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Page 1 of * 34

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

File No. * SR 2026 - * 43
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 Amend IEX Rule 3.291 (Influencing or Rewarding Employees of Others; Gratuities), to Conform to the Rules of FINRA for Purposes of an Agreement Between the Exchange and FINRA pursuant to Rule 17d-2 under the Act.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Nathaniel Last Name * Kolodny

Title * Lead Regulation Counsel

E-mail * nathaniel.kolodny@iextrading.com

Telephone * (646) 343-2034 Fax

Signature

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

Date 10/29/2026

By Claudia Crowley
(Name *)

(Title *) Chief Regulatory Officer

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

CLAUDIA OZAROFF CROWLEY
Digitally signed by CLAUDIA OZAROFF CROWLEY
Date: 2026.10.29 11:47:39 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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Rule 3.291 - increase gift limit 19b-4 -

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

Exhibit 1 - Notice of Proposed Rule Change *

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Rule 3.291 - increase gift limit Ex. 1 -

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

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

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

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

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

☐ Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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

☐ Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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Rule 3.291 - increase gift limit Ex. 5.dc

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] Investors Exchange LLC ("IEX" or "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend IEX Rule 3.291 (Influencing or Rewarding Employees of Others; Gratuities), to conform to the rules of the Financial Industry Regulatory Authority, Inc. ("FINRA") for purposes of an agreement between the Exchange and FINRA pursuant to Rule 17d-2 under the Act.

The Exchange has designated this proposed rule change as "non-controversial" under Section 19(b)(3)(A) of the Act[3] and provided the Commission with the notice required by Rule 19b-4(f)(6) 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

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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).

governing documents. Therefore, the Exchange's internal procedures with respect to the proposed rule change are complete.

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

Claudia Crowley Chief Regulatory Officer Investors Exchange LLC 917-509-9001	Nathaniel Kolodny Lead Regulation Counsel Investors Exchange LLC (646) 343-2034

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

a. Purpose

The Exchange proposes to amend IEX Rule 3.291 (Influencing or Rewarding Employees of Others; Gratuities), to make conforming changes to the Rule such that it remains substantially similar to FINRA Rule 3220. The Exchange notes that this filing is based on a rule change proposal recently submitted by FINRA and approved by the Commission, which amended FINRA Rule 3220 (Influencing or Rewarding Employees of Others).[5]

Pursuant to Rule 17d-2 under the Act,[6] the Exchange and FINRA entered into an agreement to allocate regulatory responsibility for common rules (the "17d-2 Agreement").[7] The 17d-2 Agreement covers common members of the Exchange and FINRA and allocates to FINRA regulatory responsibility, with respect to common members, for the following: (i) examination of common members of the Exchange and FINRA for compliance with certain federal securities

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5 See Securities Exchange Act Release No. 104830 (February 12, 2026), 91 FR 7570 (February 18, 2026) (Order Approving File No. SR-FINRA-2025-003) ("FINRA 3220 Filing").

6 17 CFR 240.17d-2.

7 See Securities Exchange Act Release No. 105332 (April 28, 2026), 91 FR 23506 (May 1, 2026) (File No. 4-700) (Notice of Filing and Order Approving and Declaring Effective an Amended Plan for the Allocation of Regulatory Responsibilities Between the Financial Industry Regulatory Authority, Inc. and Investors Exchange LLC).

laws, rules and regulations and rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules; (ii) investigation of common members of the Exchange and FINRA for violations of certain federal securities laws, rules or regulations, or Exchange rules that the Exchange has certified as identical or substantially similar to a FINRA rule; and (iii) enforcement of compliance by common members with certain federal securities laws, rules and regulations, and the rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules.[8]

The 17d-2 Agreement includes a certification by the Exchange that states that the requirements contained in certain IEX Rules are identical to, or substantially similar to, certain FINRA rules that have been identified as comparable. Included among those rules is Rule 3.291, which IEX previously certified to be identical to, or substantially similar to, FINRA Rule 3220.

Currently, Rule 3.291 would not be covered under the 17d-2 Agreement because the FINRA 3220 Filing changed FINRA Rule 3220 such that the FINRA rule is no longer identical, or substantially similar to, FINRA Rule 3220. Rule 3.291 prohibits a Member[9] or person associated with a Member from, directly or indirectly, giving or permitting to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent, or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. By contrast, the recently amended FINRA Rule 3220 prohibits gifts in excess of $300.00, where the gift or gratuity is in relation to the business of the employer of the recipient. The FINRA 3220 Filing also introduced provisions covering: supervision and recordkeeping

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8 See supra, note 7.

9 See Rule 1.160(s).

requirements; gifts incidental to business entertainment; valuation of gifts; aggregation of gifts; personal gifts; bereavement gifts; de minimis gifts and promotional or commemorative items; donations due to federally declared major disasters; or gifts to a Member's associated persons or individual retail customers. Because of the above-described differences between Rule 3.291 and FINRA Rule 3220, Rule 3.291 currently will not be considered a common rule pursuant to the 17d-2 Agreement. To again harmonize its rules with those of FINRA, the Exchange now proposes to conform the text of Rule 3.291 to FINRA Rule 3220, so that it may be incorporated into the 17d-2 Agreement in its entirety.

