

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"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

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

**Description**

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

Proposed Rule Change to Extend the Expiration Date of the Temporary Amendments Set Forth in SR-IEX-2020-20.

**Contact Information**

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

First Name *	Nathaniel	Last Name *	Kolodny
Title *	Lead Regulation Counsel		
E-mail *	nathaniel.kolodny@iextrading.com		
Telephone *	(646) 343-2034	Fax	


**Signature**

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

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

(Title \*)

Date	04/21/2021	Lead Regulation Counsel
By	Nathaniel Kolodny	
	(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 EFFF website.

**Form 19b-4 Information \***

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

**Exhibit 1 - Notice of Proposed Rule Change \***

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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**

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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) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend IEX Rule 2.160 (Registration Requirements and Restrictions on Membership), Supplementary Material .02 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under paragraph (i) of the rule. The Exchange is proposing to extend the expiration date of the temporary amendment initially set forth in SR-IEX-2020-20<sup>3</sup> from April 30, 2021, to June 30, 2021. The proposed rule change would harmonize the IEX Rule with a Financial Industry Regulatory Authority, Inc. (“FINRA”) rule amendment that extended the 120-day period during which certain individuals can function as a principal without having successfully passed an appropriate qualifying examination, from April 30, 2021 through June 30, 2021.<sup>4</sup> IEX does not anticipate providing any further extensions to the temporary amendment identified in this proposed rule change beyond June 30, 2021.<sup>5</sup>

The Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act<sup>6</sup> and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.<sup>7</sup>

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 90752 (December 21, 2020), 85 FR 85824 (December 21, 2020) (SR-IEX-2020-20).

<sup>4</sup> See Securities Exchange Act Release No. 91495 (April 7, 2021), 86 FR 19306 (April 13, 2021) (SR-FINRA-2021-006).

<sup>5</sup> If due to unforeseen circumstances a further extension is necessary, IEX will submit a separate rule filing to further extend the temporary amendment.

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 CFR 240.19b-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 Directors of the Exchange. No further action is required under the Exchange's governing documents. Therefore, the Exchange's internal procedures with respect to the proposed rule change are complete.

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

Nathaniel Kolodny  
Lead Regulation Counsel  
Investors Exchange LLC  
646-629-5622

James G. Buckley  
Regulatory Consultant  
Investors Exchange LLC  
917-748-8982

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

IEX Rule 2.160(i), Supplementary Material .01 provides, inter alia, that an IEX Member ("Member") may designate any person currently registered, or who becomes registered with the Member as a representative to function as a principal for 120 calendar days prior to passing an appropriate principal qualification examination and

that, in no event, may such person function as a principal beyond the initial 120 calendar day period without having passed an appropriate principal qualifying examination.

On December 15, 2020, the Exchange filed with the Commission, for immediate effectiveness, a proposed rule change to adopt Supplementary Material .02 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under Rule 2.160(i).<sup>8</sup> Supplementary Material .02 extended the 120-day period during which an individual designated by a Member to function as a principal could do so without having successfully passed the required qualifying examination. Specifically, the rule change provided that any individual designated by a Member as a principal prior to January 1, 2021 may continue to function as a principal without having passed an appropriate qualifying examination until April 30, 2021.

The Exchange is proposing to further extend the temporary relief provided in Supplementary Material .02. Under the proposed amendment, an individual designated to function as a principal prior to March 3, 2021 may continue to function as a principal without having successfully passed an appropriate qualifying examination until June 30, 2021. The proposed amendment will align IEX's rule with FINRA Rule 1210, which was recently amended to provide the same temporary extension for individuals designated as principals due to the continuing impact of the COVID-19 pandemic.<sup>9</sup> FINRA performs certain functions related to the qualification, registration and continuing education requirements for registered persons pursuant to a regulatory services agreement with the Exchange.

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<sup>8</sup> See supra note 3.

<sup>9</sup> See supra note 4.

In response to the COVID-19 global pandemic, during 2020 FINRA began providing temporary relief to firms from FINRA rules and requirements via frequently asked questions (“FAQs”) on its website.<sup>10</sup> Two of these FAQs<sup>11</sup> provided temporary relief to address disruptions to the administration of FINRA qualification examinations caused by the pandemic that had significantly limited the ability of individuals to sit for these examinations due to Prometric test center capacity issues.<sup>12</sup>

FINRA published the first FAQ on March 20, 2020, providing that individuals designated to function as principals under FINRA Rule 1210.04 prior to February 2, 2020, would be given until May 31, 2020, to pass the appropriate principal qualification examination.<sup>13</sup> FINRA revised the FAQ to extend the expiration of the temporary relief to pass the appropriate examination until June 30, 2020, and then until August 31, 2020.

