

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="25"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="11"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Investors' Exchange LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	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 amend IEX Rule 11.280 to extend the pilot period for the market-wide circuit breaker to the close of business on October 18, 2020 and to clarify that the remaining parts of Rule 11.280 are not subject to any pilot period.

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 *

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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, 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

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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 the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend IEX Rule 11.280 to extend the pilot period for the market-wide circuit breaker to the close of business on October 18, 2020 and to clarify that the remaining parts of Rule 11.280 are not subject to any pilot period. IEX 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

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

Paragraphs (a) through (d) and (f) of Rule 11.280 describe the methodology for determining when to halt trading in all stocks due to extraordinary market volatility (i.e., market-wide circuit breakers). The market-wide circuit breaker ("MWCB") mechanism under Rule 11.280 was approved by the Commission to operate on a pilot basis, the term of which was to coincide with the pilot period for the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS (the "LULD Plan"),⁵ including any extensions to the pilot period for the LULD Plan. The Commission recently approved an amendment to the LULD Plan for it to operate on a permanent, rather than pilot, basis.⁶ In light of the proposal to make the LULD Plan permanent, the

⁵ See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012). An amendment to the LULD Plan adding IEX as a Participant was filed with the Commission on August 11, 2016, and became effective upon filing pursuant to Rule 608(b)(3)(iii) of the Act. See Securities Exchange Act Release No. 78703 (August 26, 2016), 81 FR 60397 (September 1, 2016) (File No. 4-631).

⁶ See Securities Exchange Act Release No. 85623 (April 11, 2019), 84 FR 16086 (April 17, 2019) ("LULD Plan Amendment 18 Approval Order").

Exchange amended Rule 11.280 to untie the pilot's effectiveness from that of the LULD Plan and to extend the pilot's effectiveness to the close of business on October 18, 2019.⁷

The purpose of this proposed rule change is to amend Rule 11.280(a) to extend the pilot period for the MWCB, set forth in paragraphs (a) through (d) and (f),⁸ to the close of business on October 18, 2020. In addition, this proposed rule change will clarify that the remaining paragraphs of Rule 11.280 are not subject to any pilot period. This filing does not propose any substantive or additional changes to Rule 11.280. The Exchange will use the MWCB pilot extension period to develop with the other self-regulatory organizations ("SROs") rules and procedures that would allow for the periodic testing of the performance of the MWCB mechanism, with industry member participation in such testing. The extension will also permit the SROs to consider enhancements to the MWCB processes such as modifications to the Level 3 process.

MWCBs under Rule 11.280 provide an important, automatic mechanism that is invoked to promote stability and investor confidence during periods of significant stress when securities markets experience extreme broad-based declines. All SROs have rules relating to MWCBs, which are designed to slow the effects of extreme price movement through coordinated trading halts across securities markets when severe price declines reach levels that may exhaust market liquidity.⁹ MWCBs provide for trading halts in all

⁷ See Securities Exchange Act Release No. 85576 (April 9, 2019), 84 FR 15237 (April 15, 2019) (SR-IEX-2019-04).

⁸ Rule 11.280(f) also relates to the MWCB because it specifies the time zone for all times referenced in Rule 11.280(a) and (b).

⁹ See Securities Exchange Act Release No. 67090 (May 31, 2012), 77 FR 33531 (June 6, 2012) (SR-BATS-2011-038; SR-BYX-2011-025; SR-BX-2011-068; SR-CBOE-2011-087; SR-C2-2011-024; SR-CHX-2011-30; SR-EDGA-2011-31; SR-EDGX-2011-30; SR-FINRA-2011-054; SR-ISE-2011-61; SR-NASDAQ-2011-

equities and options markets during a severe market decline as measured by a single-day decline in the S&P 500 Index.

Pursuant to Rule 11.280(a) through (d) and (f), a market-wide trading halt will be triggered if the S&P 500 Index declines in price by specified percentages from the prior day's closing price of that index. Currently, the triggers are set at three circuit breaker thresholds: a 7% market decline (Level 1), a 13% market decline (Level 2), and a 20% market decline (Level 3). A market decline that triggers a Level 1 or Level 2 circuit breaker after 9:30 a.m. ET and before 3:25 p.m. ET would halt market-wide trading for 15 minutes, while a similar market decline at or after 3:25 p.m. ET would not halt market-wide trading. A market decline that triggers a Level 3 circuit breaker, at any time during the trading day, would halt market-wide trading for the remainder of the trading day.