The Exchange believes that these changes will help to avoid confusion among Members of the Exchange that are also members of FINRA by harmonizing Rule 3.291 with FINRA Rule 3220. The proposed changes to Rule 3.291 are designed to enable the Exchange to incorporate Rule 3.291 into the 17d-2 Agreement, further reducing duplicative regulation of Members that are also members of FINRA. For the avoidance of doubt, Rule 3.291 would apply equally to Exchange-only Members as the Exchange believes it appropriately protects against improprieties, such as conflicts of interest, that might arise when a Member or person associated with a Member gives items of value to an employee of another person, such as an institutional customer, vendor or counterparty with the hope of strengthening the relationship with the customer.

First, the Exchange proposes to amend Rule 3.291 to increase the gift limit from $100 to $300 per individual per year. FINRA stated that the current gift limit of $100 has been in place since 1992.[10] FINRA increased the gift limit from $100 to $300 to account for past inflation since 1992 and to account for expected future inflation for approximately ten years, thereby

[10] See supra, note 5.

reducing the frequency of future upwards adjustments to account for inflation.[11] Consistent with FINRA's determination, the Exchange believes that a $300 gift limit would continue to permit the exchange of business courtesies while helping to guard against excessiveness, and reasonably reflects changes to purchasing power due to inflation since the gift limit was last raised in 1992 as well as approximately ten years of expected future inflation.

Second, the Exchange proposes to add a new paragraph (d) to Rule 3.291 that would authorize FINRA, acting on behalf of the Exchange, to conditionally or unconditionally grant an exemption from any provision of 3.291 for good cause shown, provided that such exemption is consistent with the purpose of the Rule, the protection of investors, and the public interest. Specifically, the Exchange proposes that pursuant to Rule Series 9.600, FINRA staff, for good cause shown after taking into consideration all relevant factors, may conditionally or unconditionally grant an exemption from any provision of this Rule to the extent that such exemption is consistent with the purpose of the Rule, the protection of investors, and the public interest. This proposed provision mirrors the exemptive relief authority added by FINRA in new FINRA Rule 3220(d). Given the scope of Rule 3.291, which applies to gifts given to a wide range of recipients where the payment is in relation to the business of the employer of the recipient, and given the diversity of Member sizes, structures, businesses, and distribution models, the Exchange believes it would be useful and appropriate to have the ability to provide relief from a particular provision of the Rule under specific factual circumstances.

Third, FINRA Rule 3220 incorporated published guidance interpreting FINRA Rule 3220, including NASD Notice to Members 06-69,[12] FINRA's Frequently Asked Questions on

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11 Id.

12 See NASD Notice to Members 06-69 (Dec. 2006) ("NTM 06-69").

Gifts, Business Entertainment, and Non-Cash Compensation,[13] as well as an interpretive letter regarding bereavement gifts (the "Aly Letter").[14] To maintain substantive alignment with FINRA Rule 3220, the Exchange proposes to adopt corresponding Supplementary Material .01 through .09 to Rule 3.291. Each proposed Supplementary Material section is described below.

Proposed Supplementary Material .01 (Gifts Incidental to Business Entertainment) would state that a gift given during the course of a business entertainment event is subject to Rule 3.291 unless it is consistent with the requirements of proposed Supplementary Material .04 (Personal Gifts) or .06 (De Minimis Gifts and Promotional or Commemorative Items) which is substantially similar to FINRA Rule 3220 Supplementary Material .04 and .06. For the purpose of the $300 limit, the cost of the business entertainment event itself would not be included in the value of the gift.

Proposed Supplementary Material .02 (Valuation of Gifts) would require Members to value gifts (other than tickets for sporting or other events) at cost, exclusive of tax and delivery charges, and would require Members to value tickets for sporting or other events at the higher of cost or face value. If gifts are given to multiple recipients, Members must record the names of each recipient and calculate and record the value of the gift on a pro rata, per-recipient basis, for purposes of ensuring compliance with the $300 limit in Rule 3.291. Supplementary Material .02 to FINRA Rule 3220 requires Members to value gifts (other than tickets for sporting or other events) at cost rather than at the higher of cost or market value, which reduces complexity and subjectivity because market value can be difficult and burdensome to determine, while

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13 See Gifts/Business Entertainment/Non-Cash Compensation FAQs, https://www.finra.org/rules-guidance/keytopics/gifts-gratuities-and-non-cash-compensation/faqs ("FAQs").

14 See Letter from Gary L. Goldsholle, Vice President & Associate General Counsel, FINRA, to Amal Aly, Managing Director & Associate General Counsel, SIFMA, dated December 17, 2007 ("Aly Letter").

distinguishing tickets for sporting or other events accounts for the fact that such tickets are commonly purchased on secondary markets at costs that differ from face value. This proposed revision is substantially similar to Supplementary Material .02 to FINRA Rule 3220.