On August 28, 2020, FINRA filed with the Commission a proposed rule change for immediate effectiveness to extend the temporary relief provided via the two FAQs by adopting temporary Supplementary Material .12 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under FINRA Rule

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<sup>10</sup> See Frequently Asked Questions Related to Regulatory Relief Due to the Coronavirus Pandemic, available at <https://www.finra.org/rules-guidance/key-topics/covid-19/faq>.

<sup>11</sup> See <https://www.finra.org/rules-guidance/key-topics/covid-19/faq#qe>

<sup>12</sup> At the outset of the COVID-19 pandemic, all FINRA qualification examinations were administered at test centers operated by Prometric. Based on the health and welfare concerns resulting from COVID-19, in March 2020 Prometric closed all its test centers in the United States and Canada and began to slowly reopen some of them at limited capacity in May. Currently, Prometric has resumed testing in many of its United States and Canada test centers, at either full or limited occupancy, based on local and government mandates.

<sup>13</sup> FINRA Rule 1210.04 (Requirements for Registered Persons Functioning as Principals for a Limited Period) allows a member firm to designate certain individuals to function in a principal capacity for 120 calendar days before having to pass an appropriate principal qualification examination.

1210 (Registration Requirements)<sup>14</sup> Pursuant to this rule filing, individuals who were designated prior to September 3, 2020, to function as a principal under FINRA Rule 1210.04 would have until December 31, 2020, to pass the appropriate qualification examination.

On December 9, 2020, FINRA filed with the Commission a proposed rule change for immediate effectiveness to extend the limited period for registered persons to function as a principal through April 30, 2021.<sup>15</sup> IEX thereafter filed with the Commission its proposed rule change to adopt Temporary Supplementary Material .02, to provide the same relief extending the limited period for registered persons to function as a principal without successfully passing the appropriate qualifying examination through April 30, 2021.<sup>16</sup>

The temporary relief was extended to address the interruptions in the administration of qualification examinations at Prometric test centers and the limited ability of individuals to sit for the examination as a result of the COVID-19 pandemic.<sup>17</sup> It was noted that the pandemic could also result in firms potentially experiencing significant disruptions to their normal business operations that may be exacerbated if principal positions remained unfilled. Specifically, the limitation of in-

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<sup>14</sup> Securities Exchange Act Release No. 89732 (September 1, 2020), 85 FR 55535 (September 8, 2020) (SR-FINRA-2020-026). FINRA's proposed rule changes also provided for a similar temporary extension of the limited period for persons to function as an Operations Professional under FINRA Rule 1220(b)(3)(B) to December 31, 2020, and later to April 30, 2021, to pass the appropriate qualification examination. IEX does not have Operations Professional as a registration category.

<sup>15</sup> See Securities Exchange Act Release No. 90617 (December 9, 2020), 85 FR 81258 (December 15, 2020) (SR-FINRA-2020-043).

<sup>16</sup> See *supra* note 3.

<sup>17</sup> Information about the continued impact of COVID-19 on FINRA-administered examinations is available at <https://www.finra.org/rules-guidance/key-topics/covid-19/exams>.

person operations and staff absenteeism as a result of health and welfare concerns stemming from COVID-19 could result in firms having difficulty finding other qualified individuals to transition into the principal role or requiring them to reallocate employee time and resources away from other critical responsibilities at the firm.

While there are signs of improvement, the COVID-19 conditions necessitating temporary relief persist, and the Exchange has determined that there is a continued need for this temporary relief beyond April 30, 2021. Although Prometric has resumed testing in many of its U.S. test centers, Prometric's safety practices mean that currently not all test centers are open, some of the open test centers are at limited capacity, and some open test centers are delivering only certain examinations that have been deemed essential by the local government.<sup>18</sup> In addition, while certain states have started to ease COVID-19 restrictions on businesses and social activities, public health officials continue to emphasize the importance for individuals to keep taking steps to protect themselves and help slow the spread of the disease.<sup>19</sup>

Although the COVID-19 conditions necessitating the temporary relief persist, the Exchange believes that an extension of the relief is necessary only until June 30, 2021, because of a recently expanded availability of online examinations. Prior to this expansion, the ongoing effects of the pandemic made it impracticable for IEX Members to ensure that the individuals designated to function in a principal capacity, as set forth in IEX Rule 2.160(i), could successfully sit for and pass the appropriate qualification examination within the 120-calendar day period required under the rule.

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<sup>18</sup> Information from Prometric about its safety practices and the impact of COVID-19 on its operations is available at <https://www.prometric.com/corona-virus-update>.

