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

File No. * SR 2026 - * 27

Amendment No. (req. for Amendments *)

Filing by Investors' Exchange LLC

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

Initial *

☒

Amendment *

☐

Withdrawal

☐

Section 19(b)(2) *

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Section 19(b)(3)(A) *

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Section 19(b)(3)(B) *

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Pilot

☐Extension of Time Period for
Commission Action *☐

Date Expires *

Rule

☐

19b-4(f)(1)

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19b-4(f)(4)

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19b-4(f)(2)

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19b-4(f)(5)

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19b-4(f)(3)

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19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐Security-Based Swap Submission pursuant to the
Securities Exchange Act of 1934

Section 3C(b)(2) *

☐

Exhibit 2 Sent As Paper Document

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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 Enhance Certain Aspects of the Activity-Based Risk Controls Applicable to IEX Options Members set forth in IEX Rule 22.250, and to make conforming and typo clean-up changes to IEX Rules 22.250 and 22.260

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

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Fax

SignaturePursuant 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

08/13/2026

(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
CROWLEYDigitally signed by CLAUDIA
OZAROFF CROWLEY
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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 * AddRemoveView Activity Based Risk Control changes 1	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 * AddRemoveView Activity Based Risk Control changes E	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 * AddRemoveView	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 AddRemoveView	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 AddRemoveView	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 AddRemoveView	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 AddRemoveView Activity Based Risk Control changes E	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 AddRemoveView	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 rule change proposal to enhance certain aspects of the Activity-Based Risk Controls applicable to IEX Options Members³ set forth in IEX Rule 22.250, and to make conforming and typo clean-up changes to IEX Rules 22.250 and 22.260. The Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act⁴ and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.⁵

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Rule 17.100.

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4.

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

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

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

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

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

a. Purpose

On September 18, 2025, the Commission approved IEX's proposal to adopt rules governing the trading of options on the Exchange in a new facility called "IEX Options";⁶ IEX Options has announced its plan to commence trading options on October 2, 2026.⁷ Pursuant to Rule 22.250, all Options Members are able to establish certain risk control parameters and limits that are designed to assist them in managing their market risk. IEX proposes to enhance certain aspects of these risk controls, as described below. Each of these proposed amendments is based on functionality offered on at least one other options market,⁸ and the Exchange has designated this rule change as "non-controversial" under Section 19(b)(3)(A) of the Act⁹ and provided the Commission with

⁶ See Securities Exchange Act Release No. 103998 (September 18, 2025), 90 FR 45861 (September 23, 2025) (SR-IEX-2025-02) (Commission order approving a Proposed Rule Change, as Modified by Amendment No. 3, to Adopt Rules To Govern the Trading of Options on the Exchange for a New Facility Called IEX Options).

⁷ See <https://www.iex.io/options/resources#important-dates>.

⁸ See *infra* notes 32, 37, 39, 41, 45 and 46.

⁹ 15 U.S.C. 78s(b)(3)(A).

the notice required by Rule 19b-4(f)(6) thereunder.¹⁰

Background

IEX's risk controls are designed to offer all IEX Options Members protection from entering orders outside of certain size and price parameters, as well as certain standard or Exchange-established parameters based on order type and market conditions. IEX Options will offer three categories of risk controls: Pre-Trade, Activity-Based, and Global Risk Controls.¹¹ The risk controls may be set at the MPID¹² or MPID Group¹³ level, or both, depending on the risk control. Once an Options Member sets a risk control, the setting remains in effect indefinitely, until changed by the Options Member.¹⁴ The risk controls offered by the Exchange are meant to supplement, and not replace, the Options Member's own internal systems, monitoring, and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Act. Responsibility for compliance with all Exchange and Commission rules remains with the Options Member.¹⁵

The Pre-Trade Risk Controls are a set of optional limits, each of which an Options Member may utilize with respect to its trading activity on the Exchange. An order or quote that breaches a Pre-Trade Risk Control is canceled or rejected, as set forth in Rule 22.250(c)(1)(A). The Pre-Trade Risk Controls include controls related to the maximum dollar amount for a single order to be applied one time and the maximum number of

¹⁰ 17 CFR 240.19b-4.

¹¹ See Rule 22.250 (Pre-Trade and Activity-Based Risk Controls).

¹² See Rule 17.100.

¹³ See Rule 22.250(a)(5).

¹⁴ Risk control settings may be changed at the beginning of a trading day. See Rule 22.250(b)(1).

¹⁵ See Supplementary Material .01 to Rule 22.250.

contracts that may be included in a single order before it can be traded.¹⁶ Additionally, there are optional controls related to the price of an order or quote (including percentage-based and dollar-based controls), controls related to the order types or modifiers that can be utilized, controls to restrict the options classes transacted, and controls to prohibit duplicative orders.¹⁷ Pre-Trade Risk Controls to restrict the options class(es) transacted must be set per options class.¹⁸

The Activity-Based Risk Controls are a set of optional controls, each of which an Options Member may apply to orders and quotes in an options class, based on specified thresholds measured over the course of a configurable time period (“Interval”).¹⁹ The Activity-Based Risk Controls provide Options Members a means of managing their order and execution risk in a manner consistent with the Options Member’s risk tolerance. If an Activity-Based Risk Control is breached for a particular class of options, the Exchange will either notify the Options Member of the breach, block all incoming orders and quotes from that Options Member in that options class, or cancel all unexecuted orders and quotes for that class in addition to blocking incoming orders and quotes.²⁰

When acting as a Market Maker, an Options Member is required to select at least one of the Activity-Based Risk Controls.²¹ IEX Options offers the following Activity-Based Risk Controls, each of which can be configured by the Options Member: (i)

¹⁶ See Rule 22.250(a)(1)(A).

¹⁷ Id.

¹⁸ See Rule 22.250(b)(2).

¹⁹ The Exchange will specify the Interval by Trading Alert, provided that generally the Interval will not be less than 100 milliseconds or greater than 300,000 milliseconds, inclusive of the duration of any trading halt occurring within that time. See Rule 22.250(c)(2)(F)(i).

²⁰ See Rule 22.250(c)(2)(C).

²¹ See Rule 22.250(c)(2)(A).

transaction-based risk limits, which are pre-established limits on the number of an Options Member's orders and quotes executed in a specified class of options per Interval; (ii) volume-based risk limits, which are pre-established limits on the number of contracts of an Options Member's orders and quotes that can be executed in a specified class of options per Interval; and (iii) percentage-based risk limits, which are pre-established limits on the percentage of contracts executed in a specified class of options as measured against the full size of an Options Member's orders and quotes executed per Interval.

As provided in Rule 22.250(c)(2)(E), the Exchange will specify by Trading Alert any applicable minimum, maximum, and/or default settings for the Activity-Based Risk Controls, subject to the following: i) the transaction-based risk limit must be a value between one and 2,000 transactions; ii) the volume-based risk limit must be a value between one and 500,000 contracts; and iii) the percentage-based risk limit must be a value between 50 and 200,000 percent.²² To determine when an Activity-Based Risk Control's limit has been breached, the Exchange maintains a trade counter that is incremented every time an order or quote in the applicable MPID trades during the Interval and will aggregate the number of contracts traded during each such execution.²³

The third risk control, Global Risk Controls, are pre-established limits on the number of times an Options Member may breach its Activity-Based risk controls per Interval. If an Options Member breaches its Global Risk Control, the Exchange will cancel and block all orders and quotes of the Options Member in all classes of options regardless of which class(es) of options caused the underlying breach of Activity-Based

²² See Rule 22.250(c)(2)(E).

²³ See Rule 22.250(c)(2)(B). An Options Member may opt to exclude any orders designated IOC from being considered by a trade counter. Id.

