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Page 1 of * 33

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

File No. * SR 2026 - * 42

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) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
☒	☐	☐	☐	☒	☐

Pilot

Extension of Time Period for
Commission Action *

Date Expires *

Rule

☐	19b-4(f)(1)	☐	19b-4(f)(4)
☐	19b-4(f)(2)	☐	19b-4(f)(5)
☐	19b-4(f)(3)	☒	19b-4(f)(6)

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

Section 806(e)(1) *

Section 806(e)(2) *

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

Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Proposed Rule Change to Modify the Behavior of Discretionary Peg orders if they are Received by the Exchange During
a Period of Quote Instability or Quote Imbalance**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

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 10/15/2026

(Title *)

By Claudia Crowley

Chief Regulatory Officer

(Name *)

CLAUDIA OZAROFF
CROWLEYDigitally signed by CLAUDIA
OZAROFF CROWLEY
Date: 2026.10.15 14:56:02
-04'00'NOTE: Clicking the signature block at right will initiate digitally signing the
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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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D-Peg - Oct 26 update - 19b-4 - SEC f

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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D-Peg - Oct 26 update - Ex. 1 - SEC f

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

Add Remove View

D-Peg - Oct 26 update - Ex. 5 - SEC fi

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 modify the behavior of Discretionary Peg orders if they are received by the Exchange during a period of quote instability or quote imbalance. The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act³ and paragraph (f)(6) of Rule 19b-4 thereunder.⁴

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 respect to the proposed rule change are complete.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

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 this proposed rule filing is to amend Rule 11.190(b)(10) with respect to Discretionary Peg ("D-Peg") orders, so that a D-Peg order received during a period of quote instability⁵ or quote imbalance,⁶ as selected by the User⁷ for that order, initially prices and posts at its resting price⁸ rather than first pricing at the less aggressive of the Midpoint Price⁹ or the order's limit price, if any. IEX also proposes to make conforming edits to Rules 11.190(a)(3), 11.190(h)(3)(C)(ii), and 11.190(h)(3)(D)(ii). This proposal will only apply to D-Peg orders with a time-in-force ("TIF")¹⁰ that allows the D-Peg to post to the Order Book.

Background

Currently, upon entry into the System,¹¹ a D-Peg order seeks to execute against

⁵ See IEX Rule 11.190(g)(1).

⁶ See IEX Rule 11.190(g)(2).

⁷ See Rule 1.160(qq).

⁸ The resting price for a D-Peg order is the less aggressive of one (1) minimum price variant less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders) or the order's limit price, if any. See Rule 11.190(b)(10).

⁹ See Rule 1.160(t).

¹⁰ See Rule 11.190(c).

¹¹ See Rule 1.160(nn).

orders resting on the Order Book at the least aggressive of the Midpoint Price or the order's limit price, if any. If the D-Peg order has a TIF of IOC¹² or FOK¹³, any unexecuted shares are canceled back to the User. If the D-Peg order has a TIF of DAY,¹⁴ GTX,¹⁵ SYS,¹⁶ or GTT¹⁷ (collectively referred to herein as a "bookable D-Peg order"), any unexecuted shares post to the Order Book at the less aggressive of one minimum price variant ("MPV")¹⁸ less aggressive than the primary quote (the NBB for a buy order or the NBO for a sell order) or the order's limit price, if any.¹⁹

A resting D-Peg order will exercise the least amount of price discretion necessary to meet the limit price of an active contra-side order, up to its discretionary price.²⁰ However, during a period of quote instability or quote imbalance, as applicable, the D-Peg order will not exercise any discretion and is only eligible to trade at its resting price.²¹ Quote instability determinations are made by the System using the "crumbling quote indicator" or "CQI",²² and periods of quote imbalance are determined by the System using the "quote imbalance indicator" or "QII".²³ Users designate whether the

¹² See Rule 11.190(c)(1).

¹³ See Rule 11.190(c)(2).

¹⁴ See Rule 11.190(c)(3).

¹⁵ See Rule 11.190(c)(4).

¹⁶ See Rule 11.190(c)(5).

¹⁷ See Rule 11.190(c)(6).

¹⁸ See Rule 11.210.

¹⁹ See Rule 11.190(b)(10).

²⁰ A D-Peg order's discretionary price is the less aggressive of the Midpoint Price or the D-Peg order's limit price, if any.

²¹ See Rule 11.190(b)(10)(K).

²² See Rule 11.190(g)(1).

²³ See Rule 11.190(g)(2).

CQI or QII should apply to each D-Peg order, which means each resting D-Peg order's discretion will always be restricted either during times of quote instability or quote imbalance, as specified by the User,²⁴ while an incoming D-Peg order currently is unaffected by whether it is received during a period of quote instability or quote imbalance, as described above.