<sup>19</sup> See, e.g., Centers for Disease Control and Prevention, How to Protect Yourself & Others, <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html>.



Specifically, if the individual wanted to take a qualifying examination, they were required to accept the health risks associated with taking an in-person examination because the examination was not available online. On February 24, 2021, however, FINRA adopted an interim accommodation request process to allow candidates to take additional FINRA examinations online, including the General Securities Principal (“Series 24”) examination.<sup>20</sup> Because the Series 24 qualifying examination has been made available online only recently, the Exchange is concerned that individuals who have been designated to function in a principal capacity may not have sufficient time to schedule, study for, and take the applicable examination before April 30, 2021, the date the temporary amendment is set to expire. Therefore, the Exchange is proposing to extend the expiration date of the temporary amendment set forth in SR-IEX-2020-20 from April 30, 2021 to June 30, 2021. The proposed rule change would apply only to those individuals who have been designated to function as a principal prior to March 3, 2021. As noted above, the Exchange does not anticipate providing any further extensions to the temporary amendments and any individuals designated to function as a principal on or after March 3, 2021 will need to successfully pass an appropriate qualification examination within 120 days.

The Exchange believes that this proposed continued extension of time is tailored to address the needs and constraints on Members’ operations during the COVID-19 pandemic, without significantly compromising critical investor protection. The proposed extension of time will help to minimize the impact of COVID-19 on Members by providing continued flexibility so that they can ensure that principal positions remain filled. The potential risks from the proposed extension of the 120-day period are

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<sup>20</sup> See supra note 17.

mitigated by the ongoing requirement that Members supervise the activities of these designated individuals and ensure compliance with federal securities laws and regulations, as well as IEX Rules.

As noted in Item 1 of this filing, IEX has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so IEX can implement the proposed rule change immediately.

b. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)<sup>21</sup> of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>22</sup> 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 by harmonizing the Exchange's registration rules with those of FINRA, on which they are based. Consequently, the proposed change will conform the Exchange's rules to changes made to corresponding FINRA rules, thus promoting the application of consistent regulatory standards with respect to rules that FINRA enforces pursuant to its regulatory services agreement with the Exchange.

The Exchange further notes that the proposed rule change is intended to minimize the impact of COVID-19 on Members' operations by further extending the 120-day period during which individuals may function as a principal without having successfully

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<sup>21</sup> 15 U.S.C. 78f.

<sup>22</sup> 15 U.S.C. 78f(b)(5).

passed the appropriate qualifying examination required under IEX Rule 2.160(i), Supplementary Material .01, until June 30, 2021. The proposed change does not relieve Members from maintaining, under the circumstances, a reasonably designed system to supervise the activities of their associated persons to achieve compliance with applicable securities laws and regulations, and with applicable IEX rules that directly serve investor protection. In a time when faced with unique challenges resulting from the COVID-19 pandemic, IEX believes that the propose rule change is a sensible accommodation that will continue to afford Members the ability to ensure that critical principal positions are filled and customer services maintained, while continuing to serve and promote the protection of investors and the public interest in this unique environment.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is intended solely to extend temporary relief necessitated by the continued impacts of the COVID-19 pandemic and the related health and safety risks of conducting in-person activities. IEX believes that the proposed rule change is necessary to temporarily rebalance the attendant benefits and costs of the obligations under IEX Rule 2.160 in response to the impacts of the CIVID-19 pandemic that would otherwise result if the current temporary extension were to expire on April 30, 2021.

IEX further notes that the proposed rule change is not designed to address any competitive issue but to align the Exchange's rules with those of FINRA, which will assist FINRA in its oversight work done pursuant to a regulatory services agreement with IEX. The proposed rule change will also provide for consistent application of the Exchange's registration rules with those of FINRA, on which they are based.

Consequently, the Exchange believes that the proposed temporary relief afforded by the proposed rule change and the benefit of harmonizing the Exchange's registration and qualification rules with those of FINRA does not present any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change were neither solicited nor received.

6. Extension of Time Period for Commission Action  
Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>23</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>24</sup> 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.<sup>25</sup>

The Exchange believes that this filing is non-controversial because it raises no novel issues and is consistent with FINRA rules previously approved by or filed with the Commission. In particular, the purpose of the proposed rule change is to harmonize with

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<sup>23</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>24</sup> 17 CFR 240.19b-4.

<sup>25</sup> 17 CFR 240.19b-4(f)(6)(iii).

and conform to FINRA rules. The Exchange believes that the proposal promotes the protection of investors as it will harmonize the Exchange's registration rules with those of FINRA, which will simplify the oversight process conducted by FINRA pursuant to a regulatory services agreement with the Exchange. Moreover, the Exchange does not believe that the proposed rule change implicates competition at all because the proposed change aligns the Exchange's rules with those of FINRA, which will assist it in its oversight work done pursuant to such regulatory services agreement.