Risk Controls.²⁴ The Exchange will specify by Trading Alert any applicable minimum, maximum and/or default settings for the Global Risk Control, provided that the minimum setting will not be less than 25 breaches and the maximum setting will not be more than 100 breaches.²⁵ The Exchange will also specify by Trading Alert the Interval for the Global Risk Controls, provided that the minimum setting will not be less than 100 milliseconds and the maximum setting will not be more than 300,000 milliseconds.²⁶

IEX Options also offers a Kill Switch, which allows Options Members to either cancel all unexecuted orders and quotes in the IEX Options Book; block the entry of any new order and quote messages and related instructions; or both.²⁷ Options Members may direct the Exchange to apply the Kill Switch to orders and quotes at either an MPID or MPID Group level.²⁸

Proposal

First, IEX proposes to modify its Activity-Based Risk Controls to allow Options Members the option of setting a Priority Customer²⁹ Multiplier, which will be applied to the trade counter used by the Activity-Based Risk Controls applied to that Options Member's trades against Priority Customer Orders. The Priority Customer Multiplier

²⁴ See Rule 22.250(c)(3)(A) & (B).

²⁵ See Rule 22.250(c)(3)(C).

²⁶ See Rule 22.250(c)(3)(D)(i).

²⁷ See Rule 22.250(e)(1) and (2). Note that even after receiving a Kill Switch instruction to block new order and quote messages, the Exchange will continue to accept instructions from the Options Member to cancel one or more orders or quotes.

²⁸ See Rule 22.250(e)(1) and (2).

²⁹ A Priority Customer is any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional (which is defined as any person or entity that is not a broker or dealer in securities who places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account). See Rule 17.100.

may be set at a value between 0% and 100%.³⁰ By setting the Priority Customer Multiplier at a value less than 100%, the Options Member is instructing the Exchange to give less weight to trades with Priority Customers when determining if an Activity-Based Risk Control has been breached. The following two examples demonstrate how the Priority Customer Multiplier would operate:

Example 1

- Firm A applies the volume-based risk limit to its orders and quotes in AAPL options contracts for MPID ABCD.
- The risk control applied to MPID ABCD has the following settings: (i) volume-based risk limit = 100 contracts; (ii) Interval = 60,000 milliseconds (1 minute); and (iii) Priority Customer Multiplier = 100%.
- During a one-minute Interval of trading, MPID ABCD executes 80 contracts against Priority Customer orders, followed by executing 30 contracts against a subsequent Professional order.
- The counter applies the Priority Customer Multiplier to the applicable 80 contracts upon execution, and counts them as 80 contracts executed in fewer than 60 seconds. At this time, no breach has occurred. When the execution against the Professional order occurs, the counter then adds those 30 contracts executed to the 80 contracts already counted, which results in a count of 110 contracts executed in fewer than 60 seconds. The Activity-Based Risk Control is breached.

Example 2

- Firm A applies the volume-based risk limit to its orders and quotes in AAPL options contracts for MPID ABCD.
- The risk control applied to MPID ABCD has the following settings: (i) volume-based risk limit = 100 contracts; (ii) Interval = 60,000 milliseconds (1 minute); and (iii) Priority Customer Multiplier = 50%.
- During a one-minute Interval of trading, MPID ABCD executes 80 contracts against Priority Customer orders, followed by executing 30

³⁰ Being an optional input, if an Options Member does not set a Priority Customer Multiplier, it will in effect be set to 100%.

contracts against a subsequent Professional order.

- The counter applies the Priority Customer Multiplier to the applicable 80 contracts upon execution, and counts them as 40 contracts executed in fewer than 60 seconds. At this time, no breach has occurred. When the execution against the Professional order occurs, the counter then adds those 30 contracts executed to the 40 contracts already counted, which results in a count of 70 contracts executed in fewer than 60 seconds. The Activity-Based Risk Control is not breached.

The Exchange understands that market participants generally view executions against orders submitted by Priority Customers³¹ as presenting less risk than executions against professional market participants who do not qualify as Priority Customers.

Therefore, the Exchange believes that allowing Options Members to tailor their volume and count parameters for Activity-Based Risk Controls as proposed would promote risk management processes that better reflect the risks of different types of trading activity.

Several other options exchanges have recently begun offering their members the ability to modify the weight applied by activity-based risk control counters based on the capacity code of the counterparty to the transaction.³² As proposed, the functionality of the Priority Customer Multiplier is identical to that of the multipliers on other exchanges, but the application of it is more narrowly targeted than that of other exchanges that allow these multipliers to be used with respect to trades against multiple types of counterparties, and to give either more or less weight to those types of trades. Specifically, this proposal is more narrowly tailored than the functionality introduced by other exchanges in two respects. Only Cboe BZX and CBOE use the same range of values of 0% to 100% for the

³¹ As identified by the counterparty on an order having a capacity code of “C.”

³² See, e.g., Cboe BZX Exchange, Inc. (“Cboe BZX”) Rule 21.16(b); Cboe Exchange, Inc. (“CBOE”) Rule 5.34(c)(4)(B); NYSE Arca, Inc. (“NYSE Arca”) Rule 6.40P-O Commentary .03; and MIAX PEARL, LLC (“MIAX PEARL”) Rules 517A(c)(3) and 517B(c)(3).

multiplier that IEX Options proposes to use,³³ while NYSE Arca's multiplier can be set as high as 200% and MIAX PEARL's can be set as high as 1,000%.³⁴ Setting the multiplier higher than 100% provides greater weight to trades with specified categories of counterparties. Also, the other exchanges allow the multiplier to be set for either a larger subset of counterparty Capacities³⁵ or for all counterparty Capacities.³⁶ Based on informal discussions with potential Options Members, IEX believes that trading against Priority Customers is the type of activity that they are most interested in being able to give less weight by the Exchange's Activity-Based Risk Control counters. Thus, IEX Options designed this proposal to address this feedback.

Second, IEX proposes to modify IEX Rule 22.250(b)(1) to specify that all risk controls may be set and adjusted during the trading day as well as before the beginning of the trading day. IEX makes this proposal based on informal feedback from Options Members who indicated that they would like to be able to modify their risk control settings intraday. Additionally, IEX notes that other exchanges offer their members the ability to change risk control settings during the trading day.³⁷

Third, IEX proposes to modify Rule 22.250(c)(2)(C) to specify that when an Options Member's Activity-Based Risk Control has been breached, the Exchange will

³³ See Cboe BZX Rule 21.16(b); CBOE Rule 5.34(c)(4)(B)(ii).

³⁴ See NYSE Arca Rule 6.40P-O Commentary .03; and MIAX PEARL Rules 517A(c)(3) and 517B(c)(3).

³⁵ In addition to being offered for Priority Customer trades, MIAX Pearl allows the multiplier to be applied to orders with a capacity code reflecting that the counterparty is a Firm, a Broker-Dealer, a Market-Maker, a Non-Member Market Maker, and a Non-Priority Customer. See MIAX PEARL Rules 517A(c)(3) and 517B(c)(3).

³⁶ Cboe BZX, CBOE, and NYSE Arca allow the multiplier to be applied to any counterparty capacity code. See Cboe BZX Rule 21.16(b), CBOE Rule 5.34(c)(4)(B), and NYSE Arca Rule 6.40P-O Commentary .03.

³⁷ See e.g., MIAX PEARL Rule 2618(a)(3)(ii); NYSE Arca Rule 6.40P-O(b)(1).