Proposal

The Exchange proposes to extend the CQI and QII protections to incoming bookable D-Peg orders that arrive while the applicable quote instability or quote imbalance determination is in effect for its side of the market.

As proposed, an incoming bookable D-Peg order will not seek to execute against orders resting on the Order Book at the least aggressive of the Midpoint Price or the order's limit price, if any, if it arrives during a period of quote instability or quote imbalance, as applicable. Instead, under this proposal, such a D-Peg order will post to the Order Book at either the less aggressive of one MPV less aggressive than the primary quote, or the order's limit price, if any. When on entry the CQI or QII, as applicable, is not in effect, a bookable D-Peg order will, as is currently the case, seek to execute against orders resting on the Order Book at the least aggressive of the Midpoint Price or the order's limit price, if any, and any unexecuted shares will post to the Order Book at either the less aggressive of one MPV less aggressive than the primary quote, or the order's limit price, if any. The Exchange is not proposing any change to the behavior of non-bookable D-Peg orders (i.e., orders with a TIF of IOC or FOK), which will continue to seek to execute against orders resting on the Order Book at the least aggressive of the

²⁴ See Rule 11.190(b)(10).

Midpoint Price or the order's limit price, if any, irrespective of if they arrive during a period of quote instability or quote imbalance, as applicable.

This proposal also changes nothing about the behavior of resting D-Peg orders, which will continue to exercise the least amount of price discretion necessary to meet the limit price of an active contra-side order, up to the D-Peg order's discretionary price, when the CQI or QII, as applicable, is not in effect. However, during a period of quote instability or quote imbalance, as applicable, resting D-Peg orders will continue to not exercise any price discretion, meaning they remain eligible to trade only at their resting price.²⁵

The following examples depict how this proposed change will impact incoming D-Peg orders:

Example 1 (existing functionality)

- Market for security ABC is \$10.10 by \$10.12.
- IEX has a resting M-Peg²⁶ to sell 100 shares, which is booked at the Midpoint Price of \$10.11.
- CQI determines the Signal Best Bid²⁷ is unstable.
- IEX receives a D-Peg order to buy 100 shares with limit of \$10.11, TIF of DAY, and User designation that the D-Peg should apply the CQI.
- D-Peg order is automatically priced at \$10.11 and takes the resting M-Peg, irrespective of the quote being unstable.

Example 2 (proposed functionality)

- Market for security ABC is \$10.10 by \$10.12.
- IEX has a resting M-Peg²⁸ to sell 100 shares, which is booked at the Midpoint Price of \$10.11.
- CQI determines the Signal Best Bid is unstable.
- IEX receives a D-Peg order to buy 100 shares with limit of \$10.11, TIF of DAY, and User designation that the D-Peg should apply the CQI.

²⁵ See Rule 11.190(b)(10)(K).

²⁶ See Rule 11.190(b)(9).

²⁷ See Rule 11.190(g)(1)(B)(i).

²⁸ See Rule 11.190(b)(9).

- D-Peg order is automatically priced at \$10.09 and does not trade with the resting M-Peg.

This proposal merely aligns the entry pricing of a bookable D-Peg order with the order's existing restriction on exercising price discretion during a period of quote instability or quote imbalance, as applicable. The proposed change is confined to this entry-pricing circumstance for bookable D-Peg orders. It does not change how the Exchange calculates quote instability or quote imbalance, the resting price formula, or the order's discretionary price when the selected determination is not in effect.

Finally, the Exchange proposes two conforming changes to Rule 11.190(h)(3)²⁹ to clarify that a bookable D-Peg order will not execute on entry in a locked or crossed market if the CQI or QII, as applicable, is in effect. Under current rules, incoming bookable D-Peg orders could execute on entry in a locked or crossed market regardless of the CQI or QII state.

To implement the change, the Exchange proposes to revise the introductory text of Rule 11.190(b)(10), as well as references to D-Peg pricing on entry in Rules 11.190(a)(3), 11.190(h)(3)(C)(ii), and 11.190(h)(3)(D)(ii). Specifically, IEX proposes to make the following changes:

- In the explanatory paragraph in Rule 11.190(b)(10), insert a new sentence after the sentence that reads: "A pegged order that upon entry into the System, the price of the order is automatically adjusted by the System to be equal to the less aggressive of the Midpoint Price or the order's limit price, if any." The new sentence will read in full:
 - "However, if the order is submitted with a TIF of DAY,

²⁹ Rule 11.190(h)(3)(C)(ii) describes how in a locked market, D-Peg (and P-Peg) orders are priced one MPV less aggressive than the locking price. Rule 11.190(h)(3)(D)(ii) describes how in a crossed market, D-Peg (and P-Peg) orders are priced one MPV less aggressive than the crossing price (the lowest Protected Offer for buy orders and the highest Protected Bid for sell orders).