Proposed Supplementary Material .03 (Aggregation of Gifts) would require Members to aggregate all gifts given by the Member and each associated person of the Member to a particular recipient over the course of the year for purposes of ensuring compliance with the $300 limit in Rule 3.291(a), and would require each Member to state in its procedures whether it is aggregating all gifts given by the Member and its associated persons on a calendar year, fiscal year, or on a rolling basis beginning with the first gift to any particular recipient. The aggregation requirement would not apply to personal gifts under proposed Supplementary Material .04 or to gifts of de minimis value or promotional or commemorative items under proposed Supplementary Material .06 as they are already not subject to the gift limit. This proposed provision, which is substantially similar to Supplementary Material .03 to FINRA Rule 3220, would help ensure that persons who give multiple gifts in a year to the same recipient do not circumvent the gift limit.

Proposed Supplementary Material .04 (Personal Gifts) would state that gifts that are given for infrequent life events (e.g., a wedding gift or a congratulatory gift for the birth of a child) are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements in Rule 3.291(c), provided the gifts are customary and reasonable, personal in nature, and not in relation to the business of the employer of the recipient. In determining whether a gift is "personal in nature and not in relation to the business of the employer of the recipient," Members should consider a number of factors, including the nature of any pre-existing personal or family relationship between the person giving the gift and the recipient and whether the associated

person paid for the gift. When the Member bears the cost of the gift, either directly or by reimbursing an associated person, FINRA will presume that such gift is not personal in nature and instead is in relation to the business of the employer of the recipient. This provision is substantially similar to Supplementary Material .04 to FINRA Rule 3220.

Consistent with Supplementary Material .05 to FINRA Rule 3220 (Bereavement Gifts), proposed Supplementary Material .05 to Rule 3.291 separates bereavement gifts from personal gifts. Proposed Supplementary Material .05 to Rule 3.291 would state that bereavement gifts that are customary and reasonable are not considered to be in relation to the business of the employer of the recipient and, therefore, are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements in Rule 3.291(c). This provision is substantially similar to Supplementary Material .05 to FINRA Rule 3220.

Proposed Supplementary Material .06 (De Minimis Gifts and Promotional or Commemorative Items), at paragraph (a), would state that gifts of a de minimis value (e.g., pens, notepads, or modest desk ornaments) or promotional items of nominal value that display the Member's logo (e.g., umbrellas, tote bags, or shirts) are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements in Rule 3.291(c), provided that the value of the gift or promotional item is substantially below the $300 limit. Proposed Supplementary Material .06(b) would state that customary and reasonable solely decorative items commemorating a business transaction are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements in Rule 3.291(c). These provisions are substantially similar to Supplementary Material .06 to FINRA Rule 3220.

Proposed Supplementary Material .07 (Donations Due to Federally Declared Major Disasters) would state that donations by a Member or an associated person to any person,

principal, proprietor, employee, agent or representative of another person to provide assistance to the individual for losses sustained in a natural event that the President of the United States has declared to be a major disaster, such as a wildfire, hurricane, tornado, earthquake, or flood, are not considered "in relation to the business of the employer of the recipient" for purposes of Rule 3.291(a) and are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements of Rule 3.291(c). This provision is substantially similar to Supplementary Material .07 to FINRA Rule 3220 which recognizes that the nature of such disasters is unpredictable and catastrophic.

Proposed Supplementary Material .08 (Supervision and Recordkeeping) would state that the Exchange's supervision rules in Rule 5.110 require a Member to have a supervisory system reasonably designed to achieve compliance with Rule 3.291. To meet these standards, Members would be required to have systems and procedures reasonably designed to ensure that payments and gratuities in relation to the business of the employer of the recipient given by the Member and its associated persons to employees of another person are (a) reported to the Member; (b) reviewed for compliance with Rule 3.291; and (c) maintained in the Member's records. Such procedures must be reasonably designed to ensure that an associated person who is giving a payment or gratuity is not responsible for determining whether such payment or gratuity is in relation to the business of the recipient's employer. Members are not required to maintain records of gifts that are consistent with the requirements of proposed Supplementary Material .04 through .07. Requiring a person other than the associated person giving the gift to assess the nature of the gift is intended to encourage objectivity in making such determinations. This proposed revision is substantially similar to Supplementary Material .08 to FINRA Rule 3220.

Proposed Supplementary Material .09 (Gifts to a Member's Associated Persons or

Individual Retail Customers) would state that Rule 3.291 does not apply to gifts from a Member to its own associated persons, or to gifts from a Member or an associated person to individual retail customers. The Exchange believes that proposed Supplementary Material .09 would clarify, and improve awareness and understanding of, the scope of Rule 3.291. This proposed revision is substantially similar to Supplementary Material .09 to FINRA Rule 3220.

The Exchange believes the proposed rule change would improve transparency, awareness, and understanding of the requirements of Rule 3.291 and FINRA Rule 3220, without reducing protection for investors and the public interest. Thus, the Exchange believes these proposed changes would help facilitate compliance with Rule 3.291 and would provide regulatory certainty to Members. Because the Exchange proposes to make conforming amendments that are substantially similar to FINRA's amendments to FINRA Rule 3220, Members that are also FINRA members would continue to be subject to a substantially similar rule when conducting business on the Exchange. In addition, Members that are not FINRA members would continue to be subject to Rule 3.291 to the extent that such Members conduct business with the public.

b. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)[15] of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act[16] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to promote just and equitable principles of trade, to remove impediments to and

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15 15 U.S.C. 78f(b).

