalance Threshold.
 - (ii) Rule Bid (Offer) OFI indicates a period of quote imbalance if the Signal Bid (Offer) Delta Imbalance is greater than the Delta Imbalance Threshold.
 - (iii) Rule Bid (Offer) MS indicates a period of quote imbalance if the product of the Signal Best Bid (Offer) and the Aggregate Best Bid (Offer) Size is less than one thousand dollars (\$1,000).
- (3) No change.