GTX, SYS, or GTT, and is received during a period of quote instability as defined in paragraph (g)(1) or a period of quote imbalance as defined in paragraph (g)(2) below, as selected by the User, the price of the order is automatically adjusted by the System to be equal to and ranked at the less aggressive of one (1) MPV less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders) or the order's limit price, if any, and posts to the Order Book.”

- In the explanatory paragraph in Rule 11.190(a)(3) (Pegged Order), in the section describing D-Peg order pricing, add the following language after the words “the midpoint of the NBBO upon entry”:
 - “(except during periods of quote instability as defined in paragraph (g)(1) or during periods of quote imbalance as defined in paragraph (g)(2) below, as selected by the User), one (1) MPV less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders)”
- IEX also proposes to remove the words “the inside quote on the same side of the market” that currently follow the proposed new text in Rule 11.190(a)(3), to address an inconsistency in Rule 11.190(a)(3)’s description of D-Peg’s resting price.³⁰
- In Rule 11.190(h)(3)(C)(ii), which describes D-Peg price sliding in the event that the market becomes locked, add the following text to the last sentence, after it describes how a D-Peg order tries to execute at the Midpoint Price if it is submitted while the market is locked:
 - “unless the order is submitted with a TIF of DAY, GTX, SYS, or GTT, and is received during a period of quote instability as defined in paragraph (g)(1) or a period of quote imbalance as defined in paragraph (g)(2) below, as selected by the User.”
- In Rule 11.190(h)(3)(D)(ii), which describes D-Peg and P-Peg³¹ price sliding in the event that the market becomes crossed, add the following text to the second sentence, after it describes how a D-Peg order tries to execute at the crossing price if it is submitted

³⁰ IEX’s D-Peg rule, Rule 11.190(b)(10), correctly describes the resting price of a D-Peg order, but the Pegged Order rule’s description of the D-Peg resting price is inconsistent with the D-Peg rule. This conforming edit addresses the inconsistency.

³¹ See Rule 11.190(b)(8).

while the market is crossed:

- “unless the order is submitted with a TIF of DAY, GTX, SYS, or GTT, and is received during a period of quote instability as defined in paragraph (g)(1) or a period of quote imbalance as defined in paragraph (g)(2) below, as selected by the User.”

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 the provisions of Section 6(b)³² of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act³³ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the Exchange believes the proposed rule change is consistent with the protection of investors and the public interest because it is designed to protect from adverse selection bookable D-Peg orders that arrive during periods of quote instability or quote imbalance, by limiting execution at the Midpoint Price when the Exchange’s CQI or QII, as applicable, identifies that the primary quote appears to be moving adversely to them, thereby reducing the potential to execute at an imminently stale price and enhancing the overall execution experience of

³² 15 U.S.C. 78f.

³³ 15 U.S.C. 78f(b)(5).

D-Peg orders.

In addition, the Exchange believes that the proposed rule change will make D-Peg order handling more consistent and predictable, by extending the protection from execution at a potentially imminently stale price to bookable D-Peg orders on entry. Under the existing rule, an incoming D-Peg order received during a period of quote instability or quote imbalance, as applicable, is eligible to execute against resting interest up to the Midpoint Price on entry (unless constrained by the order's limit price), even though a resting D-Peg order is restricted from exercising price discretion to the Midpoint Price during such times.

Further, the Exchange believes that such protection is consistent with the protection of investors and the public interest because it may incentivize the entry of additional D-Peg orders on the Exchange, thereby increasing the overall liquidity profile on the Exchange to the benefit of all market participants. Moreover, resting D-Peg orders generally provide liquidity to market participants removing liquidity on the Exchange when the CQI or QII, as applicable, is not in effect. By incentivizing the entry of additional D-Peg orders, the Exchange believes that the proposed changes may enhance the overall execution experience for other market participants removing liquidity on the Exchange when the CQI or QII, as applicable, is not in effect.

Furthermore, as noted in the Purpose section, the proposed pricing for a bookable D-Peg order that arrives during a period of quote instability or quote imbalance, as applicable, is the same as the pricing that occurs if any incoming bookable D-Peg order does not fully execute on entry. Thus, IEX does not believe that the proposed changes raise any new or novel issues that have not already been considered by the Commission

in connection with existing order types and functionality offered by the Exchange.

Additionally, IEX believes that updating the descriptions of how orders are repriced in the Pegged Order rule, as well as in the rules for handling incoming D-Peg orders when the market is locked or crossed, is consistent with the protection of investors and the public interest because it is designed to reduce the potential to execute at an imminently stale price and thereby enhance the overall execution experience of D-Peg orders.

Finally, the Exchange believes that the conforming change to the description of the resting price of D-Peg orders in the Pegged Orders rule is consistent with the protection of investors and the public interest because it adds additional clarity to the Exchange's rules, thereby making them more accurate and complete, and descriptive of the System's functionality.