16 15 U.S.C. 78f(b)(5).

perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

As noted above, the proposed rule change conforms Rule 3.291 to FINRA Rule 3220 so that it is substantially similar to FINRA's rule, thereby promoting uniform standards across the securities industry. The Exchange also notes the changes proposed herein align Rule 3.291 with a recent filing submitted by FINRA and approved by the Commission.[17] The Exchange further believes that these changes will help to reduce and avoid potential confusion among Members of the Exchange that are also members of FINRA by harmonizing Rule 3.291 with FINRA Rule 3220. The proposed rule change is designed to enable the Exchange to incorporate Rule 3.291 into the 17d-2 Agreement, further reducing duplicative regulation of Members that are also members of FINRA. For the avoidance of doubt, Rule 3.291 would equally apply to an Exchange-only Member as the Exchange believes it appropriately protects against improprieties that might arise when substantial gifts or monetary payments are given to certain persons.

The Exchange believes the proposed rule change would promote efficiency without reducing protection for investors and the public interest. The proposed changes to Rule 3.291 to conform to the rules of FINRA will improve transparency, awareness, and understanding of the Rule's requirements. The Exchange believes these proposed changes would also help facilitate compliance with Rule 3.291.

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 proposed rule change is not designed to address any competitive issue but to align the

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17 See supra, note 5.

Exchange's rules with those of FINRA. Aligning Rule 3.291 with FINRA Rule 3220 would avoid potentially different outcomes for members of both FINRA and IEX with respect to gifts and gratuities. This change would provide greater harmonization among IEX and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members and facilitating FINRA's performance of its regulatory functions under the 17d-2 Agreement. As such, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change 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 Act[18] and paragraph (f)(6) of Rule 19b-4 thereunder.[19] 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.

The proposal does not significantly affect the protection of investors or the public

[18] 15 U.S.C. 78s(b)(3)(A).

[19] 17 CFR 240.19b-4(f)(6).

interest. Further, the proposal does not impose any significant burden on competition. As discussed above, the Exchange believes that the proposed change is consistent with the protection of investors and the public interest because the proposed rule change will promote greater harmonization between the Exchange and FINRA rules of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. Additionally, the proposed rule change does not raise any new policy issues not previously considered by the Commission nor impose any significant burden on competition because it would result in less burdensome and more efficient regulatory compliance for common members and facilitate FINRA's performance of its regulatory functions under the 17d-2 Agreement. As described above, the Exchange notes that the proposed change is directly based on proposed a rule change submitted by FINRA that was approved by the Commission.[20]

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.[21]

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 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

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[20] See supra, note 5.

[21] 17 CFR 240.19b-4(f)(6)(iii).

The proposed rule change is based on FINRA Rule 3220.

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-2026-43)

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IEX Rule 3.291 (Influencing or Rewarding Employees of Others; Gratuities), to Conform to the Rules of FINRA for Purposes of an Agreement Between the Exchange and FINRA pursuant to Rule 17d-2 under the Act

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that, on (date), the Investors Exchange LLC ("IEX" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) under the Act,[4] and Rule 19b-4 thereunder,[5] the Exchange is filing with the Commission a proposed rule change to amend IEX Rule 3.291 (Influencing or Rewarding Employees of Others; Gratuities), to conform to the rules of the Financial Industry Regulatory Authority, Inc. ("FINRA") for purposes of an agreement between the Exchange and FINRA pursuant to Rule 17d-2 under the Act.

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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.

The Exchange has designated this proposed rule change as "non-controversial" under Section 19(b)(3)(A) of the Act[6] and provided the Commission with the notice required by Rule 19b-4(f)(6) 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 Exchange proposes to amend IEX Rule 3.291 (Influencing or Rewarding Employees of Others; Gratuities), to make conforming changes to the Rule such that it remains substantially similar to FINRA Rule 3220. The Exchange notes that this filing is based on a rule change proposal recently submitted by FINRA and approved by the Commission, which amended FINRA Rule 3220 (Influencing or Rewarding Employees of Others).[8]

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6 15 U.S.C. 78s(b)(3)(A).

7 17 CFR 240.19b-4.

8 See Securities Exchange Act Release No. 104830 (February 12, 2026), 91 FR 7570 (February 18, 2026) (Order Approving File No. SR-FINRA-2025-003) ("FINRA 3220 Filing").

Pursuant to Rule 17d-2 under the Act,[9] the Exchange and FINRA entered into an agreement to allocate regulatory responsibility for common rules (the "17d-2 Agreement").[10] The 17d-2 Agreement covers common members of the Exchange and FINRA and allocates to FINRA regulatory responsibility, with respect to common members, for the following: (i) examination of common members of the Exchange and FINRA for compliance with certain federal securities laws, rules and regulations and rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules; (ii) investigation of common members of the Exchange and FINRA for violations of certain federal securities laws, rules or regulations, or Exchange rules that the Exchange has certified as identical or substantially similar to a FINRA rule; and (iii) enforcement of compliance by common members with certain federal securities laws, rules and regulations, and the rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules.[11]

The 17d-2 Agreement includes a certification by the Exchange that states that the requirements contained in certain IEX Rules are identical to, or substantially similar to, certain FINRA rules that have been identified as comparable. Included among those rules is Rule 3.291, which IEX previously certified to be identical to, or substantially similar to, FINRA Rule 3220.

