

Required fields are shown with yellow backgrounds and asterisks.

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) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

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

Proposed rule change to modify the IEX Fee Schedule to specify the circumstances under which the Exchange will aggregate the activity of affiliated members for purposes of applying the provisions of Rule 11.170(a) related to the IEMM Program.

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 * Last Name *
Title *
E-mail *
Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date
By
(Name *)

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

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 *

Add Remove View

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 Advance Notice by Clearing Agencies *

Add Remove View

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, security-based swap submission, or advance notice 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

Add Remove View

Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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 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

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 its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to specify the circumstances under which the Exchange will aggregate the activity of affiliated Members for purposes of applying the provisions of Rule 11.170(a) (IEX Enhanced Market Maker (“IEMM”)) Program. The Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act³ 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

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.

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

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

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

Andres J. Trujillo
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

Background

The Exchange proposes to modify its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to specify the circumstances under which the Exchange will aggregate the activity of affiliated Members for purposes of applying the provisions of the IEMM Program. The Exchange also proposes a minor change to correct an errant cross reference in the Fee Schedule.

The IEMM program is a Market Quality Incentive Program that offers certain fee-based incentives for Members that provide meaningful and consistent support to market quality and price discovery by extensive quoting at and/or near the NBBO in IEX-listed securities for a significant portion of the day.⁵ Specifically, a Member that satisfies the quoting criteria for one or more of the following tiers in each security listed on IEX over the course of the month that the security is listed on IEX may be designated as an IEMM:

⁵ See Rule 11.170(a). See also Securities Exchange Act Release No. 82636 (February 6, 2018), 83 FR 6059 (February 12, 2018) (SR-IEX-2018-02).

- Inside Tier IEMM: One or more of its MPIDs has a displayed order entered in a principal capacity of at least one round lot resting on the Exchange at the NBB and/or the NBO for an average of at least 20% of Regular Market Hours (the “NBBO Quoting Percentage”); and/or
- Depth Tier IEMM: One or more of its MPIDs has a displayed order entered in a principal capacity of at least one round lot resting on the Exchange at the greater of 1 minimum price variation (“MPV”) or 0.03% (i.e., 3 basis points) away from the NBBO (or more aggressive) for an average of at least 75% of Regular Market Hours (the “Depth Quoting Percentage”).

Members that are designated as an IEMM qualify for the Standard Match Fee Discount, Reduced Match Fee Discount, and the Spread-Crossing Eligible Remove Fee Discount. Specifically, for Inside Tier IEMMs, the Standard Match Fee Discount, Reduced Match Fee Discount, and the Spread-Crossing Eligible Remove Fee Discount results in a \$0.0001 discount for each execution subject to the Standard Match Fee Discount, Reduced Match Fee Discount, or the Spread-Crossing Eligible Remove Fee Discount, respectively, with no cap on aggregate monthly savings. Furthermore, Depth Tier IEMMs will receive a \$0.0001 discount for each execution subject to the Standard Match Fee Discount, the Reduced Match Fee Discount, and the Spread-Crossing Eligible Remove Fee Discount, up to \$20,000.00 in aggregate savings per month. If a Member qualifies under both the Inside Tier and the Depth Tier, any earned Standard Match Fee Discount, Reduced Match Fee Discount, and Spread-Crossing Eligible Remove Fee Discount will be aggregated and applied to such Member’s executions subject to the Standard Match Fee, Reduced Match Fee, or Spread-Crossing Eligible Remove Fee in

securities priced at or above \$1.00, subject to the applicable Depth Tier aggregate monthly savings cap of \$20,000.00.