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

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

The Exchange does not believe the proposal would impose an unnecessary or undue burden on intermarket competition. Market participants may choose among competing venues and order types. The proposal refines the handling of an existing IEX order type in a limited set of circumstances, in a manner designed to reduce the potential to execute at an imminently stale price and thereby enhance the overall execution experience of D-Peg orders which may help the Exchange compete with other exchanges for order flow. This order handling change will be available to all Members³⁴ on equal

³⁴ See Rule 1.160(s).

terms. Further, market participants have a variety of order types to select from (on IEX as well as on other equities exchanges) and have the ability to choose among these various order types to meet their specific trading or business needs, as determined by the Members. Accordingly, the Exchange believes that the proposed rule change will not result in any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange also does not believe the proposal would impose an unnecessary or undue burden on intramarket competition. The proposed change will modify the treatment of all bookable D-Peg orders that are received by the Exchange during a period of quote instability or quote imbalance, as applicable, and will therefore be applied equally to all Members using the D-Peg order type, and the proposal does not alter the treatment of other order types.

Moreover, as discussed in the Statutory Basis sections, resting D-Peg orders generally provide liquidity to market participants removing liquidity on the Exchange. Thus, the Exchange further believes that to the extent that the proposed changes incentivize additional D-Peg order flow, for the reasons discussed in the Statutory Basis section, the proposed order handling change will enhance competition in a manner that is consistent with the protection of investors and the public interest.

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 Act³⁵ and paragraph (f)(6) of Rule 19b-4 thereunder.³⁶ 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, and (3) 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.³⁷

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4³⁸ because it would not significantly affect the protection of investors or the public interest because it merely extends a bookable D-Peg order's existing restriction on discretionary pricing during periods of quote instability or quote imbalance, as applicable, to the order's initial pricing on entry. The rule change proposal does not alter the CQI or QII calculations, the order's resting price, or its ability to exercise discretion outside of periods of quote instability or quote imbalance, as applicable. Further, as discussed in the Burden on Competition section, above, this proposal would not impose any significant burden on competition.

³⁵ 15 U.S.C. 78s(b)(3)(A).

³⁶ 17 CFR 240.19b-4(f)(6).

³⁷ 17 CFR 240.19b-4(f)(6)(iii).

³⁸ 17 CFR 240.19b-4(f)(6).

Accordingly, the Exchange believes that the proposed rule change is non-controversial and satisfies the requirements of Rule 19b-4(f)(6).³⁹

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 change 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.

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

Not applicable.

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.

³⁹ 17 CFR 240.19b-4(f)(6).

Exhibit 5 – Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34 - ; File No. SR-IEX-2026-42)

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the Behavior of Discretionary Peg orders if They are Received by the Exchange During a Period of Quote Instability or Quote Imbalance.

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 modify the behavior of Discretionary Peg orders if they are received by the Exchange during a period of quote instability or quote imbalance. The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act⁶ and paragraph (f)(6) of Rule 19b-4

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 15 U.S.C. 78s(b)(3)(A).

thereunder.⁷

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 this proposed rule filing is to amend Rule 11.190(b)(10) with respect to Discretionary Peg ("D-Peg") orders, so that a D-Peg order received during a period of quote instability⁸ or quote imbalance,⁹ as selected by the User¹⁰ for that order, initially prices and posts at its resting price¹¹ rather than first pricing at the less aggressive of the Midpoint Price¹² or the order's limit price, if any. IEX also proposes to make conforming edits to Rules 11.190(a)(3),

⁷ 17 CFR 240.19b-4(f)(6).

⁸ See IEX Rule 11.190(g)(1).

⁹ See IEX Rule 11.190(g)(2).

¹⁰ See Rule 1.160(qq).

¹¹ The resting price for a D-Peg order is the less aggressive of one (1) minimum price variant less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders) or the order's limit price, if any. See Rule 11.190(b)(10).

¹² See Rule 1.160(t).

11.190(h)(3)(C)(ii), and 11.190(h)(3)(D)(ii). This proposal will only apply to D-Peg orders with a time-in-force (“TIF”)¹³ that allows the D-Peg to post to the Order Book.

Background

Currently, upon entry into the System,¹⁴ a D-Peg order seeks to execute against orders resting on the Order Book at the least aggressive of the Midpoint Price or the order’s limit price, if any. If the D-Peg order has a TIF of IOC¹⁵ or FOK¹⁶, any unexecuted shares are canceled back to the User. If the D-Peg order has a TIF of DAY,¹⁷ GTX,¹⁸ SYS,¹⁹ or GTT²⁰ (collectively referred to herein as a “bookable D-Peg order”), any unexecuted shares post to the Order Book at the less aggressive of one minimum price variant (“MPV”)²¹ less aggressive than the primary quote (the NBB for a buy order or the NBO for a sell order) or the order’s limit price, if any.²²

A resting D-Peg order will exercise the least amount of price discretion necessary to meet the limit price of an active contra-side order, up to its discretionary price.²³ However, during a period of quote instability or quote imbalance, as applicable, the D-Peg order will not exercise any discretion and is only eligible to trade at its resting price.²⁴ Quote instability determinations

¹³ See Rule 11.190(c).