“cancel and block”³⁸ all orders and quotes in the particular options class from that Options Member rather than providing a choice of receiving only a notification of the breach (with no canceling or blocking of orders and quotes), or having new orders and quotes blocked but no canceling of orders and quotes already on the IEX Options Book. IEX proposes to make this change because it understands that the primary motivation for the use of these controls is to mitigate the likelihood of over execution by an Options Member in an options class. Informal feedback from options market participants indicates that the Cancel and Block functionality is the most used and most effective of these elections for achieving that end. Further, reducing the available actions to this single option would streamline market participants’ work to update these controls while reducing risk of misconfiguration. Further, IEX notes that at least one other options exchange, BOX Exchange LLC (“BOX”), also cancels and blocks orders when its activity-based risk controls are triggered, without offering members the “notification only” or “block only” automated breach action.³⁹

Fourth, IEX proposes to amend Rule 22.250(d) to provide a more efficient alternative process for Options Members to resume trading following a Global Risk Control breach. Rule 22.250(d) currently requires that an Options Member make “nonautomated contact with the Exchange” to be reinstated following a breach of the Global Risk Controls. Several firms that intend to become Options Members have

³⁸ As explained above, “cancel and block” means all resting orders and quotes in the options class will be canceled and all incoming orders and quotes in the options class will be rejected.

³⁹ See BOX Rule 7330(b)(3); see also Cboe Titanium U.S. Options Risk Management Specification, available at <https://www.cboe.com/document/tech-spec/document/technical-specifications/cboe-titanium-u.s.-options-risk-management-specification> (“When a risk limit rule threshold value is exceeded, trading will stop, open orders/quotes will be canceled and any new orders/quotes received will be rejected for the EFID(s) and Risk Root (if any) associated with the risk limit.”)

informed IEX that they have the ability to manage the reinstatement of trading following a Global Risk Control breach via automated message, and they prefer that implementation.⁴⁰ Accordingly, the Exchange proposes to allow Options Members to provide either a nonautomated or automated reinstatement message to the Exchange. IEX notes that the same functionality is used by other options exchanges such as Cboe BZX and MIAX PEARL, both of which allow a member that has breached their global risk control equivalents to resume submitting orders and quotes by sending the Exchange an automated message.⁴¹

Fifth, IEX proposes to add new subparagraph (f) to Rule 22.250 to incorporate language set forth in IEX's Commission-approved proposal to adopt rules governing the trading of options on the Exchange.⁴² This new subparagraph will clarify that with respect to the Activity-Based Risk Control or Global Risk Control (as well as Kill Switch Actions), any marketable interest that is executable against an order or quote that is received⁴³ prior to the time the applicable threshold is triggered and processed by the System will be automatically executed up to the size of the resting order or quote, regardless of whether the execution would cause the Options Member to exceed its pre-

⁴⁰ IEX understands that Options Members will have to make code changes to allow them to send these automated restatement messages to the Exchange. Otherwise, an Options Member may still use a nonautomated (manual) means of communicating with the Exchange to consent to reinstatement after an Automated Breach Action.

⁴¹ See Cboe BZX Rule 21.16(e)(i)-(iii); MIAX PEARL 517A(b) and 517B(b).

⁴² See Securities Exchange Act Release No. 103290 (June 18, 2025), 90 FR 26865, 26878 (June 24, 2025) (SR-IEX-2025-02) (Notice of Filing of Amendment No. 3 to a Proposed Rule Change To Adopt Rules To Govern the Trading of Options on the Exchange for a New Facility Called IEX Options). The Commission approved the proposed rule change, as modified by Amendment No. 3, on September 18, 2025. See supra note 6.

⁴³ The time of receipt for an order or quote is the time such message is processed by the Exchange's order book.

set risk threshold(s).⁴⁴ IEX notes that other exchanges such as MEMX LLC (“MEMX”) and CBOE include comparable provisions in their rules.⁴⁵

Sixth, IEX proposes to modify the MPID level at which Kill Switch actions may be set by an Options Member under Rule 22.250(e). As proposed, Options Members will only be able to set a Kill Switch at the MPID level, not the MPID Group level. IEX understands that Options Members want to be more targeted when using a Kill Switch, and thus would prefer to use a Kill Switch at the MPID level. For this reason, the Exchange proposes to allow the Kill Switch to be applied MPID by MPID, instead of by MPID Group. Additionally, IEX notes that other exchanges, such as CBOE and Cboe C2 Exchange, Inc. (“C2”), offer their members kill switches at the EFID (their equivalent of MPID) level, but not at the EFID group level.⁴⁶

Finally, IEX proposes to make the following conforming edits to Rules 22.250 and 22.260:

- Modify Rule 22.250(c)(2)(B) in two ways.
 - First, append to first sentence in the subparagraph the words “subject to any adjustments resulting from the Priority Customer Multiplier set forth in subparagraph (c)(2)(B)(i) of this rule.”
 - Second, in the second sentence in the subparagraph, insert “or quotes” after “may opt to exclude any orders.” IEX proposes to add this language to reflect a recent rule change it made to allow Market Makers to submit IOC quotes,⁴⁷ and adding this sentence will clarify that Market Maker orders and quotes can be exempted from the risk controls in the same manner as IOC orders from any

⁴⁴ IEX notes that this functionality is not applicable to Pre-Trade Risk Controls, which are implemented prior to an order or quote resting on the Order Book (or being placed on the Order Book again following the Opening Process set forth in Rule 22.160). See also infra note 51.

⁴⁵ See MEMX Rule 21.16(d); CBOE Rule 5.34(c)(4).

⁴⁶ See CBOE Rule 5.34(c)(6); C2 Rule 5.34(c)(6).

⁴⁷ See Securities Exchange Act Release No. 105729 (June 18, 2026), 91 FR 38051 (June 24, 2026) (SR-IEX-2026-17).

Options Member.

- Add a new subparagraph (i) to Rule 22.250(c)(2)(B) that reads in full:
 - Priority Customer Multiplier. An Options Member may opt to specify a percentage (between 0% and 100%) of executions against Priority Customer orders to count toward the Options Member's Activity-Based Risk Controls.
- Modify Rule 22.250(c)(2)(C) to remove the references to the “notification only” and “block only” options for the automated breach actions. As proposed, this rule will now read: “Cancel and Block. When an Options Member's Activity-Based Risk Control has been breached, the Exchange will reject new order and quote messages and related instructions, and will cancel all unexecuted orders and quotes in the IEX Options Book for that Options Member in that particular class.”
- Update references to the “Cancel and Block” automated breach action from 22.250(c)(2)(C)(iii) to refer to 22.250(c)(2)(C). These changes are in Rule 22.250(c)(3)(A), Rule 22.260(d)(3)(E), and Rule 22.260(f).
- Update Rule 22.250(d) to remove the words “either a ‘Block Only’ or” and “(other than instructions to cancel one or more orders or quotes in full)” in the first sentence, which will now read in full:
 - Reinstatement of Options Member After Automated Breach Action. If a “Cancel and Block” Automated Breach Action has been triggered, the Exchange will not reinstate the Options Member's ability to enter orders and quotes and related instructions on the Exchange without the consent of the Options Member, which may be provided via automated contact if it was a breach of an Activity-Based Risk Control or a Global Risk Control.
- Update Rule 22.250(d) to delete the last sentence about reinstatement following a Global Risk Control breach via “nonautomated contact with the Exchange” and add “or Global Risk Control” to the end of the preceding sentence.
- Update Rule 22.250(e) to remove the reference to setting Kill Switch actions at the MPID Group level.
- Introduce new subparagraph (f) to Rule 22.250 to clarify the manner in which the System will handle executable interest received prior to the time a risk control has been breached. Specifically, IEX proposes to insert the following text as new Rule 22.250(f):

- With respect to the Activity-Based and Global Risk Controls (as well as Kill Switch Actions), any marketable interest that is executable against an order or quote that is received prior to the time the applicable threshold is triggered and processed by the System will be automatically executed up to the size of the resting order or quote, regardless of whether the execution would cause the Options Member to exceed its pre-set risk threshold(s).
- Fix a typo in Supplementary Material .02 to Rule 22.250, so it refers to the price controls under paragraph (a)(1)(A)(ii).
- Fix typos in Rules 22.260(d)(3)(E) and 22.260(f), so they are both titled “Automated Breach Action for Market Makers,” not “Automated Breach Action for Maker Makers.”