Proposed Changes

The Exchange proposes to amend its Fee Schedule to provide for aggregation of affiliated Members' activity for purposes of applying the provisions of the IEMM Program. The proposal is substantially based on Nasdaq Stock Market, LLC ("Nasdaq") Rule 7027, and the New York Stock Exchange, Inc.'s ("NYSE") Price List.⁶

Specifically, the Exchange proposes to add footnote 2 to the Exchange's Fee Schedule, entitled "Aggregation of activity of affiliated Members" to specify that for purposes of applying the provisions of Rule 11.170(a), a Member may request that the Exchange aggregate its activity with activity of such Member's affiliated Members. A Member requesting aggregation of affiliate activity is required to certify to the Exchange the affiliate status of Members whose activity it seeks to aggregate prior to receiving approval for aggregation, and inform the Exchange immediately of any event that causes an entity to cease being an affiliate. The Exchange shall review available information regarding the entities and reserves the right to request additional information to verify the affiliate status of an entity.⁷ The Exchange shall approve a request unless it determines that the certification is not accurate.

If two or more Members become affiliated on or prior to the sixteenth day of a

⁶ See Nasdaq Rule 7027; see also NYSE's Price List, available at:

https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf.

⁷ For example, the Exchange would review a Member's Form BD in FINRA's Central Registration Depository ("CRD") to verify that the Member(s) for which it seeks aggregation pursuant to the proposed rule is under 75% common ownership or control of the requesting Member.

month and submit the required request for aggregation on or prior to the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of that month. If two or more Members become affiliated after the sixteenth day of a month or submit a request for aggregation after the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of the next calendar month. For purposes of applying the provisions of Rule 11.170(a), references to an IEMM shall include the Member and any of its affiliates that have been approved for aggregation. The term “affiliate” shall mean any Member under 75% common ownership or control of that Member.

Lastly, the Exchange proposes to correct an errant cross reference in the Fee Schedule that incorrectly cross references Rule 11.160(a) (Notification Requirements for Offering Participants) as the IEX Enhanced Market Maker program. The Exchange proposes to correct the cross reference to appropriately cite to Rule 11.170(a) (Market Quality Incentive Programs).

b. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)⁸ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act⁹ 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.

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

The Exchange believes the proposed rule change is consistent with the protection of investors and the public interest because it establishes a clear and objective process for aggregating activity across affiliated legal entities to simplify the process of billing under the IEMM program. Furthermore, the Exchange believes the proposed rule change is consistent with the protection of investors and the public interest in that it establishes a clear policy with respect to affiliate aggregation for fee purposes that is common among other exchanges, thereby promoting Members' understanding of the parameters of the IEMM program and the efficiency of its administration. The proposed rule is equitable because all similarly situated members are subject to the proposed rules equally, and access to the Exchange is offered on fair and nondiscriminatory terms.

All Members seeking to aggregate their activity are subject to the same reasonable parameters, in accordance with a standard that recognizes an affiliation as of the month's beginning, or close in time to when the affiliation occurs, provided the Member submits a timely request. Moreover, the proposed billing aggregation language is reasonable because it establishes a standard for implementation of aggregation requests that is easy to administer and that reflects the need for the Exchange to review and approve aggregation requests while avoiding the complexities associated with proration of the bills of Members that become affiliated during the course of a month. The Exchange believes that this approach will thus simplify the process of billing under the IEMM program for the Exchange and its Members and is substantially similar to aggregation standards adopted by other exchanges.¹⁰

The Exchange believes that the proposed rule change avoids disparate treatment

¹⁰ See supra note 6.

of Members that have divided their various business activities between separate legal entities as compared to Members that operate those business activities within a single legal entity. The Exchange further notes that the proposed rule change is reasonable and is designed to remove impediments to and perfect the mechanism of a free and open market by harmonizing the rules across exchanges that govern the aggregation of certain activity for purposes of billing. In particular, as noted above, both Nasdaq and NYSE have substantially similar rules governing aggregation of activity for fee purposes.¹¹ Thus, the Exchange believes the proposed change does not present any unique or novel issues under the Act that have not already been considered by the Commission.

Lastly, the Exchange believes the proposed correction to the cross-reference is reasonable and consistent with the protection of investors and the public interest in that it is designed to make the Exchange's Fee Schedule more clear and accurate, to the benefit of all market participants.