¹⁴ See Rule 1.160(nn).

¹⁵ See Rule 11.190(c)(1).

¹⁶ See Rule 11.190(c)(2).

¹⁷ See Rule 11.190(c)(3).

¹⁸ See Rule 11.190(c)(4).

¹⁹ See Rule 11.190(c)(5).

²⁰ See Rule 11.190(c)(6).

²¹ See Rule 11.210.

²² See Rule 11.190(b)(10).

²³ A D-Peg order’s discretionary price is the less aggressive of the Midpoint Price or the D-Peg order’s limit price, if any.

²⁴ See Rule 11.190(b)(10)(K).

are made by the System using the “crumbling quote indicator” or “CQI”,²⁵ and periods of quote imbalance are determined by the System using the “quote imbalance indicator” or “QII”.²⁶ Users designate whether the CQI or QII should apply to each D-Peg order, which means each resting D-Peg order’s discretion will always be restricted either during times of quote instability or quote imbalance, as specified by the User,²⁷ while an incoming D-Peg order currently is unaffected by whether it is received during a period of quote instability or quote imbalance, as described above.

Proposal

The Exchange proposes to extend the CQI and QII protections to incoming bookable D-Peg orders that arrive while the applicable quote instability or quote imbalance determination is in effect for its side of the market.

As proposed, an incoming bookable D-Peg order will not seek to execute against orders resting on the Order Book at the least aggressive of the Midpoint Price or the order’s limit price, if any, if it arrives during a period of quote instability or quote imbalance, as applicable. Instead, under this proposal, such a D-Peg order will post to the Order Book at either the less aggressive of one MPV less aggressive than the primary quote, or the order’s limit price, if any. When on entry the CQI or QII, as applicable, is not in effect, a bookable D-Peg order will, as is currently the case, seek to execute against orders resting on the Order Book at the least aggressive of the Midpoint Price or the order’s limit price, if any, and any unexecuted shares will post to the Order Book at either the less aggressive of one MPV less aggressive than the primary quote, or the order’s limit price, if any. The Exchange is not proposing any change to the behavior of non-

²⁵ See Rule 11.190(g)(1).

²⁶ See Rule 11.190(g)(2).

²⁷ See Rule 11.190(b)(10).

bookable D-Peg orders (i.e., orders with a TIF of IOC or FOK), which will continue to seek to execute against orders resting on the Order Book at the least aggressive of the Midpoint Price or the order's limit price, if any, irrespective of if they arrive during a period of quote instability or quote imbalance, as applicable.

This proposal also changes nothing about the behavior of resting D-Peg orders, which will continue to exercise the least amount of price discretion necessary to meet the limit price of an active contra-side order, up to the D-Peg order's discretionary price, when the CQI or QII, as applicable, is not in effect. However, during a period of quote instability or quote imbalance, as applicable, resting D-Peg orders will continue to not exercise any price discretion, meaning they remain eligible to trade only at their resting price.²⁸

The following examples depict how this proposed change will impact incoming D-Peg orders:

Example 1 (existing functionality)

- Market for security ABC is \$10.10 by \$10.12.
- IEX has a resting M-Peg²⁹ to sell 100 shares, which is booked at the Midpoint Price of \$10.11.
- CQI determines the Signal Best Bid³⁰ is unstable.
- IEX receives a D-Peg order to buy 100 shares with limit of \$10.11, TIF of DAY, and User designation that the D-Peg should apply the CQI.
- D-Peg order is automatically priced at \$10.11 and takes the resting M-Peg, irrespective of the quote being unstable.

Example 2 (proposed functionality)

- Market for security ABC is \$10.10 by \$10.12.
- IEX has a resting M-Peg³¹ to sell 100 shares, which is booked at the Midpoint Price of \$10.11.
- CQI determines the Signal Best Bid is unstable.

²⁸ See Rule 11.190(b)(10)(K).

²⁹ See Rule 11.190(b)(9).

³⁰ See Rule 11.190(g)(1)(B)(i).

³¹ See Rule 11.190(b)(9).

- IEX receives a D-Peg order to buy 100 shares with limit of \$10.11, TIF of DAY, and User designation that the D-Peg should apply the CQI.
- D-Peg order is automatically priced at \$10.09 and does not trade with the resting M-Peg.