The Exchange also proposes to amend Rule 11.280(a) to clarify that the pilot period set forth in Rule 11.280(a) only applies to paragraphs (a) through (d) and (f) of Rule 11.280 (i.e., the MWCB mechanism). Paragraph (e) of Rule 11.280, which relates to IEX's LULD Mechanism¹⁰ was subject to the pilot period specified in paragraph (a) of

131; SR-NSX-2011-11; SR-NYSE-2011-48; SR-NYSEAmex-2011-73; SR-NYSEArca-2011-68; SR-Phlx-2011-129).

¹⁰ The Exchange is required by the LULD Plan to establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with the LULD and trading pause requirements specified in the LULD Plan. Rule 11.280(e) sets forth the Exchange's LULD mechanism, including provisions stating that the Exchange is a Participant in the LULD Plan and that IEX Members are required to comply with the provisions of the LULD Plan. Furthermore, Rule 11.280(e) describes order handling performed by the Exchange to maintain compliance with the LULD Plan. Specifically, Rule 11.280(e): (1) provides that the System shall not display or execute buy (sell) interest above (below) the Upper (Lower) Price Bands, unless such interest is specifically

Rule 11.280, as described above.¹¹ With the Commission’s LULD Plan Amendment 18 Approval Order providing that the LULD Plan now operates on a permanent basis,¹² the Exchange is proposing to update Rule 11.280(a) to reflect that IEX’s LULD Mechanism no longer operates on a pilot basis, thus ensuring continued compliance with the LULD Plan.

Similarly, the Exchange proposes to amend Rule 11.280(a) to clarify that paragraphs (g) and (h) of Rule 11.280 are not subject to any pilot period. Rule 11.280(g) provides the authority under which the Exchange can initiate a trading halt “in circumstances in which IEX deems it necessary to protect investors and the public interest,” and Rule 11.280(h) provides the procedures by which IEX can both initiate and terminate a trading halt. Neither of these paragraphs are related to either the MWCBS or LULD Plans, but Rule 11.280(a) may inadvertently connote that these two paragraphs were subject to a pilot period. The proposed changes to paragraph (a) will clarify that the trading halt procedures contained in paragraphs (g) and (h) of Rule 11.280 are not subject to a pilot period.

b. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of Sections 6(b)¹³ and 6(b)(5) of the Act,¹⁴ in particular, in that it is designed to promote just

exempted under the Plan; (2) describes how the System re-prices and/or cancels buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band; (3) confirms that the Exchange may declare a Trading Pause during a Straddle State; and (4) addresses how the Exchange would re-open a security following a Trading Pause.

¹¹ See supra note 7.

¹² See supra note 6.

¹³ 15 U.S.C. 78f(b).

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 MWCB mechanism under Rule 11.280 is an important, automatic mechanism that is invoked to promote stability and investor confidence during periods of significant stress when securities markets experience extreme broad-based declines. Extending the MWCB pilot for an additional year would ensure the continued, uninterrupted operation of a consistent mechanism to halt trading across the U.S. equity markets while the Exchange, with the other SROs, considers and develops rules and procedures that would allow for the periodic testing of the performance of the MWCB mechanism, which would include industry member participation in such testing. The extension will also permit the SROs to consider enhancements to the MWCB processes such as modifications to the Level 3 process.

The Exchange also believes that the proposed rule change promotes just and equitable principles of trade in that it promotes transparency and uniformity across markets concerning when and how to halt trading in all stocks as a result of extraordinary market volatility. Based on the foregoing, the Exchange believes the benefits to market participants from the MWCB under Rule 11.280(a) through (d) and (f) should continue on a pilot basis because the MWCB will promote fair and orderly markets, and protect investors and the public interest.

Additionally, the Exchange believes that it is consistent with the public interest and the protection of investors to modify the language in Rule 11.280(a) to indicate that the LULD Plan Amendment 18 Approval Order made permanent the Exchange's LULD

¹⁴ 15 U.S.C. 78f(b)(5).