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

The Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As stated above, the proposed rule change, which applies equally to all Members, is intended to reduce the Exchange's administrative burden in applying discounts for firms which have requested aggregation with an affiliate Member, and is substantially similar to rules adopted by other exchanges. Because the market for order execution and routing is extremely competitive, Members may readily opt to disfavor the Exchange if they believe that alternatives offer them better value. The

¹¹ See supra note 6.

Exchange thus does not believe the proposed changes will impair the ability of Members or competing order execution venues to maintain their competitive standing in the financial markets.

Lastly, the Exchange believes the proposed correction to the cross reference, as described above, does not impose any burden on competition, as it is simply designed to make the Exchanges Fee Schedule more clear and accurate, to the benefit of all market participants.

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 Act¹² and paragraph (f)(6) of Rule 19b-4 thereunder.¹³ The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. 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

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4.

the date of filing.¹⁴

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4¹⁵ because it raises no novel issues and is consistent with Nasdaq and NYSE rules previously filed with the Commission as described in the Purpose and Statutory Basis sections. Specifically, the Exchange believes that the proposed rule change qualifies as a “noncontroversial” rule change because it establishes a clear policy with respect to a billing practice that is common among other exchanges, thereby promoting member organizations’ understanding of the parameters of the rule and the efficiency of its administration. As the proposed rule change establishes a common practice that provides for the equitable allocation of reasonable dues, fees, and other charges, and all similarly situated member organizations are subject to the same fee structure and access to the Exchange is offered on fair and non-discriminatory terms, the Exchange believes that the proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition. Accordingly, the Exchange believes that the proposed rule change is noncontroversial and satisfies the requirements of Rule 19b-4(f)(6).¹⁶

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective sufficient to enable the proposed rule change to become operative by October 1, 2018. Waiving the 30-day delay in this manner would permit the Exchange to implement the proposed rule change, as described herein, to coincide with the launch of

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 17 CFR 240.19b-4(f)(6).

its listing program, scheduled to begin October 5, 2018. Upon launch of the listing business, the Exchange expects to face intense competition from NYSE and Nasdaq, which the Exchange believes essentially operate as a duopoly in the U.S. listing market. The Exchange believes that providing for IEMM affiliate aggregation will help to address the significant competitive challenges it will face in establishing itself as a competitive listings market by providing appropriate incentives to affiliated Members seeking to become IEMMs that accrue to the benefit of issuers listed on IEX as well as market participants generally. Further, as described above, the Exchange does not believe that the proposed change presents any new or novel issues which also supports waiver of the 30-day operative delay.

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.¹⁷

8. Proposed Rule Change Based on the Rules of Another Self-Regulatory Organization or of the Commission

As noted above, the proposed rule change is based on and is substantially similar to Nasdaq Rule 7027 and the NYSE Price List.

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

Not applicable.

¹⁷ 15 U.S.C. 78s(b)(2)(B).

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-2018-20)

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify its Fee Schedule to Specify the Circumstances under which the Exchange will Aggregate the Activity of Affiliated Members for Purposes of Applying the Provisions of Rule 11.170(a) Related to the IEMM Program.

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 Securities Exchange Act of 1934 (“Act”),⁴ and Rule 19b-4 thereunder,⁵ IEX is filing with the Commission a proposed rule change to modify its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to specify the circumstances under which the Exchange will aggregate the activity of affiliated Members for purposes of applying the provisions of Rule 11.170(a) (IEX

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.

Enhanced Market Maker (“IEMM”)) Program. The Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act⁶ 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 www.iextrading.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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 statement 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

Background

The Exchange proposes to modify its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to specify the circumstances under which the Exchange will aggregate the activity of affiliated Members for purposes of applying the provisions of the IEMM Program. The Exchange also proposes a minor change to correct an errant cross reference in the Fee Schedule.