This proposal merely aligns the entry pricing of a bookable D-Peg order with the order's existing restriction on exercising price discretion during a period of quote instability or quote imbalance, as applicable. The proposed change is confined to this entry-pricing circumstance for bookable D-Peg orders. It does not change how the Exchange calculates quote instability or quote imbalance, the resting price formula, or the order's discretionary price when the selected determination is not in effect.

Finally, the Exchange proposes two conforming changes to Rule 11.190(h)(3)³² to clarify that a bookable D-Peg order will not execute on entry in a locked or crossed market if the CQI or QII, as applicable, is in effect. Under current rules, incoming bookable D-Peg orders could execute on entry in a locked or crossed market regardless of the CQI or QII state.

To implement the change, the Exchange proposes to revise the introductory text of Rule 11.190(b)(10), as well as references to D-Peg pricing on entry in Rules 11.190(a)(3), 11.190(h)(3)(C)(ii), and 11.190(h)(3)(D)(ii). Specifically, IEX proposes to make the following changes:

- In the explanatory paragraph in Rule 11.190(b)(10), insert a new sentence after the sentence that reads: "A pegged order that upon entry into the System, the price of the order is automatically adjusted by the System to be equal to the less aggressive of the Midpoint Price or the order's limit price, if any." The new sentence will read in full:
 - "However, if the order is submitted with a TIF of DAY, GTX, SYS, or GTT, and is received during a period of quote instability as defined in paragraph (g)(1) or a period of quote imbalance as

³²

Rule 11.190(h)(3)(C)(ii) describes how in a locked market, D-Peg (and P-Peg) orders are priced one MPV less aggressive than the locking price. Rule 11.190(h)(3)(D)(ii) describes how in a crossed market, D-Peg (and P-Peg) orders are priced one MPV less aggressive than the crossing price (the lowest Protected Offer for buy orders and the highest Protected Bid for sell orders).

defined in paragraph (g)(2) below, as selected by the User, the price of the order is automatically adjusted by the System to be equal to and ranked at the less aggressive of one (1) MPV less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders) or the order's limit price, if any, and posts to the Order Book.”

- In the explanatory paragraph in Rule 11.190(a)(3) (Pegged Order), in the section describing D-Peg order pricing, add the following language after the words “the midpoint of the NBBO upon entry”:
 - “(except during periods of quote instability as defined in paragraph (g)(1) or during periods of quote imbalance as defined in paragraph (g)(2) below, as selected by the User), one (1) MPV less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders)”
- IEX also proposes to remove the words “the inside quote on the same side of the market” that currently follow the proposed new text in Rule 11.190(a)(3), to address an inconsistency in Rule 11.190(a)(3)’s description of D-Peg’s resting price.³³
- In Rule 11.190(h)(3)(C)(ii), which describes D-Peg price sliding in the event that the market becomes locked, add the following text to the last sentence, after it describes how a D-Peg order tries to execute at the Midpoint Price if it is submitted while the market is locked:
 - “unless the order is submitted with a TIF of DAY, GTX, SYS, or GTT, and is received during a period of quote instability as defined in paragraph (g)(1) or a period of quote imbalance as defined in paragraph (g)(2) below, as selected by the User.”
- In Rule 11.190(h)(3)(D)(ii), which describes D-Peg and P-Peg³⁴ price sliding in the event that the market becomes crossed, add the following text to the second sentence, after it describes how a D-Peg order tries to execute at the crossing price if it is submitted while the market is crossed:
 - “unless the order is submitted with a TIF of DAY, GTX, SYS, or GTT, and is received during a period of quote instability as defined in paragraph (g)(1) or a period of quote imbalance as defined in paragraph (g)(2) below, as selected by the User.”

³³ IEX’s D-Peg rule, Rule 11.190(b)(10), correctly describes the resting price of a D-Peg order, but the Pegged Order rule’s description of the D-Peg resting price is inconsistent with the D-Peg rule. This conforming edit addresses the inconsistency.

³⁴ See Rule 11.190(b)(8).

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.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)³⁵ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act³⁶ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the Exchange believes the proposed rule change is consistent with the protection of investors and the public interest because it is designed to protect from adverse selection bookable D-Peg orders that arrive during periods of quote instability or quote imbalance, by limiting execution at the Midpoint Price when the Exchange's CQI or QII, as applicable, identifies that the primary quote appears to be moving adversely to them, thereby reducing the potential to execute at an imminently stale price and enhancing the overall execution experience of D-Peg orders.

In addition, the Exchange believes that the proposed rule change will make D-Peg order handling more consistent and predictable, by extending the protection from execution at a potentially imminently stale price to bookable D-Peg orders on entry. Under the existing rule, an incoming D-Peg order received during a period of quote instability or quote imbalance, as

³⁵ 15 U.S.C. 78f.