Currently, Rule 3.291 would not be covered under the 17d-2 Agreement because the FINRA 3220 Filing changed FINRA Rule 3220 such that the FINRA rule is no longer identical, or substantially similar to, FINRA Rule 3220. Rule 3.291 prohibits a Member[12] or person

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9 17 CFR 240.17d-2.

10 See Securities Exchange Act Release No. 105332 (April 28, 2026), 91 FR 23506 (May 1, 2026) (File No. 4-700) (Notice of Filing and Order Approving and Declaring Effective an Amended Plan for the Allocation of Regulatory Responsibilities Between the Financial Industry Regulatory Authority, Inc. and Investors Exchange LLC).

11 See supra, note 10.

12 See Rule 1.160(s).

associated with a Member from, directly or indirectly, giving or permitting to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent, or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. By contrast, the recently amended FINRA Rule 3220 prohibits gifts in excess of $300.00, where the gift or gratuity is in relation to the business of the employer of the recipient. The FINRA 3220 Filing also introduced provisions covering: supervision and recordkeeping requirements; gifts incidental to business entertainment; valuation of gifts; aggregation of gifts; personal gifts; bereavement gifts; de minimis gifts and promotional or commemorative items; donations due to federally declared major disasters; or gifts to a Member's associated persons or individual retail customers. Because of the above-described differences between Rule 3.291 and FINRA Rule 3220, Rule 3.291 currently will not be considered a common rule pursuant to the 17d-2 Agreement. To again harmonize its rules with those of FINRA, the Exchange now proposes to conform the text of Rule 3.291 to FINRA Rule 3220, so that it may be incorporated into the 17d-2 Agreement in its entirety.

The Exchange believes that these changes will help to avoid confusion among Members of the Exchange that are also members of FINRA by harmonizing Rule 3.291 with FINRA Rule 3220. The proposed changes to Rule 3.291 are designed to enable the Exchange to incorporate Rule 3.291 into the 17d-2 Agreement, further reducing duplicative regulation of Members that are also members of FINRA. For the avoidance of doubt, Rule 3.291 would apply equally to Exchange-only Members as the Exchange believes it appropriately protects against improprieties, such as conflicts of interest, that might arise when a Member or person associated with a Member gives items of value to an employee of another person, such as an institutional

customer, vendor or counterparty with the hope of strengthening the relationship with the customer.

First, the Exchange proposes to amend Rule 3.291 to increase the gift limit from $100 to $300 per individual per year. FINRA stated that the current gift limit of $100 has been in place since 1992.[13] FINRA increased the gift limit from $100 to $300 to account for past inflation since 1992 and to account for expected future inflation for approximately ten years, thereby reducing the frequency of future upwards adjustments to account for inflation.[14] Consistent with FINRA's determination, the Exchange believes that a $300 gift limit would continue to permit the exchange of business courtesies while helping to guard against excessiveness, and reasonably reflects changes to purchasing power due to inflation since the gift limit was last raised in 1992 as well as approximately ten years of expected future inflation.

Second, the Exchange proposes to add a new paragraph (d) to Rule 3.291 that would authorize FINRA, acting on behalf of the Exchange, to conditionally or unconditionally grant an exemption from any provision of 3.291 for good cause shown, provided that such exemption is consistent with the purpose of the Rule, the protection of investors, and the public interest. Specifically, the Exchange proposes that pursuant to Rule Series 9.600, FINRA staff, for good cause shown after taking into consideration all relevant factors, may conditionally or unconditionally grant an exemption from any provision of this Rule to the extent that such exemption is consistent with the purpose of the Rule, the protection of investors, and the public interest. This proposed provision mirrors the exemptive relief authority added by FINRA in new FINRA Rule 3220(d). Given the scope of Rule 3.291, which applies to gifts given to a wide

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13 See supra, note 8.

14 Id.

range of recipients where the payment is in relation to the business of the employer of the recipient, and given the diversity of Member sizes, structures, businesses, and distribution models, the Exchange believes it would be useful and appropriate to have the ability to provide relief from a particular provision of the Rule under specific factual circumstances.

Third, FINRA Rule 3220 incorporated published guidance interpreting FINRA Rule 3220, including NASD Notice to Members 06-69,[15] FINRA's Frequently Asked Questions on Gifts, Business Entertainment, and Non-Cash Compensation,[16] as well as an interpretive letter regarding bereavement gifts (the "Aly Letter").[17] To maintain substantive alignment with FINRA Rule 3220, the Exchange proposes to adopt corresponding Supplementary Material .01 through .09 to Rule 3.291. Each proposed Supplementary Material section is described below.