Mechanism contained in paragraph (e) of Rule 11.280. Furthermore, the Exchange believes it is consistent with the public interest and the protection of investors to clarify that paragraphs (g) and (h) of Rule 11.280, which set forth the Exchange's authority and process for initiating and terminating trading halts, are not subject to any pilot period. These clarifying changes are designed to ensure continued compliance by the Exchange and its Members with the requirements of the LULD Plan and remove any ambiguity on the ongoing applicability of the trading halt provisions.

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

IEX does not believe that the proposed rule change implicates any competitive issues because the proposal would ensure the continued, uninterrupted operation of a consistent mechanism to halt trading across the U.S. markets while the Exchange, in conjunction with the other SROs, considers and develops rules and procedures that would allow for the periodic testing of the performance of the MWCB mechanism. Furthermore, as noted above, the extension will permit the SROs to consider enhancements to the MWCB processes such as modifications to the Level 3 process.

Further, IEX understands that the other SROs will file proposals to extend their rules regarding the MWCB pilot. Thus, the proposed rule change will help to ensure consistency across market centers without implicating any competitive issues.

Additionally, clarifying that paragraph (e) of Rule 11.280 was made permanent by the LULD Plan Amendment 18 Approval Order is designed to ensure continued compliance with the requirements of the LULD Plan. And the Exchange believes that clarifying that the trading halt provisions of paragraphs (g) and (h) of Rule 11.280 are not subject to any pilot period, removes any ambiguity on the ongoing applicability of the

trading halt provisions, which the Exchange believes would not have an impact on competition.

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

The Exchange does not consent to an extension of the time period for Commission action.

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 Act¹⁵ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁶ 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 the date of filing.¹⁷

The market-wide circuit breaker mechanism under Rule 11.280 is an important, automatic mechanism that is invoked to promote stability and investor confidence during periods of significant stress when securities markets experience extreme broad-based

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4.

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

declines. With respect to extension of the MWCB pilot period, the Exchange believes that the proposed rule change will not significantly affect the protection of investors or the public interest because it seeks to extend the protections provided by this pilot without any changes while the Exchange, in conjunction with the other SROs, considers and develops rules and procedures that would allow for the periodic testing of the performance of the MWCB mechanism, as well as enhancements to the MWCB processes. This proposed change will also not impose any significant burden on competition because the Exchange understands that FINRA and other national securities exchanges will file proposals to extend their rules regarding the MWCB pilot, thereby ensuring consistency across market centers without implicating any competitive issues.

With respect to the proposed changes to Rule 11.280(a) to indicate that the Exchange's LULD Mechanism is no longer subject to a pilot period, the Exchange believes that the proposed rule change will not significantly affect the protection of investors or the public interest. Specifically, and as discussed in the Purpose section, with the Commission's LULD Plan Amendment 18 Approval Order providing that the LULD Plan now operates on a permanent basis, the Exchange believes that paragraph (a) of Rule 11.280 should reflect that the Exchange's LULD Mechanism has been made permanent, which is designed to ensure continued compliance with the LULD Plan. This proposed change will also not impose any significant burden on competition because the Exchange understands that the other SROs have or will file rule change proposals to make their comparable rules permanent, thereby ensuring consistency across market centers without implicating any competitive issues.

With respect to the trading halt provisions contained in paragraphs (g) and (h) of

Rule 11.280, as described in the Purpose and Statutory Basis sections, the Exchange believes that clarifying that they are not subject to any pilot period will not significantly affect the protection of investors or the public interest because the proposed change is merely designed to remove any ambiguity on the ongoing applicability of the trading halt provisions. This proposed change will also not impose any significant burden on competition because other national securities exchanges have comparable rules that are not subject to a pilot period and the change to make IEX's trading halt rules permanent will ensure consistency across market centers without implicating any competitive issues.¹⁸

Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.²⁰

The Exchange respectfully requests that the Commission waive the 30-day operative delay so that the proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act²¹ and paragraph (f)(6) of Rule 19b-4 thereunder.²² Waiver of the 30-day operative delay will allow the Exchange to continue the MWCB pilot through October 18, 2020 without interruption, while the Exchange, in conjunction with the other SROs, considers and develops rules and procedures that would allow for the periodic testing of the performance of the MWCB mechanism. Furthermore, as noted above, the extension of the MWCB pilot period will permit the exchanges to consider enhancements to the

¹⁸ See, e.g., Nasdaq Rule 4120(a)(1)-(7) and (c).