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁴⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act⁴⁹ 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 regulating, clearing, settling, processing information with respect to, and 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.

In particular, the Exchange believes that the proposed enhancements to the risk parameters available to Options Members are designed to promote effective risk management processes that can be appropriately tailored to the risks of different types of trading activity. With respect to the change to allow Options Members to give less weight to executions against Priority Customers in their Activity-Based Risk Control trade

⁴⁸ 15 U.S.C. 78f(b).

⁴⁹ 15 U.S.C. 78f(b)(5).

counters, the Exchange believes that this change is consistent with the protection of investors and the public interest because it would enable Options Members to tailor trade counters in a manner consistent with the Options Member's risk tolerance and business model rather than forcing a "one size fits all" approach. As a consequence, the Exchange believes that this change could result in less canceling and blocking of orders and quotes, leading to increased liquidity on the Exchange to the benefit of all market participants.

As described in the Purpose section, the Exchange also believes that the other proposed changes are consistent with the purposes of the Act because allowing risk controls to be adjusted during the day, offering only one automated breach action (Cancel and Block), allowing Options Members to submit an automated message to resume submitting orders and quotes following a Cancel and Block automated breach action, and allowing the Kill Switch to be set at the MPID level but not the MPID Group level, are all refinements that are designed to help Options Members manage and control their risk profile. Thus, the Exchange believes that all of these proposed modifications to its risk controls will remove impediments to and perfect the mechanism of a free and open market and national market system because they provide appropriate functionality for Options Members to manage risk.

Moreover, as described in the Purpose section, the Exchange believes these proposed, narrowly tailored enhancements to its risk controls are not designed to permit unfair discrimination among Options Members as they would apply equally to all Options Members.

Further, IEX believes adding language to Rule 22.250(f) regarding execution of marketable orders or quotes that are received prior to the time an Activity-Based Risk

Control, Global Risk Control, or Kill Switch Action is triggered and processed by the System is consistent with the Act. This language merely incorporates into IEX rules language that was specifically set forth in IEX's Commission-approved proposal to adopt rules governing the trading of options on the Exchange as discussed in the Purpose section.⁵⁰ IEX believes that this functionality is consistent with the protection of investors and the public interest because it is consistent with the firm quote obligations of a broker-dealer pursuant to Rule 602 of Regulation NMS.⁵¹

Finally, as discussed in the Purpose section, each of these proposed changes is comparable to functionality available on other options exchanges, but more narrowly tailored with respect to the Priority Customer change, as described in the Purpose section, and that have already been considered by the Commission.⁵² Accordingly, the Exchange does not believe that the proposed rule change raises any new or novel issues.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the extent the proposed changes enhance the competitiveness

⁵⁰ See supra note 42.

⁵¹ As noted in the Purpose section, Pre-Trade Risk Controls are implemented prior to an order or quote resting on the Order Book (or being placed on the Order Book again following the Opening Process) and therefore do not implicate firm quote obligations.

⁵² See supra notes 32, 37, 39, 41, 45 and 46. As noted in the Purpose section, IEX's proposed multiplier is more narrowly tailored than the multipliers recently introduced on other exchanges.

of IEX Options, competing exchanges have and can continue to adopt comparable risk control functionality (as described in the Purpose section), subject to the Commission's rule filing process.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. All Options Members will be eligible to apply any of the new enhancements to IEX's risk controls proposed in this filing. Thus, each Options Member would be able to choose the settings for its risk controls best suited to its risk profile, with the goal of better managing their risk while trading on IEX Options. The Exchange believes that these proposed changes to its risk controls will enable Options Members to strengthen their risk management capabilities, which, in turn, may enhance the integrity of trading on the options market and help to assure the stability of the financial system.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act⁵³ and paragraph (f)(6) of Rule 19b-4 thereunder.⁵⁴ The Exchange asserts that this rule change proposal: (i) will not significantly affect the protection of

⁵³ 15 U.S.C. 78s(b)(3)(A).

⁵⁴ 17 CFR 240.19b-4.

investors or the public interest, (ii) will not impose any significant burden on competition, (iii) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the rule change proposal, 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.⁵⁵

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4⁵⁶ because it would not significantly affect the protection of investors or the public interest. Rather, the proposed rule change is designed to benefit investors and the public interest by providing enhanced risk control mechanisms to Options Members. Moreover, as described in the Purpose and Statutory Basis sections, all of the proposed functionality is already offered by at least one other options exchange. Accordingly, the Exchange believes that this proposed rule change is non-controversial because it raises no new or novel issues not already considered by the Commission.

Furthermore, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule changes at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.⁵⁷

⁵⁵ 17 CFR 240.19b-4(f)(6)(iii).

⁵⁶ 17 CFR 240.19b-4(f)(6).

⁵⁷ 17 CFR 240.19b-4(f)(6)(iii).

At any time within 60 days of the filing of the proposed rule changes, the Commission summarily may temporarily suspend such rule changes 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

As described in the Purpose section, the proposed rule change is based on CBOE Rule 5.34(c)(4)(B), Cboe BZX Rule 21.16(b), NYSE Arca Rule 6.40P-O, and MIAX PEARL Rule 517A(c)(3) and 517B(c)(3) (Priority Customer Multiplier); MIAX PEARL Rule 2618(a)(3)(ii) and NYSE Arca Rule 6.40P-O(b)(1) (ability to modify risk controls intraday); BOX Rule 7330(b)(3) (offering cancel and block as the sole automated breach action); Cboe BZX Rule 21.16(e)(i)-(iii) and MIAX PEARL 517A(b) and 517B(b) (allowing reinstatement of an Options Member that triggered a Global Risk Control via automated message to IEX); MEMX Rule 21.16(d); CBOE Rule 5.34(c)(4) (clarifying that any marketable interest that is executable against an order or quote that is received prior to a risk control being triggered will be automatically executed regardless of whether the execution would cause the Options Member to exceed its pre-set risk threshold(s)); and CBOE Rule 5.34(c)(6) and C2 Rule 5.34(c)(6) (offering the Kill Switch at the MPID level).

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

Not applicable.

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

Settlement Supervision Act

Not applicable.

11. Exhibits

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

Federal Register.

Exhibit 5 – Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34 - ; File No. SR-IEX-2026-27)

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Enhance Certain Aspects of the Activity-Based Risk Controls Applicable to IEX Options Members set forth in IEX Rule 22.250, and to make conforming and typo clean-up changes to IEX Rules 22.250 and 22.260

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 rule change proposal to enhance certain aspects of the Activity-Based Risk Controls applicable to IEX Options Members⁶ set forth in IEX Rule 22.250, and to make conforming and typo clean-up changes to IEX Rules 22.250 and 22.260. The Exchange has designated this rule change as “non-controversial” under

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 Rule 17.100.

Section 19(b)(3)(A) of the Act⁷ and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.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

On September 18, 2025, the Commission approved IEX's proposal to adopt rules governing the trading of options on the Exchange in a new facility called "IEX Options";⁹ IEX Options has announced its plan to commence trading options on October 2, 2026.¹⁰ Pursuant to Rule 22.250, all Options Members are able to establish certain risk control parameters and limits that are designed to assist them in managing their market risk. IEX proposes to enhance certain

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4.