Proposed Supplementary Material .01 (Gifts Incidental to Business Entertainment) would state that a gift given during the course of a business entertainment event is subject to Rule 3.291 unless it is consistent with the requirements of proposed Supplementary Material .04 (Personal Gifts) or .06 (De Minimis Gifts and Promotional or Commemorative Items) which is substantially similar to FINRA Rule 3220 Supplementary Material .04 and .06. For the purpose of the $300 limit, the cost of the business entertainment event itself would not be included in the value of the gift.

Proposed Supplementary Material .02 (Valuation of Gifts) would require Members to value gifts (other than tickets for sporting or other events) at cost, exclusive of tax and delivery charges, and would require Members to value tickets for sporting or other events at the higher of

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15 See NASD Notice to Members 06-69 (Dec. 2006) ("NTM 06-69").

16 See Gifts/Business Entertainment/Non-Cash Compensation FAQs, https://www.finra.org/rules-guidance/keytopics/gifts-gratuities-and-non-cash-compensation/faqs ("FAQs").

17 See Letter from Gary L. Goldsholle, Vice President & Associate General Counsel, FINRA, to Amal Aly, Managing Director & Associate General Counsel, SIFMA, dated December 17, 2007 ("Aly Letter").

cost or face value. If gifts are given to multiple recipients, Members must record the names of each recipient and calculate and record the value of the gift on a pro rata, per-recipient basis, for purposes of ensuring compliance with the $300 limit in Rule 3.291. Supplementary Material .02 to FINRA Rule 3220 requires Members to value gifts (other than tickets for sporting or other events) at cost rather than at the higher of cost or market value, which reduces complexity and subjectivity because market value can be difficult and burdensome to determine, while distinguishing tickets for sporting or other events accounts for the fact that such tickets are commonly purchased on secondary markets at costs that differ from face value. This proposed revision is substantially similar to Supplementary Material .02 to FINRA Rule 3220.

Proposed Supplementary Material .03 (Aggregation of Gifts) would require Members to aggregate all gifts given by the Member and each associated person of the Member to a particular recipient over the course of the year for purposes of ensuring compliance with the $300 limit in Rule 3.291(a), and would require each Member to state in its procedures whether it is aggregating all gifts given by the Member and its associated persons on a calendar year, fiscal year, or on a rolling basis beginning with the first gift to any particular recipient. The aggregation requirement would not apply to personal gifts under proposed Supplementary Material .04 or to gifts of de minimis value or promotional or commemorative items under proposed Supplementary Material .06 as they are already not subject to the gift limit. This proposed provision, which is substantially similar to Supplementary Material .03 to FINRA Rule 3220, would help ensure that persons who give multiple gifts in a year to the same recipient do not circumvent the gift limit.

Proposed Supplementary Material .04 (Personal Gifts) would state that gifts that are given for infrequent life events (e.g., a wedding gift or a congratulatory gift for the birth of a

child) are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements in Rule 3.291(c), provided the gifts are customary and reasonable, personal in nature, and not in relation to the business of the employer of the recipient. In determining whether a gift is "personal in nature and not in relation to the business of the employer of the recipient," Members should consider a number of factors, including the nature of any pre-existing personal or family relationship between the person giving the gift and the recipient and whether the associated person paid for the gift. When the Member bears the cost of the gift, either directly or by reimbursing an associated person, FINRA will presume that such gift is not personal in nature and instead is in relation to the business of the employer of the recipient. This provision is substantially similar to Supplementary Material .04 to FINRA Rule 3220.

Consistent with Supplementary Material .05 to FINRA Rule 3220 (Bereavement Gifts), proposed Supplementary Material .05 to Rule 3.291 separates bereavement gifts from personal gifts. Proposed Supplementary Material .05 to Rule 3.291 would state that bereavement gifts that are customary and reasonable are not considered to be in relation to the business of the employer of the recipient and, therefore, are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements in Rule 3.291(c). This provision is substantially similar to Supplementary Material .05 to FINRA Rule 3220.

Proposed Supplementary Material .06 (De Minimis Gifts and Promotional or Commemorative Items), at paragraph (a), would state that gifts of a de minimis value (e.g., pens, notepads, or modest desk ornaments) or promotional items of nominal value that display the Member's logo (e.g., umbrellas, tote bags, or shirts) are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements in Rule 3.291(c), provided that the value of the gift or promotional item is substantially below the $300 limit. Proposed Supplementary Material

.06(b) would state that customary and reasonable solely decorative items commemorating a business transaction are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements in Rule 3.291(c). These provisions are substantially similar to Supplementary Material .06 to FINRA Rule 3220.

Proposed Supplementary Material .07 (Donations Due to Federally Declared Major Disasters) would state that donations by a Member or an associated person to any person, principal, proprietor, employee, agent or representative of another person to provide assistance to the individual for losses sustained in a natural event that the President of the United States has declared to be a major disaster, such as a wildfire, hurricane, tornado, earthquake, or flood, are not considered "in relation to the business of the employer of the recipient" for purposes of Rule 3.291(a) and are not subject to the restrictions in Rule 3.291(a) or the recordkeeping requirements of Rule 3.291(c). This provision is substantially similar to Supplementary Material .07 to FINRA Rule 3220 which recognizes that the nature of such disasters is unpredictable and catastrophic.