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4.

The IEMM program is a Market Quality Incentive Program that offers certain fee-based incentives for Members that provide meaningful and consistent support to market quality and price discovery by extensive quoting at and/or near the NBBO in IEX-listed securities for a significant portion of the day.⁸ Specifically, a Member that satisfies the quoting criteria for one or more of the following tiers in each security listed on IEX over the course of the month that the security is listed on IEX may be designated as an IEMM:

- Inside Tier IEMM: One or more of its MPIDs has a displayed order entered in a principal capacity of at least one round lot resting on the Exchange at the NBB and/or the NBO for an average of at least 20% of Regular Market Hours (the “NBBO Quoting Percentage”); and/or
- Depth Tier IEMM: One or more of its MPIDs has a displayed order entered in a principal capacity of at least one round lot resting on the Exchange at the greater of 1 minimum price variation (“MPV”) or 0.03% (i.e., 3 basis points) away from the NBBO (or more aggressive) for an average of at least 75% of Regular Market Hours (the “Depth Quoting Percentage”).

Members that are designated as an IEMM qualify for the Standard Match Fee Discount, Reduced Match Fee Discount, and the Spread-Crossing Eligible Remove Fee Discount. Specifically, for Inside Tier IEMMs, the Standard Match Fee Discount, Reduced Match Fee Discount, and the Spread-Crossing Eligible Remove Fee Discount results in a \$0.0001 discount for each execution subject to the Standard Match Fee Discount, Reduced Match Fee Discount, or the Spread-Crossing Eligible Remove Fee

⁸ See Rule 11.170(a). See also Securities Exchange Act Release No. 82636 (February 6, 2018), 83 FR 6059 (February 12, 2018) (SR-IEX-2018-02).

Discount, respectively, with no cap on aggregate monthly savings. Furthermore, Depth Tier IEMMs will receive a \$0.0001 discount for each execution subject to the Standard Match Fee Discount, the Reduced Match Fee Discount, and the Spread-Crossing Eligible Remove Fee Discount, up to \$20,000.00 in aggregate savings per month. If a Member qualifies under both the Inside Tier and the Depth Tier, any earned Standard Match Fee Discount, Reduced Match Fee Discount, and Spread-Crossing Eligible Remove Fee Discount will be aggregated and applied to such Member's executions subject to the Standard Match Fee, Reduced Match Fee, or Spread-Crossing Eligible Remove Fee in securities priced at or above \$1.00, subject to the applicable Depth Tier aggregate monthly savings cap of \$20,000.00.

Proposed Changes

The Exchange proposes to amend its Fee Schedule to provide for aggregation of affiliated Members' activity for purposes of applying the provisions of the IEMM Program. The proposal is substantially based on Nasdaq Stock Market, LLC ("Nasdaq") Rule 7027, and the New York Stock Exchange, Inc.'s ("NYSE") Price List.⁹

Specifically, the Exchange proposes to add footnote 2 to the Exchange's Fee Schedule, entitled "Aggregation of activity of affiliated Members" to specify that for purposes of applying the provisions of Rule 11.170(a), a Member may request that the Exchange aggregate its activity with activity of such Member's affiliated Members. A Member requesting aggregation of affiliate activity is required to certify to the Exchange the affiliate status of Members whose activity it seeks to aggregate prior to receiving approval for aggregation, and inform the Exchange immediately of any event that causes

⁹ See Nasdaq Rule 7027; see also NYSE's Price List, available at: https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf.

an entity to cease being an affiliate. The Exchange shall review available information regarding the entities and reserves the right to request additional information to verify the affiliate status of an entity.¹⁰ The Exchange shall approve a request unless it determines that the certification is not accurate.

If two or more Members become affiliated on or prior to the sixteenth day of a month and submit the required request for aggregation on or prior to the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of that month. If two or more Members become affiliated after the sixteenth day of a month or submit a request for aggregation after the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of the next calendar month. For purposes of applying the provisions of Rule 11.170(a), references to an IEMM shall include the Member and any of its affiliates that have been approved for aggregation. The term “affiliate” shall mean any Member under 75% common ownership or control of that Member.