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4.

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4.

MWCB processes such as modifications to the Level 3 process. Waiver of the operative delay is consistent with the protection of investors and the public interest because it seeks to extend the protections provided by this pilot without any changes.

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.

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

The proposed rule change is not based on the rules of another self-regulatory organization, or of the Commission. As discussed above, the Exchange understands that the other SROs will file proposals to extend their rules regarding the MWCB pilot with the Commission.

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-2019-11)

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to amend IEX Rule 11.280 to Extend the Pilot Period for the Market-Wide Circuit Breaker to the Close of Business on October 18, 2020 and to Clarify that the Remaining Parts of Rule 11.280 are Not Subject to Any Pilot Period.

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 IEX is filing with the Commission a proposed rule change to amend IEX Rule 11.280 to extend the pilot period for the market-wide circuit breaker to the close of business on October 18, 2020 and to clarify that the remaining parts of Rule 11.280 are not subject to any pilot period. IEX has designated this rule change as “non-

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.

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

Paragraphs (a) through (d) and (f) of Rule 11.280 describe the methodology for determining when to halt trading in all stocks due to extraordinary market volatility (i.e., market-wide circuit breakers). The market-wide circuit breaker (“MWCB”) mechanism under Rule 11.280 was approved by the Commission to operate on a pilot basis, the term of which was to coincide with the pilot period for the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS (the “LULD Plan”),⁸

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4.

⁸ See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012). An amendment to the LULD Plan adding IEX as a Participant

including any extensions to the pilot period for the LULD Plan. The Commission recently approved an amendment to the LULD Plan for it to operate on a permanent, rather than pilot, basis.⁹ In light of the proposal to make the LULD Plan permanent, the Exchange amended Rule 11.280 to untie the pilot's effectiveness from that of the LULD Plan and to extend the pilot's effectiveness to the close of business on October 18, 2019.¹⁰

The purpose of this proposed rule change is to amend Rule 11.280(a) to extend the pilot period for the MWCB, set forth in paragraphs (a) through (d) and (f),¹¹ to the close of business on October 18, 2020. In addition, this proposed rule change will clarify that the remaining paragraphs of Rule 11.280 are not subject to any pilot period. This filing does not propose any substantive or additional changes to Rule 11.280. The Exchange will use the MWCB pilot extension period to develop with the other self-regulatory organizations ("SROs") rules and procedures that would allow for the periodic testing of the performance of the MWCB mechanism, with industry member participation in such testing. The extension will also permit the SROs to consider enhancements to the MWCB processes such as modifications to the Level 3 process.

MWCBs under Rule 11.280 provide an important, automatic mechanism that is invoked to promote stability and investor confidence during periods of significant stress

was filed with the Commission on August 11, 2016, and became effective upon filing pursuant to Rule 608(b)(3)(iii) of the Act. See Securities Exchange Act Release No. 78703 (August 26, 2016), 81 FR 60397 (September 1, 2016) (File No. 4-631).

⁹ See Securities Exchange Act Release No. 85623 (April 11, 2019), 84 FR 16086 (April 17, 2019) ("LULD Plan Amendment 18 Approval Order").

¹⁰ See Securities Exchange Act Release No. 85576 (April 9, 2019), 84 FR 15237 (April 15, 2019) (SR-IEX-2019-04).

¹¹ Rule 11.280(f) also relates to the MWCB because it specifies the time zone for all times referenced in Rule 11.280(a) and (b).

when securities markets experience extreme broad-based declines. All SROs have rules relating to MWCBS, which are designed to slow the effects of extreme price movement through coordinated trading halts across securities markets when severe price declines reach levels that may exhaust market liquidity.¹² MWCBS provide for trading halts in all equities and options markets during a severe market decline as measured by a single-day decline in the S&P 500 Index.