Proposed Supplementary Material .08 (Supervision and Recordkeeping) would state that the Exchange's supervision rules in Rule 5.110 require a Member to have a supervisory system reasonably designed to achieve compliance with Rule 3.291. To meet these standards, Members would be required to have systems and procedures reasonably designed to ensure that payments and gratuities in relation to the business of the employer of the recipient given by the Member and its associated persons to employees of another person are (a) reported to the Member; (b) reviewed for compliance with Rule 3.291; and (c) maintained in the Member's records. Such procedures must be reasonably designed to ensure that an associated person who is giving a payment or gratuity is not responsible for determining whether such payment or gratuity is in

relation to the business of the recipient's employer. Members are not required to maintain records of gifts that are consistent with the requirements of proposed Supplementary Material .04 through .07. Requiring a person other than the associated person giving the gift to assess the nature of the gift is intended to encourage objectivity in making such determinations. This proposed revision is substantially similar to Supplementary Material .08 to FINRA Rule 3220.

Proposed Supplementary Material .09 (Gifts to a Member's Associated Persons or Individual Retail Customers) would state that Rule 3.291 does not apply to gifts from a Member to its own associated persons, or to gifts from a Member or an associated person to individual retail customers. The Exchange believes that proposed Supplementary Material .09 would clarify, and improve awareness and understanding of, the scope of Rule 3.291. This proposed revision is substantially similar to Supplementary Material .09 to FINRA Rule 3220.

The Exchange believes the proposed rule change would improve transparency, awareness, and understanding of the requirements of Rule 3.291 and FINRA Rule 3220, without reducing protection for investors and the public interest. Thus, the Exchange believes these proposed changes would help facilitate compliance with Rule 3.291 and would provide regulatory certainty to Members. Because the Exchange proposes to make conforming amendments that are substantially similar to FINRA's amendments to FINRA Rule 3220, Members that are also FINRA members would continue to be subject to a substantially similar rule when conducting business on the Exchange. In addition, Members that are not FINRA members would continue to be subject to Rule 3.291 to the extent that such Members conduct business with the public.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section

6(b)[18] of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act[19] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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.

As noted above, the proposed rule change conforms Rule 3.291 to FINRA Rule 3220 so that it is substantially similar to FINRA's rule, thereby promoting uniform standards across the securities industry. The Exchange also notes the changes proposed herein align Rule 3.291 with a recent filing submitted by FINRA and approved by the Commission.[20] The Exchange further believes that these changes will help to reduce and avoid potential confusion among Members of the Exchange that are also members of FINRA by harmonizing Rule 3.291 with FINRA Rule 3220. The proposed rule change is designed to enable the Exchange to incorporate Rule 3.291 into the 17d-2 Agreement, further reducing duplicative regulation of Members that are also members of FINRA. For the avoidance of doubt, Rule 3.291 would equally apply to an Exchange-only Member as the Exchange believes it appropriately protects against improprieties that might arise when substantial gifts or monetary payments are given to certain persons.

The Exchange believes the proposed rule change would promote efficiency without reducing protection for investors and the public interest. The proposed changes to Rule 3.291 to conform to the rules of FINRA will improve transparency, awareness, and understanding of the

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18 15 U.S.C. 78f(b).

19 15 U.S.C. 78f(b)(5).

20 See supra, note 8.

Rule's requirements. The Exchange believes these proposed changes would also help facilitate compliance with Rule 3.291.

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 proposed rule change is not designed to address any competitive issue but to align the Exchange's rules with those of FINRA. Aligning Rule 3.291 with FINRA Rule 3220 would avoid potentially different outcomes for members of both FINRA and IEX with respect to gifts and gratuities. This change would provide greater harmonization among IEX and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members and facilitating FINRA's performance of its regulatory functions under the 17d-2 Agreement. As such, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change 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)[21] of the Act and Rule 19b-4(f)(6)[22] 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

[21] 15 U.S.C. 78s(b)(3)(A).

[22] 17 CFR 240.19b-4(f)(6).

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 proposal does not significantly affect the protection of investors or the public interest. Further, the proposal does not impose any significant burden on competition. As discussed above, the Exchange believes that the proposed change is consistent with the protection of investors and the public interest because the proposed rule change will promote greater harmonization between the Exchange and FINRA rules of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. Additionally, the proposed rule change does not raise any new policy issues not previously considered by the Commission nor impose any significant burden on competition because it would result in less burdensome and more efficient regulatory compliance for common members and facilitating FINRA's performance of its regulatory functions under the 17d-2 Agreement. As described above, the Exchange notes that the proposed change is directly based on proposed a rule change submitted by FINRA that was approved by the Commission.[23]

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

IV. Solicitation of Comments

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23 See supra, note 8.

24 15 U.S.C. 78s(b)(2)(B).

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-2026-43 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-2026-43. 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-2026-43 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.[25]

Sherry R. Haywood,

Assistant Secretary.

[25] 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

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CHAPTER 3. RULES OF FAIR PRACTICE

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Rule Series 3.200 Information and Disclosure Rules

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Rule 3.291. Influencing or Rewarding Employees of Others; Gratuities

(a) No Member or person associated with a Member shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of [one hundred dollars]$300 per individual per year to any person, principal, proprietor, employee, agent, or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.