⁹ See Securities Exchange Act Release No. 103998 (September 18, 2025), 90 FR 45861 (September 23, 2025) (SR-IEX-2025-02) (Commission order approving a Proposed Rule Change, as Modified by Amendment No. 3, to Adopt Rules To Govern the Trading of Options on the Exchange for a New Facility Called IEX Options).

¹⁰ See <https://www.iex.io/options/resources#important-dates>.

aspects of these risk controls, as described below. Each of these proposed amendments is based on functionality offered on at least one other options market,¹¹ and the Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act¹² and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.¹³

Background

IEX’s risk controls are designed to offer all IEX Options Members protection from entering orders outside of certain size and price parameters, as well as certain standard or Exchange-established parameters based on order type and market conditions. IEX Options will offer three categories of risk controls: Pre-Trade, Activity-Based, and Global Risk Controls.¹⁴ The risk controls may be set at the MPID¹⁵ or MPID Group¹⁶ level, or both, depending on the risk control. Once an Options Member sets a risk control, the setting remains in effect indefinitely, until changed by the Options Member.¹⁷ The risk controls offered by the Exchange are meant to supplement, and not replace, the Options Member’s own internal systems, monitoring, and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Act. Responsibility for compliance with all Exchange and Commission rules remains with the Options Member.¹⁸

The Pre-Trade Risk Controls are a set of optional limits, each of which an Options

¹¹ See infra notes 35, 40, 42, 44, 48 and 49.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4.

¹⁴ See Rule 22.250 (Pre-Trade and Activity-Based Risk Controls).

¹⁵ See Rule 17.100.

¹⁶ See Rule 22.250(a)(5).

¹⁷ Risk control settings may be changed at the beginning of a trading day. See Rule 22.250(b)(1).

¹⁸ See Supplementary Material .01 to Rule 22.250.

Member may utilize with respect to its trading activity on the Exchange. An order or quote that breaches a Pre-Trade Risk Control is canceled or rejected, as set forth in Rule 22.250(c)(1)(A). The Pre-Trade Risk Controls include controls related to the maximum dollar amount for a single order to be applied one time and the maximum number of contracts that may be included in a single order before it can be traded.¹⁹ Additionally, there are optional controls related to the price of an order or quote (including percentage-based and dollar-based controls), controls related to the order types or modifiers that can be utilized, controls to restrict the options classes transacted, and controls to prohibit duplicative orders.²⁰ Pre-Trade Risk Controls to restrict the options class(es) transacted must be set per options class.²¹

The Activity-Based Risk Controls are a set of optional controls, each of which an Options Member may apply to orders and quotes in an options class, based on specified thresholds measured over the course of a configurable time period (“Interval”).²² The Activity-Based Risk Controls provide Options Members a means of managing their order and execution risk in a manner consistent with the Options Member’s risk tolerance. If an Activity-Based Risk Control is breached for a particular class of options, the Exchange will either notify the Options Member of the breach, block all incoming orders and quotes from that Options Member in that options class, or cancel all unexecuted orders and quotes for that class in addition to blocking incoming orders and quotes.²³

¹⁹ See Rule 22.250(a)(1)(A).

²⁰ Id.

²¹ See Rule 22.250(b)(2).

²² The Exchange will specify the Interval by Trading Alert, provided that generally the Interval will not be less than 100 milliseconds or greater than 300,000 milliseconds, inclusive of the duration of any trading halt occurring within that time. See Rule 22.250(c)(2)(F)(i).

²³ See Rule 22.250(c)(2)(C).

When acting as a Market Maker, an Options Member is required to select at least one of the Activity-Based Risk Controls.²⁴ IEX Options offers the following Activity-Based Risk Controls, each of which can be configured by the Options Member: (i) transaction-based risk limits, which are pre-established limits on the number of an Options Member's orders and quotes executed in a specified class of options per Interval; (ii) volume-based risk limits, which are pre-established limits on the number of contracts of an Options Member's orders and quotes that can be executed in a specified class of options per Interval; and (iii) percentage-based risk limits, which are pre-established limits on the percentage of contracts executed in a specified class of options as measured against the full size of an Options Member's orders and quotes executed per Interval.

As provided in Rule 22.250(c)(2)(E), the Exchange will specify by Trading Alert any applicable minimum, maximum, and/or default settings for the Activity-Based Risk Controls, subject to the following: i) the transaction-based risk limit must be a value between one and 2,000 transactions; ii) the volume-based risk limit must be a value between one and 500,000 contracts; and iii) the percentage-based risk limit must be a value between 50 and 200,000 percent.²⁵ To determine when an Activity-Based Risk Control's limit has been breached, the Exchange maintains a trade counter that is incremented every time an order or quote in the applicable MPID trades during the Interval and will aggregate the number of contracts traded during each such execution.²⁶

The third risk control, Global Risk Controls, are pre-established limits on the number of

²⁴ See Rule 22.250(c)(2)(A).

²⁵ See Rule 22.250(c)(2)(E).

²⁶ See Rule 22.250(c)(2)(B). An Options Member may opt to exclude any orders designated IOC from being considered by a trade counter. Id.

times an Options Member may breach its Activity-Based risk controls per Interval. If an Options Member breaches its Global Risk Control, the Exchange will cancel and block all orders and quotes of the Options Member in all classes of options regardless of which class(es) of options caused the underlying breach of Activity-Based Risk Controls.²⁷ The Exchange will specify by Trading Alert any applicable minimum, maximum and/or default settings for the Global Risk Control, provided that the minimum setting will not be less than 25 breaches and the maximum setting will not be more than 100 breaches.²⁸ The Exchange will also specify by Trading Alert the Interval for the Global Risk Controls, provided that the minimum setting will not be less than 100 milliseconds and the maximum setting will not be more than 300,000 milliseconds.²⁹

IEX Options also offers a Kill Switch, which allows Options Members to either cancel all unexecuted orders and quotes in the IEX Options Book; block the entry of any new order and quote messages and related instructions; or both.³⁰ Options Members may direct the Exchange to apply the Kill Switch to orders and quotes at either an MPID or MPID Group level.³¹

Proposal

First, IEX proposes to modify its Activity-Based Risk Controls to allow Options Members the option of setting a Priority Customer³² Multiplier, which will be applied to the

²⁷ See Rule 22.250(c)(3)(A) & (B).

²⁸ See Rule 22.250(c)(3)(C).

²⁹ See Rule 22.250(c)(3)(D)(i).

³⁰ See Rule 22.250(e)(1) and (2). Note that even after receiving a Kill Switch instruction to block new order and quote messages, the Exchange will continue to accept instructions from the Options Member to cancel one or more orders or quotes.

³¹ See Rule 22.250(e)(1) and (2).

³² A Priority Customer is any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional (which is defined as any person or entity that is not a broker or dealer in securities who places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account). See Rule 17.100.

trade counter used by the Activity-Based Risk Controls applied to that Options Member's trades against Priority Customer Orders. The Priority Customer Multiplier may be set at a value between 0% and 100%.³³ By setting the Priority Customer Multiplier at a value less than 100%, the Options Member is instructing the Exchange to give less weight to trades with Priority Customers when determining if an Activity-Based Risk Control has been breached. The following two examples demonstrate how the Priority Customer Multiplier would operate:

Example 1

- Firm A applies the volume-based risk limit to its orders and quotes in AAPL options contracts for MPID ABCD.
- The risk control applied to MPID ABCD has the following settings: (i) volume-based risk limit = 100 contracts; (ii) Interval = 60,000 milliseconds (1 minute); and (iii) Priority Customer Multiplier = 100%.
- During a one-minute Interval of trading, MPID ABCD executes 80 contracts against Priority Customer orders, followed by executing 30 contracts against a subsequent Professional order.
- The counter applies the Priority Customer Multiplier to the applicable 80 contracts upon execution, and counts them as 80 contracts executed in fewer than 60 seconds. At this time, no breach has occurred. When the execution against the Professional order occurs, the counter then adds those 30 contracts executed to the 80 contracts already counted, which results in a count of 110 contracts executed in fewer than 60 seconds. The Activity-Based Risk Control is breached.