Pursuant to Rule 11.280(a) through (d) and (f), a market-wide trading halt will be triggered if the S&P 500 Index declines in price by specified percentages from the prior day's closing price of that index. Currently, the triggers are set at three circuit breaker thresholds: a 7% market decline (Level 1), a 13% market decline (Level 2), and a 20% market decline (Level 3). A market decline that triggers a Level 1 or Level 2 circuit breaker after 9:30 a.m. ET and before 3:25 p.m. ET would halt market-wide trading for 15 minutes, while a similar market decline at or after 3:25 p.m. ET would not halt market-wide trading. A market decline that triggers a Level 3 circuit breaker, at any time during the trading day, would halt market-wide trading for the remainder of the trading day.

The Exchange also proposes to amend Rule 11.280(a) to clarify that the pilot period set forth in Rule 11.280(a) only applies to paragraphs (a) through (d) and (f) of Rule 11.280 (i.e., the MWCB mechanism). Paragraph (e) of Rule 11.280, which relates

¹² See Securities Exchange Act Release No. 67090 (May 31, 2012), 77 FR 33531 (June 6, 2012) (SR-BATS-2011-038; SR-BYX-2011-025; SR-BX-2011-068; SR-CBOE-2011-087; SR-C2-2011-024; SR-CHX-2011-30; SR-EDGA-2011-31; SR-EDGX-2011-30; SR-FINRA-2011-054; SR-ISE-2011-61; SR-NASDAQ-2011-131; SR-NSX-2011-11; SR-NYSE-2011-48; SR-NYSEAmex-2011-73; SR-NYSEArca-2011-68; SR-Phlx-2011-129).

to IEX's LULD Mechanism¹³ was subject to the pilot period specified in paragraph (a) of Rule 11.280, as described above.¹⁴ With the Commission's LULD Plan Amendment 18 Approval Order providing that the LULD Plan now operates on a permanent basis,¹⁵ the Exchange is proposing to update Rule 11.280(a) to reflect that IEX's LULD Mechanism no longer operates on a pilot basis, thus ensuring continued compliance with the LULD Plan.

Similarly, the Exchange proposes to amend Rule 11.280(a) to clarify that paragraphs (g) and (h) of Rule 11.280 are not subject to any pilot period. Rule 11.280(g) provides the authority under which the Exchange can initiate a trading halt "in circumstances in which IEX deems it necessary to protect investors and the public interest," and Rule 11.280(h) provides the procedures by which IEX can both initiate and terminate a trading halt. Neither of these paragraphs are related to either the MWCB or LULD Plans, but Rule 11.280(a) may inadvertently connote that these two paragraphs were subject to a pilot period. The proposed changes to paragraph (a) will clarify that the

¹³ The Exchange is required by the LULD Plan to establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with the LULD and trading pause requirements specified in the LULD Plan. Rule 11.280(e) sets forth the Exchange's LULD mechanism, including provisions stating that the Exchange is a Participant in the LULD Plan and that IEX Members are required to comply with the provisions of the LULD Plan. Furthermore, Rule 11.280(e) describes order handling performed by the Exchange to maintain compliance with the LULD Plan. Specifically, Rule 11.280(e): (1) provides that the System shall not display or execute buy (sell) interest above (below) the Upper (Lower) Price Bands, unless such interest is specifically exempted under the Plan; (2) describes how the System re-prices and/or cancels buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band; (3) confirms that the Exchange may declare a Trading Pause during a Straddle State; and (4) addresses how the Exchange would re-open a security following a Trading Pause.

¹⁴ See supra note 10.

¹⁵ See supra note 9.

trading halt procedures contained in paragraphs (g) and (h) of Rule 11.280 are not subject to a pilot period.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of Sections 6(b)¹⁶ and 6(b)(5) of the Act,¹⁷ in particular, in that it is designed 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 MWCB mechanism under Rule 11.280 is an important, automatic mechanism that is invoked to promote stability and investor confidence during periods of significant stress when securities markets experience extreme broad-based declines. Extending the MWCB pilot for an additional year would ensure the continued, uninterrupted operation of a consistent mechanism to halt trading across the U.S. equity markets while the Exchange, with the other SROs, considers and develops rules and procedures that would allow for the periodic testing of the performance of the MWCB mechanism, which would include industry member participation in such testing. The extension will also permit the SROs to consider enhancements to the MWCB processes such as modifications to the Level 3 process.