³⁶ 15 U.S.C. 78f(b)(5).

applicable, is eligible to execute against resting interest up to the Midpoint Price on entry (unless constrained by the order's limit price), even though a resting D-Peg order is restricted from exercising price discretion to the Midpoint Price during such times.

Further, the Exchange believes that such protection is consistent with the protection of investors and the public interest because it may incentivize the entry of additional D-Peg orders on the Exchange, thereby increasing the overall liquidity profile on the Exchange to the benefit of all market participants. Moreover, resting D-Peg orders generally provide liquidity to market participants removing liquidity on the Exchange when the CQI or QII, as applicable, is not in effect. By incentivizing the entry of additional D-Peg orders, the Exchange believes that the proposed changes may enhance the overall execution experience for other market participants removing liquidity on the Exchange when the CQI or QII, as applicable, is not in effect.

Furthermore, as noted in the Purpose section, the proposed pricing for a bookable D-Peg order that arrives during a period of quote instability or quote imbalance, as applicable, is the same as the pricing that occurs if any incoming bookable D-Peg order does not fully execute on entry. Thus, IEX does not believe that the proposed changes raise any new or novel issues that have not already been considered by the Commission in connection with existing order types and functionality offered by the Exchange.

Additionally, IEX believes that updating the descriptions of how orders are repriced in the Pegged Order rule, as well as in the rules for handling incoming D-Peg orders when the market is locked or crossed, is consistent with the protection of investors and the public interest because it is designed to reduce the potential to execute at an imminently stale price and thereby enhance the overall execution experience of D-Peg orders.

Finally, the Exchange believes that the conforming change to the description of the

resting price of D-Peg orders in the Pegged Orders rule is consistent with the protection of investors and the public interest because it adds additional clarity to the Exchange's rules, thereby making them more accurate and complete, and descriptive of the System's functionality.

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

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

The Exchange does not believe the proposal would impose an unnecessary or undue burden on intermarket competition. Market participants may choose among competing venues and order types. The proposal refines the handling of an existing IEX order type in a limited set of circumstances, in a manner designed to reduce the potential to execute at an imminently stale price and thereby enhance the overall execution experience of D-Peg orders which may help the Exchange compete with other exchanges for order flow. This order handling change will be available to all Members³⁷ on equal terms. Further, market participants have a variety of order types to select from (on IEX as well as on other equities exchanges) and have the ability to choose among these various order types to meet their specific trading or business needs, as determined by the Members. Accordingly, the Exchange believes that the proposed rule change will not result in any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange also does not believe the proposal would impose an unnecessary or undue burden on intramarket competition. The proposed change will modify the treatment of all bookable D-Peg orders that are received by the Exchange during a period of quote instability or quote imbalance, as applicable, and will therefore be applied equally to all Members using the D-

³⁷ See Rule 1.160(s).

Peg order type, and the proposal does not alter the treatment of other order types.

Moreover, as discussed in the Statutory Basis sections, resting D-Peg orders generally provide liquidity to market participants removing liquidity on the Exchange. Thus, the Exchange further believes that to the extent that the proposed changes incentivize additional D-Peg order flow, for the reasons discussed in the Statutory Basis section, the proposed order handling change will enhance competition in a manner that is consistent with the protection of investors and the public interest.

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)³⁸ of the Act and Rule 19b-4(f)(6)³⁹ 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-4⁴⁰ because it would not significantly affect the protection of investors or the public interest because it merely extends a bookable D-Peg order's existing restriction on discretionary pricing during periods of quote instability or quote imbalance, as applicable, to the

³⁸ 15 U.S.C. 78s(b)(3)(A).

³⁹ 17 CFR 240.19b-4(f)(6).

⁴⁰ 17 CFR 240.19b-4(f)(6).

order's initial pricing on entry. The rule change proposal does not alter the CQI or QII calculations, the order's resting price, or its ability to exercise discretion outside of periods of quote instability or quote imbalance, as applicable. Further, as discussed in the Burden on Competition section, above, this proposal would not impose any significant burden on competition. 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 change 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.

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)⁴¹ 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-2026-42

⁴¹ 15 U.S.C. 78s(b)(2)(B).

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-2026-42. 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-2026-42 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.⁴²

Sherry R. Haywood,

Assistant Secretary.