Example 2

- Firm A applies the volume-based risk limit to its orders and quotes in AAPL options contracts for MPID ABCD.
- The risk control applied to MPID ABCD has the following settings: (i) volume-based risk limit = 100 contracts; (ii) Interval = 60,000 milliseconds (1 minute); and (iii) Priority Customer Multiplier = 50%.
- During a one-minute Interval of trading, MPID ABCD executes 80 contracts against Priority Customer orders, followed by executing 30 contracts against a

³³ Being an optional input, if an Options Member does not set a Priority Customer Multiplier, it will in effect be set to 100%.

subsequent Professional order.

- The counter applies the Priority Customer Multiplier to the applicable 80 contracts upon execution, and counts them as 40 contracts executed in fewer than 60 seconds. At this time, no breach has occurred. When the execution against the Professional order occurs, the counter then adds those 30 contracts executed to the 40 contracts already counted, which results in a count of 70 contracts executed in fewer than 60 seconds. The Activity-Based Risk Control is not breached.

The Exchange understands that market participants generally view executions against orders submitted by Priority Customers³⁴ as presenting less risk than executions against professional market participants who do not qualify as Priority Customers. Therefore, the Exchange believes that allowing Options Members to tailor their volume and count parameters for Activity-Based Risk Controls as proposed would promote risk management processes that better reflect the risks of different types of trading activity.

Several other options exchanges have recently begun offering their members the ability to modify the weight applied by activity-based risk control counters based on the capacity code of the counterparty to the transaction.³⁵ As proposed, the functionality of the Priority Customer Multiplier is identical to that of the multipliers on other exchanges, but the application of it is more narrowly targeted than that of other exchanges that allow these multipliers to be used with respect to trades against multiple types of counterparties, and to give either more or less weight to those types of trades. Specifically, this proposal is more narrowly tailored than the functionality introduced by other exchanges in two respects. Only Cboe BZX and CBOE use the same range of values of 0% to 100% for the multiplier that IEX Options proposes to use,³⁶ while

³⁴ As identified by the counterparty on an order having a capacity code of “C.”

³⁵ See, e.g., Cboe BZX Exchange, Inc. (“Cboe BZX”) Rule 21.16(b); Cboe Exchange, Inc. (“CBOE”) Rule 5.34(c)(4)(B); NYSE Arca, Inc. (“NYSE Arca”) Rule 6.40P-O Commentary .03; and MIAX PEARL, LLC (“MIAX PEARL”) Rules 517A(c)(3) and 517B(c)(3).

³⁶ See Cboe BZX Rule 21.16(b); CBOE Rule 5.34(c)(4)(B)(ii).

NYSE Arca's multiplier can be set as high as 200% and MIAX PEARL's can be set as high as 1,000%.³⁷ Setting the multiplier higher than 100% provides greater weight to trades with specified categories of counterparties. Also, the other exchanges allow the multiplier to be set for either a larger subset of counterparty Capacities³⁸ or for all counterparty Capacities.³⁹ Based on informal discussions with potential Options Members, IEX believes that trading against Priority Customers is the type of activity that they are most interested in being able to give less weight by the Exchange's Activity-Based Risk Control counters. Thus, IEX Options designed this proposal to address this feedback.

Second, IEX proposes to modify IEX Rule 22.250(b)(1) to specify that all risk controls may be set and adjusted during the trading day as well as before the beginning of the trading day. IEX makes this proposal based on informal feedback from Options Members who indicated that they would like to be able to modify their risk control settings intraday. Additionally, IEX notes that other exchanges offer their members the ability to change risk control settings during the trading day.⁴⁰

Third, IEX proposes to modify Rule 22.250(c)(2)(C) to specify that when an Options Member's Activity-Based Risk Control has been breached, the Exchange will "cancel and block"⁴¹ all orders and quotes in the particular options class from that Options Member rather

³⁷ See NYSE Arca Rule 6.40P-O Commentary .03; and MIAX PEARL Rules 517A(c)(3) and 517B(c)(3).

³⁸ In addition to being offered for Priority Customer trades, MIAX Pearl allows the multiplier to be applied to orders with a capacity code reflecting that the counterparty is a Firm, a Broker-Dealer, a Market-Maker, a Non-Member Market Maker, and a Non-Priority Customer. See MIAX PEARL Rules 517A(c)(3) and 517B(c)(3).

³⁹ Cboe BZX, CBOE, and NYSE Arca allow the multiplier to be applied to any counterparty capacity code. See Cboe BZX Rule 21.16(b), CBOE Rule 5.34(c)(4)(B), and NYSE Arca Rule 6.40P-O Commentary .03.

⁴⁰ See e.g., MIAX PEARL Rule 2618(a)(3)(ii); NYSE Arca Rule 6.40P-O(b)(1).

⁴¹ As explained above, "cancel and block" means all resting orders and quotes in the options class will be canceled and all incoming orders and quotes in the options class will be rejected.

than providing a choice of receiving only a notification of the breach (with no canceling or blocking of orders and quotes), or having new orders and quotes blocked but no canceling of orders and quotes already on the IEX Options Book. IEX proposes to make this change because it understands that the primary motivation for the use of these controls is to mitigate the likelihood of over execution by an Options Member in an options class. Informal feedback from options market participants indicates that the Cancel and Block functionality is the most used and most effective of these elections for achieving that end. Further, reducing the available actions to this single option would streamline market participants' work to update these controls while reducing risk of misconfiguration. Further, IEX notes that at least one other options exchange, BOX Exchange LLC ("BOX"), also cancels and blocks orders when its activity-based risk controls are triggered, without offering members the "notification only" or "block only" automated breach action.⁴²

Fourth, IEX proposes to amend Rule 22.250(d) to provide a more efficient alternative process for Options Members to resume trading following a Global Risk Control breach. Rule 22.250(d) currently requires that an Options Member make "nonautomated contact with the Exchange" to be reinstated following a breach of the Global Risk Controls. Several firms that intend to become Options Members have informed IEX that they have the ability to manage the reinstatement of trading following a Global Risk Control breach via automated message, and they prefer that implementation.⁴³ Accordingly, the Exchange proposes to allow Options

⁴² See BOX Rule 7330(b)(3); see also Cboe Titanium U.S. Options Risk Management Specification, available at <https://www.cboe.com/document/tech-spec/document/technical-specifications/cboe-titanium-u.s.-options-risk-management-specification> ("When a risk limit rule threshold value is exceeded, trading will stop, open orders/quotes will be canceled and any new orders/quotes received will be rejected for the EFID(s) and Risk Root (if any) associated with the risk limit.")