Lastly, the Exchange proposes to correct an errant cross reference in the Fee Schedule that incorrectly cross references Rule 11.160(a) (Notification Requirements for Offering Participants) as the IEX Enhanced Market Maker program. The Exchange proposes to correct the cross reference to appropriately cite to Rule 11.170(a) (Market Quality Incentive Programs).

2. Statutory Basis

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

¹⁰ For example, the Exchange would review a Member’s Form BD in FINRA’s Central Registration Depository (“CRD”) to verify that the Member(s) for which it seeks aggregation pursuant to the proposed rule is under 75% common ownership or control of the requesting Member.

Section 6(b)¹¹ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act¹² 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.

The Exchange believes the proposed rule change is consistent with the protection of investors and the public interest because it establishes a clear and objective process for aggregating activity across affiliated legal entities to simplify the process of billing under the IEMM program. Furthermore, the Exchange believes the proposed rule change is consistent with the protection of investors and the public interest in that it establishes a clear policy with respect to affiliate aggregation for fee purposes that is common among other exchanges, thereby promoting Members' understanding of the parameters of the IEMM program and the efficiency of its administration. The proposed rule is equitable because all similarly situated members are subject to the proposed rules equally, and access to the Exchange is offered on fair and nondiscriminatory terms.

All Members seeking to aggregate their activity are subject to the same reasonable parameters, in accordance with a standard that recognizes an affiliation as of the month's beginning, or close in time to when the affiliation occurs, provided the Member submits a timely request. Moreover, the proposed billing aggregation language is reasonable because it establishes a standard for implementation of aggregation requests that is easy to administer and that reflects the need for the Exchange to review and approve aggregation requests while avoiding the complexities associated with proration of the

¹¹ 15 U.S.C. 78f.

¹² 15 U.S.C. 78f(b)(5).

bills of Members that become affiliated during the course of a month. The Exchange believes that this approach will thus simplify the process of billing under the IEMM program for the Exchange and its Members and is substantially similar to aggregation standards adopted by other exchanges.¹³

The Exchange believes that the proposed rule change avoids disparate treatment of Members that have divided their various business activities between separate legal entities as compared to Members that operate those business activities within a single legal entity. The Exchange further notes that the proposed rule change is reasonable and is designed to remove impediments to and perfect the mechanism of a free and open market by harmonizing the rules across exchanges that govern the aggregation of certain activity for purposes of billing. In particular, as noted above, both Nasdaq and NYSE have substantially similar rules governing aggregation of activity for fee purposes.¹⁴ Thus, the Exchange believes the proposed change does not present any unique or novel issues under the Act that have not already been considered by the Commission.

Lastly, the Exchange believes the proposed correction to the cross-reference is reasonable and consistent with the protection of investors and the public interest in that it is designed to make the Exchange's Fee Schedule more clear and accurate, to the benefit of all market participants.

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

The Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As stated above, the proposed rule change, which

¹³ See supra note 9.

¹⁴ See supra note 9.

applies equally to all Members, is intended to reduce the Exchange's administrative burden in applying discounts for firms which have requested aggregation with an affiliate Member, and is substantially similar to rules adopted by other exchanges. Because the market for order execution and routing is extremely competitive, Members may readily opt to disfavor the Exchange if they believe that alternatives offer them better value. The Exchange thus does not believe the proposed changes will impair the ability of Members or competing order execution venues to maintain their competitive standing in the financial markets.

Lastly, the Exchange believes the proposed correction to the cross reference, as described above, does not impose any burden on competition, as it is simply designed to make the Exchanges Fee Schedule more clear and accurate, to the benefit of all market participants.

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)¹⁵ of the Act and Rule 19b-4(f)(6)¹⁶ 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

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6).