⁴² 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) General Order Types****(1)-(2) No change.**

- (3) **Pegged Order.** A non-displayed order that upon entry into the System and while resting on the Order Book, is pegged to a reference price based on the NBBO and the price of the order is automatically adjusted by the System in response to changes in the NBBO. A User can specify to peg the order to one of the following reference prices: one (1) MPV less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders) while resting, and available for execution against opposing orders to its discretionary price (i.e., from the resting price to the primary quote) (“primary peg”); the midpoint of the NBBO (“midpoint peg” and “fixed midpoint peg”); the midpoint of the NBBO upon entry (except during periods of quote instability as defined in paragraph (g)(1) or during periods of quote imbalance as defined in paragraph (g)(2) below, as selected by the User), one (1) MPV less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders) [the inside quote on the same side of the market] while resting, and available for execution against opposing orders within its discretionary range (i.e. from the resting price to the Midpoint Price or the order’s limit, whichever is less aggressive) at a price that uses the minimum amount of discretion necessary to execute the order against an active order (“Discretionary Peg”); the primary quote plus or minus an offset amount (“Offset Peg”); or the NBO (NBB) for buy (sell) orders minus (plus) an optional offset amount (“Market Peg”). A pegged order may have a limit price beyond which the order shall not be executed. A midpoint pegged order, a Discretionary Peg order, or a fixed midpoint pegged order may be executed in sub-pennies if necessary to obtain a Midpoint Price. A pegged order:

(b) Order Parameters.

(1)–(9) No change.

- (10) Discretionary Peg Order. A pegged order that upon entry into the System, the price of the order is automatically adjusted by the System to be equal to the less aggressive of the Midpoint Price or the order's limit price, if any. However, if the order is submitted with a TIF of DAY, GTX, SYS, or GTT, and is received during a period of quote instability as defined in paragraph (g)(1) or a period of quote imbalance as defined in paragraph (g)(2) below, as selected by the User, the price of the order is automatically adjusted by the System to be equal to and ranked at the less aggressive of one (1) MPV less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders) or the order's limit price, if any, and posts to the Order Book. When unexecuted shares of such order are posted to the Order Book, the price of the order is automatically adjusted by the System to be equal to and ranked at the less aggressive of one (1) MPV less aggressive than the primary quote (i.e., the NBB for buy orders and NBO for sell orders) or the order's limit price and is automatically adjusted by the System in response to changes in the NBB (NBO) for buy (sell) orders up (down) to the order's limit price, if any. In order to meet the limit price of active orders on the Order Book, a Discretionary Peg order will exercise the least amount of price discretion necessary from the Discretionary Peg order's resting price to its discretionary price (defined as the less aggressive of the Midpoint Price or the Discretionary Peg order's limit price, if any, or as set forth in IEX Rule 11.190(h)(2)(B)), except during periods of quote instability as defined in paragraph (g)(1) or during periods of quote imbalance as defined in paragraph (g)(2) below, as selected by the User, when a Discretionary Peg order is only eligible to trade at its resting price. When exercising price discretion, a Discretionary Peg order maintains time priority at its resting price and is prioritized behind any non-displayed interest at the discretionary price for the duration of that book processing action. If multiple Discretionary Peg orders are exercising price discretion during the same book processing action, they maintain their relative time priority at the discretionary price. A Discretionary Peg order:

(A)–(K) No change.

(11)–(21) No change.

(c)–(g) No change.

(h) Price Sliding.

The System will process orders pursuant to the “price sliding process,” which includes the following:

(1)-(2) No change.

(3) Locked and Crossed Markets.

(A)-(B) No change.

(C) In the event that the market becomes locked, the System will observe the following practices for non-displayed orders:

(i) No change.

(ii) In the event that the market becomes locked, primary peg orders and Discretionary Peg orders resting on or posting to the Order Book are priced one (1) MPV less aggressive than the locking price. If a Discretionary Peg order is submitted to the Exchange by a User while the market is locked, the order initially checks for available contra-side interest on the Order Book at the Midpoint Price (the locking price) before posting, unless the order is submitted with a TIF of DAY, GTX, SYS, or GTT, and is received during a period of quote instability as defined in paragraph (g)(1) or a period of quote imbalance as defined in paragraph (g)(2) below, as selected by the User.

(iii) No change.

(D) In the event that the market becomes crossed, the System will observe the following practices for non-displayed orders:

(i) No change.

(ii) In the event that the market becomes crossed, primary peg orders and Discretionary Peg orders resting on or posting to the Order Book are priced one (1) MPV away from the crossing price, the lowest Protected Offer for buy orders and the highest Protected Bid for sell orders, before posting. If a Discretionary Peg order is submitted to the Exchange by a User while the market is crossed, the order initially checks for matches on the Order Book at the crossing price, the lowest Protected Offer for buy orders and the highest Protected Bid for sell orders, before posting, unless the

order is submitted with a TIF of DAY, GTX, SYS, or GTT, and is received during a period of quote instability as defined in paragraph (g)(1) or a period of quote imbalance as defined in paragraph (g)(2) below, as selected by the User. If a primary peg order is submitted to the Exchange by a User while the market is crossed, the order posts to the Order Book priced one (1) MPV less aggressive than the crossing price, the lowest Protected Offer for buy orders and the highest Protected Bid for sell orders.

(iii) No change.

(4)-(5) No change.
