

IEX Retail Price Improvement Program Updates – Summary Sheet

On July 13, 2021, the Securities and Exchange Commission (“SEC”) approved a number of enhancements to IEX’s Retail Price Improvement Program (“Retail Program”) that are designed to enhance IEX’s Retail Program to benefit retail investors by providing enhanced opportunities for such investors to obtain meaningful price improvement at the midpoint or better.¹

Specifically, these updates are designed to work in tandem to narrow the pool of market participants eligible to enter Retail orders to those who do not appear to be engaged in trading activity akin to that of a professional and thereby attract increased contra-side liquidity seeking to trade against and provide meaningful price improvement to such Retail orders. Additionally, the updates are designed to publicize contra-side price improvement interest available to trade with Retail orders, where such interest is for at least one round lot.

The following summarizes the changes to the Retail Program, which IEX plans to introduce in the coming weeks (a trading alert will announce the implementation schedule). Please review the IEX rule filing and partial amendment for a complete description of the changes and applicable rules.² Prior to IEX implementation of the changes, the prior rules regarding the Retail Program continue to apply.

Definition of Retail orders

The definition of a Retail order was revised so that it is limited to retail investors who do not appear to be engaged in trading activity akin to that of a professional. Specifically, pursuant to the rule change, Retail orders can only be submitted if they reflect the trading interest of a natural person who does not place more than 390 equity orders per day on average during a calendar month for its own beneficial account(s). Retail orders will continue to be accepted only from approved Retail Member Organizations (“RMO”). When determining the number of orders submitted by a retail customer, parent orders broken into multiple child orders count as a single order, and any order that cancels and replaces an existing order counts as a separate order.³

No changes were made to the other aspects of the definition of Retail order.

RMO Qualifications

Any IEX Member may apply to IEX to become an RMO by completing [this application](#). To qualify as a Retail Member Organization, a Member must either conduct a retail business or route retail orders on behalf of another broker-dealer.

No changes were made to the rules applicable to RMO qualifications.

RMO Policies and Procedures

IEX’s Retail Program requires RMOs that submit Retail orders to IEX to have reasonable policies and procedures in place to ensure that such orders are appropriately represented on the Exchange.

With the change to limit Retail orders to those of retail customers that do not submit more than 390 equity orders per day on average during a calendar month, RMOs should update their policies and procedures as necessary to provide for a review of retail customers’ activity on at least a quarterly basis. Any retail customers that submit an average of more than 390 equity orders per day during any calendar month are not eligible to submit Retail orders to IEX during the next calendar quarter, and each RMO must make

¹ See Securities Exchange Act Release No. 92398 (July 13, 2021) (SR-IEX-2021-06) (SEC approval order).

² See the original filing and the partial amendment to the filing for a complete description of the rule changes.

<https://iextrading.com/docs/rule-filings/SR-IEX-2021-06.pdf> and <https://iextrading.com/docs/rule-filings/SR-IEX-2021-06-Amendment-1.pdf>.

³ See new IEX Rule 11.190(b)(15) Supplementary Material .01 for details.

any appropriate changes to the way in which it represents that retail customer's orders within five business days after the end of each calendar quarter.

Additionally, if IEX identifies a retail customer for which orders are being represented as Retail orders but that has averaged more than 390 equity orders per day during a month, IEX will notify your firm, and your firm will be required to change the manner in which you are representing that retail customer's orders within five business days.⁴

No other changes were made to the existing RMO supervisory obligations, which will continue to apply.

Retail Liquidity Provider Orders

The rule change also revises the definition of Retail Liquidity Provider ("RLP") orders, which continue to be eligible to execute only against Retail orders.⁵ Previously, RLP orders were a type of Discretionary Peg order, but pursuant to the recent rule change, RLP orders must be submitted as Midpoint Peg orders. In addition, RLP orders will not be accepted if they specify a minimum quantity, and they will be ranked in time priority with other non-displayed orders priced to trade at the Midpoint Price.⁶

Retail Liquidity Identifier

IEX will disseminate a Retail Liquidity Identifier through the IEX TOPS and DEEP feeds, as well as the applicable SIP, whenever RLP order interest in a particular security aggregates to form at least one round lot ("RLP Interest"), provided that the RLP Interest is resting at the Midpoint Price and priced at least \$0.001 better than the NBB or NBO. This Retail Liquidity Identifier will reflect the symbol and side (buy, sell, or both) for the RLP Interest, but will not include the price or size of the RLP Interest.⁷

Fees

No changes are proposed to the pricing for Retail and RLP orders, and both will continue to execute for free.⁸

Please contact IEX Regulation at regulation@iextrading.com or Market Operations at marketops@iextrading.com with any questions.

⁴ See new IEX Rule 11.190(b)(15) Supplementary Material .02.

⁵ See IEX Rule 11.190(b)(14).

⁶ See changes to IEX Rules 11.190(14) and 11.232(e)(3)(A)(iii).

⁷ See new IEX Rule 11.232(f).

⁸ See IEX Fee Schedule available at [Fees | IEX \(iextrading.com\)](https://www.iextrading.com).