⁴³ IEX understands that Options Members will have to make code changes to allow them to send these automated restatement messages to the Exchange. Otherwise, an Options Member may still use a nonautomated (manual) means of communicating with the Exchange to consent to reinstatement after an

Members to provide either a nonautomated or automated reinstatement message to the Exchange. IEX notes that the same functionality is used by other options exchanges such as Cboe BZX and MIAX PEARL, both of which allow a member that has breached their global risk control equivalents to resume submitting orders and quotes by sending the Exchange an automated message.⁴⁴

Fifth, IEX proposes to add new subparagraph (f) to Rule 22.250 to incorporate language set forth in IEX's Commission-approved proposal to adopt rules governing the trading of options on the Exchange.⁴⁵ This new subparagraph will clarify that with respect to the Activity-Based Risk Control or Global Risk Control (as well as Kill Switch Actions), any marketable interest that is executable against an order or quote that is received⁴⁶ prior to the time the applicable threshold is triggered and processed by the System will be automatically executed up to the size of the resting order or quote, regardless of whether the execution would cause the Options Member to exceed its pre-set risk threshold(s).⁴⁷ IEX notes that other exchanges such as MEMX LLC ("MEMX") and CBOE include comparable provisions in their rules.⁴⁸

Sixth, IEX proposes to modify the MPID level at which Kill Switch actions may be set by an Options Member under Rule 22.250(e). As proposed, Options Members will only be able

Automated Breach Action.

⁴⁴ See Cboe BZX Rule 21.16(e)(i)-(iii); MIAX PEARL 517A(b) and 517B(b).

⁴⁵ See Securities Exchange Act Release No. 103290 (June 18, 2025), 90 FR 26865, 26878 (June 24, 2025) (SR-IEX-2025-02) (Notice of Filing of Amendment No. 3 to a Proposed Rule Change To Adopt Rules To Govern the Trading of Options on the Exchange for a New Facility Called IEX Options). The Commission approved the proposed rule change, as modified by Amendment No. 3, on September 18, 2025. See supra note 9.

⁴⁶ The time of receipt for an order or quote is the time such message is processed by the Exchange's order book.

⁴⁷ IEX notes that this functionality is not applicable to Pre-Trade Risk Controls, which are implemented prior to an order or quote resting on the Order Book (or being placed on the Order Book again following the Opening Process set forth in Rule 22.160). See also infra note 54.

⁴⁸ See MEMX Rule 21.16(d); CBOE Rule 5.34(c)(4).

to set a Kill Switch at the MPID level, not the MPID Group level. IEX understands that Options Members want to be more targeted when using a Kill Switch, and thus would prefer to use a Kill Switch at the MPID level. For this reason, the Exchange proposes to allow the Kill Switch to be applied MPID by MPID, instead of by MPID Group. Additionally, IEX notes that other exchanges, such as CBOE and Cboe C2 Exchange, Inc. (“C2”), offer their members kill switches at the EFID (their equivalent of MPID) level, but not at the EFID group level.⁴⁹

Finally, IEX proposes to make the following conforming edits to Rules 22.250 and 22.260:

- Modify Rule 22.250(c)(2)(B) in two ways.
 - First, append to first sentence in the subparagraph the words “subject to any adjustments resulting from the Priority Customer Multiplier set forth in subparagraph (c)(2)(B)(i) of this rule.”
 - Second, in the second sentence in the subparagraph, insert “or quotes” after “may opt to exclude any orders.” IEX proposes to add this language to reflect a recent rule change it made to allow Market Makers to submit IOC quotes,⁵⁰ and adding this sentence will clarify that Market Maker orders and quotes can be exempted from the risk controls in the same manner as IOC orders from any Options Member.
- Add a new subparagraph (i) to Rule 22.250(c)(2)(B) that reads in full:
 - Priority Customer Multiplier. An Options Member may opt to specify a percentage (between 0% and 100%) of executions against Priority Customer orders to count toward the Options Member’s Activity-Based Risk Controls.
- Modify Rule 22.250(c)(2)(C) to remove the references to the “notification only” and “block only” options for the automated breach actions. As proposed, this rule will now read: “Cancel and Block. When an Options Member’s Activity-Based Risk Control has been breached, the Exchange will reject new order and quote messages and related instructions, and will cancel all unexecuted orders and

⁴⁹ See CBOE Rule 5.34(c)(6); C2 Rule 5.34(c)(6).

⁵⁰ See Securities Exchange Act Release No. 105729 (June 18, 2026), 91 FR 38051 (June 24, 2026) (SR-IEX-2026-17).

quotes in the IEX Options Book for that Options Member in that particular class.”

- Update references to the “Cancel and Block” automated breach action from 22.250(c)(2)(C)(iii) to refer to 22.250(c)(2)(C). These changes are in Rule 22.250(c)(3)(A), Rule 22.260(d)(3)(E), and Rule 22.260(f).
- Update Rule 22.250(d) to remove the words “either a ‘Block Only’ or” and “(other than instructions to cancel one or more orders or quotes in full)” in the first sentence, which will now read in full:
 - Reinstatement of Options Member After Automated Breach Action. If a “Cancel and Block” Automated Breach Action has been triggered, the Exchange will not reinstate the Options Member’s ability to enter orders and quotes and related instructions on the Exchange without the consent of the Options Member, which may be provided via automated contact if it was a breach of an Activity-Based Risk Control or a Global Risk Control.
- Update Rule 22.250(d) to delete the last sentence about reinstatement following a Global Risk Control breach via “nonautomated contact with the Exchange” and add “or Global Risk Control” to the end of the preceding sentence.
- Update Rule 22.250(e) to remove the reference to setting Kill Switch actions at the MPID Group level.
- Introduce new subparagraph (f) to Rule 22.250 to clarify the manner in which the System will handle executable interest received prior to the time a risk control has been breached. Specifically, IEX proposes to insert the following text as new Rule 22.250(f):
 - With respect to the Activity-Based and Global Risk Controls (as well as Kill Switch Actions), any marketable interest that is executable against an order or quote that is received prior to the time the applicable threshold is triggered and processed by the System will be automatically executed up to the size of the resting order or quote, regardless of whether the execution would cause the Options Member to exceed its pre-set risk threshold(s).
- Fix a typo in Supplementary Material .02 to Rule 22.250, so it refers to the price controls under paragraph (a)(1)(A)(ii).
- Fix typos in Rules 22.260(d)(3)(E) and 22.260(f), so they are both titled “Automated Breach Action for Market Makers,” not “Automated Breach Action for Maker Makers.”

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of

the Act⁵¹ in general, and furthers the objectives of Section 6(b)(5) of the Act⁵² 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 regulating, clearing, settling, processing information with respect to, and 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.

In particular, the Exchange believes that the proposed enhancements to the risk parameters available to Options Members are designed to promote effective risk management processes that can be appropriately tailored to the risks of different types of trading activity. With respect to the change to allow Options Members to give less weight to executions against Priority Customers in their Activity-Based Risk Control trade counters, the Exchange believes that this change is consistent with the protection of investors and the public interest because it would enable Options Members to tailor trade counters in a manner consistent with the Options Member's risk tolerance and business model rather than forcing a "one size fits all" approach. As a consequence, the Exchange believes that this change could result in less canceling and blocking of orders and quotes, leading to increased liquidity on the Exchange to the benefit of all market participants.

As described in the Purpose section, the Exchange also believes that the other proposed changes are consistent with the purposes of the Act because allowing risk controls to be adjusted during the day, offering only one automated breach action (Cancel and Block), allowing Options Members to submit an automated message to resume submitting orders and quotes following a

⁵¹ 15 U.S.C. 78f(b).

⁵² 15 U.S.C. 78f(b)(5).

Cancel and Block automated breach action, and allowing the Kill Switch to be set at the MPID level but not the MPID Group level, are all refinements that are designed to help Options Members manage and control their risk profile. Thus, the Exchange believes that all of these proposed modifications to its risk controls will remove impediments to and perfect the mechanism of a free and open market and national market system because they provide appropriate functionality for Options Members to manage risk.

Moreover, as described in the Purpose section, the Exchange believes these proposed, narrowly tailored enhancements to its risk controls are not designed to permit unfair discrimination among Options Members as they would apply equally to all Options Members.