(b) This IEX Rule shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) of this Rule provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the Member and the person who is to be employed to perform such services. Such agreement shall include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal.

(c) Subject to Supplementary Materials .04 through .07, a[A] separate record of all payments or gratuities in any amount known to the Member, the employment agreement referred to in paragraph (b) of this Rule and any employment compensation paid as a result thereof shall be retained by the Member for the period specified by Rule 17a-4 of the Act.

(d) Pursuant to Rule Series 9.600, FINRA staff, for good cause shown after taking into consideration all relevant factors, may conditionally or unconditionally grant an exemption from any provision of this Rule to the extent that such exemption is consistent with the purpose of the Rule, the protection of investors, and the public interest.

• • • Supplementary Material: • • •

.01 Gifts Incidental to Business Entertainment.

A gift given during the course of a business entertainment event is subject to this Rule unless it is consistent with the requirements of Supplementary Material .04 or .06 of this Rule.

.02 Valuation of Gifts.

Gifts must be valued at cost, exclusive of tax and delivery charges, except when valuing tickets for sporting or other events, for which a Member must use the higher of cost or face value. If gifts are given to multiple recipients, Members must record the names of each recipient and calculate and record the value of the gift on a pro rata per recipient basis, for purposes of ensuring compliance with the $300 limit in paragraph (a) of this Rule.

.03 Aggregation of Gifts.

Members must aggregate all gifts given by the Member and each associated person of the Member to a particular recipient over the course of the year for purposes of ensuring compliance with the $300 limit in paragraph (a) of this Rule. In addition, each Member must state in its procedures whether it is aggregating all gifts given by the Member and its associated persons on a calendar year, fiscal year, or on a rolling basis beginning with the first gift to any particular recipient. The aggregation requirements of this Supplementary Material do not apply to gifts that are consistent with the requirements of Supplementary Material .04 or .06 of this Rule.

.04 Personal Gifts.

Gifts that are given for infrequent life events (e.g., a wedding gift or a congratulatory gift for the birth of a child) are not subject to the restrictions in paragraph (a) of this Rule or the recordkeeping requirements in paragraph (c) of this Rule, provided the gifts are customary and reasonable, personal in nature and not in relation to the business of the employer of the recipient. In determining whether a gift is "personal in nature and not in relation to the business of the employer of the recipient," Members should consider a number of factors, including the nature of any pre-existing personal or family relationship between the person giving the gift and the recipient and whether the associated person paid for the gift. When the Member bears the cost of the gift, either directly or by reimbursing an associated person, FINRA presumes that such gift is not personal in nature and instead is in relation to the business of the employer of the recipient.

.05 Bereavement Gifts.

Bereavement gifts that are customary and reasonable are not considered to be in relation to the business of the employer of the recipient and, therefore, are not subject to the restrictions in paragraph (a) of this Rule or the recordkeeping requirements in paragraph (c) of this Rule.

.06 De Minimis Gifts and Promotional or Commemorative Items.

(a) Gifts of a de minimis value (e.g., pens, notepads, or modest desk ornaments) or promotional items of nominal value that display the Member's logo (e.g., umbrellas, tote bags, or shirts) are not subject to the restrictions in paragraph (a) of this Rule or the recordkeeping requirements in paragraph (c) of this Rule, provided that the value of the gift or promotional item is substantially below the $300 limit.

(b) Customary and reasonable solely decorative items commemorating a business transaction are not subject to the restrictions in paragraph (a) of this Rule or the recordkeeping requirements in paragraph (c) of this Rule.

.07 Donations Due to Federally Declared Major Disasters.

Donations by a Member or an associated person to any person, principal, proprietor, employee, agent or representative of another person to provide assistance to the individual for losses sustained in a natural event that the President of the United States has declared to be a major disaster, such as a wildfire, hurricane, tornado, earthquake, or flood, are not considered "in relation to the business of the employer of the recipient" for purposes of paragraph (a) of this Rule. Such donations are not subject to the restrictions in paragraph (a) of this Rule or the recordkeeping requirements in paragraph (c) of this Rule.

.08 Supervision and Recordkeeping.

Rule 5.110 requires a Member to have a supervisory system reasonably designed to achieve compliance with Rule 3.291. To meet these standards, Members are required to have systems and procedures reasonably designed to ensure that payments and gratuities in relation to the business of the employer of the recipient given by the Member and its associated persons to employees of another person are: (a) reported to the Member; (b) reviewed for compliance with this Rule; and (c) maintained in the Member's records. Such procedures must be reasonably designed to ensure that an associated person who is giving a payment or gratuity is not responsible for determining whether such payment or gratuity is in relation to the business of the recipient's employer. Members are not required to maintain records of gifts that are consistent with the requirements of Supplementary Material .04 through .07 of this Rule.

.09 Gifts to a Member's Associated Persons or Individual Retail Customers.

This Rule does not apply to gifts from a Member to its own associated persons, or gifts from a Member or an associated person to individual retail customers.

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