The Exchange also believes that the proposed rule change promotes just and equitable principles of trade in that it promotes transparency and uniformity across markets concerning when and how to halt trading in all stocks as a result of extraordinary market volatility. Based on the foregoing, the Exchange believes the benefits to market participants from the MWCB under Rule 11.280(a) through (d) and (f) should continue

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

on a pilot basis because the MWCB will promote fair and orderly markets, and protect investors and the public interest.

Additionally, the Exchange believes that it is consistent with the public interest and the protection of investors to modify the language in Rule 11.280(a) to indicate that the LULD Plan Amendment 18 Approval Order made permanent the Exchange's LULD Mechanism contained in paragraph (e) of Rule 11.280. Furthermore, the Exchange believes it is consistent with the public interest and the protection of investors to clarify that paragraphs (g) and (h) of Rule 11.280, which set forth the Exchange's authority and process for initiating and terminating trading halts, are not subject to any pilot period. These clarifying changes are designed to ensure continued compliance by the Exchange and its Members with the requirements of the LULD Plan and remove any ambiguity on the ongoing applicability of the trading halt provisions.

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

IEX does not believe that the proposed rule change implicates any competitive issues because the proposal would ensure the continued, uninterrupted operation of a consistent mechanism to halt trading across the U.S. markets while the Exchange, in conjunction with the other SROs, considers and develops rules and procedures that would allow for the periodic testing of the performance of the MWCB mechanism.

Furthermore, as noted above, the extension will permit the SROs to consider enhancements to the MWCB processes such as modifications to the Level 3 process.

Further, IEX understands that the other SROs will file proposals to extend their rules regarding the MWCB pilot. Thus, the proposed rule change will help to ensure consistency across market centers without implicating any competitive issues.

Additionally, clarifying that paragraph (e) of Rule 11.280 was made permanent by the LULD Plan Amendment 18 Approval Order is designed to ensure continued

compliance with the requirements of the LULD Plan. And the Exchange believes that clarifying that the trading halt provisions of paragraphs (g) and (h) of Rule 11.280 are not subject to any pilot period, removes any ambiguity on the ongoing applicability of the trading halt provisions, which the Exchange believes would not have an impact on competition.

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)¹⁸ of the Act and Rule 19b-4(f)(6)¹⁹ thereunder. Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)²⁰ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²¹ 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.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(6).

²⁰ 17 CFR 240.19b-4(f)(6).

²¹ 17 CFR 240.19b-4(f)(6)(iii).

The Exchange respectfully requests that the Commission waive the 30-day operative delay so that the proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act²² and paragraph (f)(6) of Rule 19b-4 thereunder.²³ Waiver of the 30-day operative delay will allow the Exchange to continue the MWCB pilot through October 18, 2020 without interruption, while the Exchange, in conjunction with the other SROs, considers and develops rules and procedures that would allow for the periodic testing of the performance of the MWCB mechanism. Furthermore, as noted above, the extension of the MWCB pilot period will permit the exchanges to consider enhancements to the MWCB processes such as modifications to the Level 3 process. Waiver of the operative delay is consistent with the protection of investors and the public interest because it seeks to extend the protections provided by this pilot without any changes.

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

Interested persons are invited to submit written data, views and arguments

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4.

²⁴ 15 U.S.C. 78s(b)(2)(B).

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-2019-11 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-2019-11. 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 (<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-2019-11 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.²⁵

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.

CHAPTER 11. TRADING RULES

Rule 11.280. Limit Up-Limit Down Plan and Trading Halts

(a) The provisions of paragraphs (a) through (d) and (f) of [T]this IEX Rule shall be in effect during a pilot period that expires at the close of business on October 18, 2020[19]. If the pilot is not either extended or approved permanently at the end of the pilot period, the Exchange will amend this IEX Rule. The remaining provisions of this IEX Rule are not subject to a pilot period and are in effect unless and until amended.