Further, IEX believes adding language to Rule 22.250(f) regarding execution of marketable orders or quotes that are received prior to the time an Activity-Based Risk Control, Global Risk Control, or Kill Switch Action is triggered and processed by the System is consistent with the Act. This language merely incorporates into IEX rules language that was specifically set forth in IEX's Commission-approved proposal to adopt rules governing the trading of options on the Exchange as discussed in the Purpose section.⁵³ IEX believes that this functionality is consistent with the protection of investors and the public interest because it is consistent with the firm quote obligations of a broker-dealer pursuant to Rule 602 of Regulation NMS.⁵⁴

Finally, as discussed in the Purpose section, each of these proposed changes is comparable to functionality available on other options exchanges, but more narrowly tailored with respect to the Priority Customer change, as described in the Purpose section, and that have

⁵³ See supra note 45.

⁵⁴ As noted in the Purpose section, Pre-Trade Risk Controls are implemented prior to an order or quote resting on the Order Book (or being placed on the Order Book again following the Opening Process) and therefore do not implicate firm quote obligations.

already been considered by the Commission.⁵⁵ Accordingly, the Exchange does not believe that the proposed rule change raises any new or novel issues.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the extent the proposed changes enhance the competitiveness of IEX Options, competing exchanges have and can continue to adopt comparable risk control functionality (as described in the Purpose section), subject to the Commission's rule filing process.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. All Options Members will be eligible to apply any of the new enhancements to IEX's risk controls proposed in this filing. Thus, each Options Member would be able to choose the settings for its risk controls best suited to its risk profile, with the goal of better managing their risk while trading on IEX Options. The Exchange believes that these proposed changes to its risk controls will enable Options Members to strengthen their risk management capabilities, which, in turn, may enhance the integrity of trading on the options market and help to assure the stability of the financial system.

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.

⁵⁵ See supra notes 35, 40, 42, 44, 48 and 49. As noted in the Purpose section, IEX's proposed multiplier is more narrowly tailored than the multipliers recently introduced on other exchanges.

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)⁵⁶ of the Act and Rule 19b-4(f)(6)⁵⁷ 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-4⁵⁸ because it would not significantly affect the protection of investors or the public interest. Rather, the proposed rule change is designed to benefit investors and the public interest by providing enhanced risk control mechanisms to Options Members. Moreover, as described in the Purpose and Statutory Basis sections, all of the proposed functionality is already offered by at least one other options exchange. Accordingly, the Exchange believes that this proposed rule change is non-controversial because it raises no 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)⁵⁹ of the Act to determine

⁵⁶ 15 U.S.C. 78s(b)(3)(A).

⁵⁷ 17 CFR 240.19b-4(f)(6).

⁵⁸ 17 CFR 240.19b-4(f)(6).

⁵⁹ 15 U.S.C. 78s(b)(2)(B).

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-2026-27 on the subject line.

Paper Comments:

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

All submissions should refer to file number SR-IEX-2026-27. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<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-2026-27 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL*

REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶⁰

Sherry R. Haywood,

Assistant Secretary.

⁶⁰ 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 22. TRADING SYSTEMS

Rule 22.250. Pre-Trade and Activity-Based Risk Controls

- (a) No change.
- (b) Setting and Adjusting Pre-Trade, Activity-Based, and Global Risk Controls.
 - (1) Pre-Trade, Activity-Based and Global Risk Controls may be set and adjusted before the beginning of a trading day or during the trading day.
 - (2) No change.
- (c) Automated Breach Actions. The Exchange will automatically take the following actions.
 - (1) No change.
 - (2) Activity-Based Risk Controls
 - (A) No change.
 - (B) To determine when an Activity-Based Risk Control has been breached, the Exchange will maintain a trade counter that will be incremented every time an order or quote trades and will aggregate the number of contracts traded during each such execution, subject to any adjustments resulting from the Priority Customer Multiplier set forth in subparagraph (c)(2)(B)(i) of this Rule. An Options Member may opt to exclude any orders or quotes designated IOC from being considered by a trade counter.
 - (i) Priority Customer Multiplier. An Options Member may opt to specify a percentage (between 0% and 100%) of executions against Priority Customer orders to count toward the Options Member's Activity-Based Risk Controls.
 - (C) Cancel and Block. When an Options Member's Activity-Based Risk Control has been breached, [designating one of the three Activity-Based Risk Controls, the Options

Member must indicate which of the following actions it wishes the Exchange to take if an Activity-Based Risk Limit is breached:

- (i) Notification Only: The Exchange will continue to accept new order and quote messages and related instructions and will not cancel any unexecuted orders or quotes in the IEX Options Book.
- (ii) Block Only: T]the Exchange will reject new order and quote messages and related instructions, and will cancel all unexecuted orders and quotes in the IEX Options Book for that Options Member in that particular class. [provided that the Exchange will continue to process instructions from the Options Member to cancel one or more orders or quotes in full or any of the instructions specified in paragraph (e) of this Rule.
- (iii) Cancel and Block: In addition to the restrictions defined above for “Block Only,” the Exchange will cancel all unexecuted orders and quotes in the IEX Options Book.]

(D)-(F) No change.

(3) Global Risk Controls

- (A) If the Global Risk Control limit is breached, the Exchange will Cancel and Block, per paragraph (c)(2)(C)[(iii)] above.

(B)-(D) No change.

- (d) Reinstatement of Options Member After Automated Breach Action. If [either a “Block Only” or]a “Cancel and Block” Automated Breach Action has been triggered, the Exchange will not reinstate the Options Member’s ability to enter orders and quotes and related instructions on the Exchange [(other than instructions to cancel one or more orders or quotes in full)] without the consent of the Options Member, which may be provided via automated contact if it was a breach of an Activity-Based Risk Control or a Global Risk Control. [An Options Member that breaches the Global Risk Control will not be reinstated unless the Options Member provides consent via nonautomated contact with the Exchange.]
- (e) Kill Switch Actions. An Options Member can direct the Exchange to take one or more of the

following actions with respect to orders and quotes [at either]for an MPID[or MPID Group level]:

(1)-(2) No change.

- (f) With respect to the Activity-Based and Global Risk Controls (as well as Kill Switch Actions), any marketable interest that is executable against an order or quote that is received prior to the time the applicable threshold is triggered and processed by the System will be automatically executed up to the size of the resting order or quote, regardless of whether the execution would cause the Options Member to exceed its pre-set risk threshold(s).

• • • *Supplementary Material* • • •

.01 No change.

.02 *An Options Member may set price controls under paragraph (a)([2]1)(A)(ii) above, that are equal to or more restrictive than levels set out in Rule 22.260(a) regarding Limit Order Price Protection.*

Rule 22.260. Additional Price Protection Mechanisms and Risk Controls

(a)-(c) No change.

(d) Price Reasonability Checks

(1)-(2) No change.

(3) Intrinsic Value Checks for sell orders or quotes.

(A)-(D)No change.

(E) Automated Breach Action for [Maker]Market Makers. If a Market Maker's order or quote message is rejected or cancelled (if resting) pursuant to paragraph (2) or (3) of this Rule, the Exchange will Cancel and Block orders and quotes in the affected class

of options per Rule 22.250(c)(2)(C)[(iii)].

(i)-(ii) No change.

(e) No change.

(f) Automated Breach Action for [Maker]Market Makers. If a Market Maker's order or quote message is rejected or cancelled (if resting) pursuant to paragraph (d)(2) or (d)(3) of this Rule, the Exchange will Cancel and Block orders and quotes in the affected class of options per Rule 22.250(c)(2)(C)[(iii)].

(1)-(2) No change.