19b-4(f)(6) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁷ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁸ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay.

The Exchange respectfully requested that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective sufficient to enable the proposed rule change to become operative by October 1, 2018. Waiving the 30-day delay in this manner would permit the Exchange to implement the proposed rule change, as described herein, to coincide with the launch of its listing program, scheduled to begin October 5, 2018. Upon launch of the listing business, the Exchange expects to face intense competition from NYSE and Nasdaq, which the Exchange believes essentially operate as a duopoly in the U.S. listing market. The Exchange believes that providing for IEMM affiliate aggregation will help to address the significant competitive challenges it will face in establishing itself as a competitive listings market by providing appropriate incentives to affiliated Members seeking to become IEMMs that accrue to the benefit of issuers listed on IEX as well as market participants generally. Further, as described above, the Exchange does not believe that the proposed change presents any new or novel issues which also supports waiver of the 30-day operative delay.

At any time within 60 days of the filing of the proposed rule change, the

¹⁷ 17 CFR 240.19b-4(f)(6).

¹⁸ 17 CFR 240.19b-4(f)(6)(iii).

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)¹⁹ 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-IEX-2018-20 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-IEX-2018-20. This file number should be included in 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

¹⁹ 15 U.S.C. 78s(b)(2)(B).

(<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the IEX's principal office and on its Internet website at www.iextrading.com. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-IEX-2018-20 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

²⁰ 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 Fee Schedule

Effective [August 1]September 26, 2018

Transaction fees

- All fees identify cost per share executed unless otherwise specified.
- Footnotes provide further explanatory text or indicate variable rate changes, provided the conditions in the footnote are met.
- The rates listed in the Base Rates table apply unless a Member's transaction is assigned a Fee Code other than a Base Fee Code (an "Additional Fee Code"). If a Member's transaction is assigned an Additional Fee Code, the rates listed in the Fee Codes and Associated Fees table will apply.
- Executions below \$1.00 are assessed a fee of 0.30% of TDV unless the Fee Code Combination results in a FREE execution.
- The Exchange passes-through in full any fees charged by/rebates received from away venues ("Cost") to the Member and adds the IEX fee (i.e., a \$0.0001 charge per share).

Base Rates:

Base Fee Codes	Description	Executions at or above \$1.00	Executions below \$1.00
I, X	Standard Match Fee	\$0.0009	0.30% of TDV
L	Reduced Match Fee	\$0.0003	0.30% of TDV
O, C, H, P	Auction Match Fee	\$0.0003	0.30% of TDV
Alpha	Routing and removing liquidity (all routing options)	Cost + \$0.0001	

Fee Code Modifiers:

Additional Fee Codes	Description	Fee
S	Internalization Fee: Member executes against resting liquidity provided by such Member	FREE
Q	Crumbling Quote Remove Fee: removes liquidity during periods of quote instability at or within the NBBO above the CQRF Threshold, measured on an MPID basis ¹	\$0.0030

N	Spread-Crossing Eligible Remove Fee: removes liquidity with a spread-crossing eligible order	\$0.0009
D	Discounted Single-Price Cross Fee: displayed interest resting on the Continuous Book executes in a cross or auction	FREE

Market Quality Incentive Programs:

IEX Enhanced Market Maker ("IEMM Rates"): Unless an IEX Enhanced Market Maker ("IEMM") pursuant to Rule 11.1[6]70(a) otherwise qualifies for a lower rate, IEMMs will receive the following discounts for executions during continuous trading in securities priced at or above \$1.00. If a Member qualifies under both the Inside Tier and the Depth Tier, any earned Standard Match Fee Discount, Reduced Match Fee Discount, and Spread-Crossing Eligible Remove Fee Discount will be aggregated and applied to such Member's executions subject to the Standard Match Fee, Reduced Match Fee, or Spread-Crossing Eligible Remove Fee in securities priced at or above \$1.00, subject to the applicable Depth Tier aggregate monthly savings cap of \$20,000.00.²

IEMM Tier	Standard Match Fee Discount	Reduced Match Fee Discount	Spread-Crossing Eligible Remove Fee Discount
Inside Tier	\$0.0001	\$0.0001	\$0.0001
Depth Tier	\$0.0001	\$0.0001	\$0.0001

Fee Code Combinations and Associated Fees:

Fee Codes	Description	Fee
I	Adds or removes non-displayed liquidity	\$0.0009
L	Adds or removes displayed liquidity	\$0.0003
IS	Member executes against resting non-displayed liquidity provided by such Member	FREE
IQ ¹	Removes non-displayed liquidity during periods of quote instability	\$0.0009
IN	Removes non-displayed liquidity with a spread-crossing eligible order	\$0.0009
LS	Member executes against resting displayed liquidity provided by such Member	FREE
LQ ¹	Removes displayed liquidity during periods of quote instability	\$0.0003
LN	Removes displayed liquidity with a spread-crossing eligible order	\$0.0003
ISQ ¹	Member removes non-displayed liquidity provided by such Member during periods of quote instability	FREE
ISN	Member removes non-displayed liquidity provided by such Member with a spread-crossing eligible order	FREE
IQN ¹	Removes non-displayed liquidity during periods of quote instability with a spread-crossing eligible order	\$0.0009
LSQ ¹	Member removes displayed liquidity provided by such Member during periods of quote instability	FREE
LSN	Member removes non-displayed liquidity provided by such Member with a spread-crossing eligible order	FREE
LQN ¹	Removes displayed liquidity during periods of quote instability with a spread-crossing eligible order	\$0.0003

ISQN ¹	Member removes non-displayed liquidity provided by such Member during periods of quote instability with a spread-crossing eligible order	FREE
LSQN ¹	Member removes non-displayed liquidity provided by such Member during periods of quote instability with a spread-crossing eligible order	FREE
X	Opening Process for Non-Listed Securities ("Opening Process")	\$0.0009
XD	Displayed interest resting on the Continuous Book executes in the Opening Process	FREE
O	Opening Auction, IEX-listed security	\$0.0003
OD	Displayed interest resting on the Continuous Book executes in the Opening Auction	FREE
C	Closing Auction, IEX-listed security	\$0.0003
CD	Displayed interest resting on the Continuous Book executes in the Closing Auction	FREE
H	Halt or Volatility Auction, IEX-listed security	\$0.0003
P	IPO Auction, IEX-listed security	\$0.0003

¹ Crumbling Quote Remove Fee: Executions with Fee Code Q that exceed the CQRF Threshold are subject to the Crumbling Quote Remove Fee identified in the Fee Code Modifiers table. Executions with Fee Code Q that do not exceed the CQRF Threshold are subject to the fees identified in the Fee Codes and Associated Fees table.

² Aggregation of activity of affiliated Members:

(a) For purposes of applying the provisions of Rule 11.170(a), a Member may request that the Exchange aggregate its activity with activity of such Member's affiliated Members.

(1) A Member requesting aggregation of affiliate activity is required to certify to the Exchange the affiliate status of Members whose activity it seeks to aggregate prior to receiving approval for aggregation, and inform the Exchange immediately of any event that causes an entity to cease being an affiliate. The Exchange shall review available information regarding the entities and reserves the right to request additional information to verify the affiliate status of an entity. The Exchange shall approve a request unless it determines that the certification is not accurate.

(2) If two or more Members become affiliated on or prior to the sixteenth day of a month and submit the required request for aggregation on or prior to the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of that month. If two or more Members become affiliated after the sixteenth day of a month or submit a request for aggregation after the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of the next calendar month.

(b) For purposes of applying the provisions of Rule 11.170(a), references to an IEMM shall include the Member and any of its affiliates that have been approved for aggregation.

(c) The term "affiliate" shall mean any Member under 75% common ownership or control of that Member.