Accordingly, the Exchange believes that this proposed rule change is eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.<sup>26</sup>

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 so that the proposed rule change may become operative upon filing. As noted above, the conditions necessitating the temporary relief continue to exist and the proposed extension of time will help to minimize the impact of COVID-19 on Members' operations by allowing them to keep principal positions filled and minimizing disruptions to customer services and other critical responsibilities. The Exchange notes that, despite signs of improvement, the ongoing extenuating circumstances of the COVID-19 pandemic make it impractical to ensure that individuals designated to function as principals are able to take and pass the Series 24 principal examination during the 120-calendar day period required under IEX Rule 2.160. As noted previously, the Series 24 examination became available online in February 2021. Nevertheless, the Exchange

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<sup>26</sup> See Securities Exchange Act Release No. 58092 (July 3, 2008), 73 FR 40144 (July 11, 2008) (concerning 17 CFR 200 and 241).

believes that extending the expiration date of the temporary relief to June 30, 2021 is still needed to allow individuals designated to function in a principal capacity sufficient time to schedule, prepare for and take the Series 24 qualifying examination before the temporary relief expires.

Waiving the 30-day delay would permit the Exchange to harmonize its rules with FINRA, as described herein, upon effectiveness of the proposed rule filing. The proposed rule change does not present any new or novel issues because IEX is harmonizing its registration rules with those of FINRA, on which they are based. Moreover, the Commission previously granted a waiver of the 30-day operative delay in connection with the Exchange's rule change adopting Supplementary Material.02<sup>27</sup> and granted the same relief in connection with FINRA's recent filing to extend the temporary relief to June 30, 2021.<sup>28</sup> Waiver of the operative delay will avoid any potential confusion that may otherwise occur on the part of IEX Members as to the applicable registration and qualification requirements.<sup>29</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### 8. Proposed Rule Change Based on the Rules of Another Self-Regulatory

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<sup>27</sup> See supra note 3.

<sup>28</sup> See supra note 4.

<sup>29</sup> As noted above by the Exchange, the proposed temporary rule change is based on recent filings by FINRA that the Commission approved with a waiver of the 30-day operative delay. See

Organization or of the Commission

The proposed rule change is based on FINRA Rule 1210 as described in the

Purpose section.

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-2021-07)

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Expiration Date of the Temporary Amendments Set Forth in SR-IEX-2020-20.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> 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) of the Act<sup>4</sup> and Rule 19b-4 thereunder,<sup>5</sup> IEX is filing with the Commission a proposed rule change to amend IEX Rule 2.160 (Registration Requirements and Restrictions on Membership), Supplementary Material .02 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under paragraph (i) of the rule. The Exchange is proposing to extend the expiration date of the temporary amendment initially set forth in SR-IEX-

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b-4.



2020-20<sup>6</sup> from April 30, 2021, to June 30, 2021. The proposed rule change would harmonize the IEX Rule with a Financial Industry Regulatory Authority, Inc. (“FINRA”) rule amendment that extended the 120-day period during which certain individuals can function as a principal without having successfully passed an appropriate qualifying examination, from April 30, 2021 through June 30, 2021.<sup>7</sup> IEX does not anticipate providing any further extensions to the temporary amendment identified in this proposed rule change beyond June 30, 2021.<sup>8</sup>

The text of the proposed rule change is available at the Exchange’s website at [www.iextrading.com](http://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

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<sup>6</sup> See Securities Exchange Act Release No. 90752 (December 21, 2020), 85 FR 85824 (December 21, 2020) (SR-IEX-2020-20).

<sup>7</sup> See Securities Exchange Act Release No. 91495 (April 7, 2021), 86 FR 19306 (April 13, 2021) (SR-FINRA-2021-006).

<sup>8</sup> If due to unforeseen circumstances a further extension is necessary, IEX will submit a separate rule filing to further extend the temporary amendment.

IEX Rule 2.160(i), Supplementary Material .01 provides, inter alia, that an IEX Member (“Member”) may designate any person currently registered, or who becomes registered with the Member as a representative to function as a principal for 120 calendar days prior to passing an appropriate principal qualification examination and that, in no event, may such person function as a principal beyond the initial 120 calendar day period without having passed an appropriate principal qualifying examination.

On December 15, 2020, the Exchange filed with the Commission, for immediate effectiveness, a proposed rule change to adopt Supplementary Material .02 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under Rule 2.160(i).<sup>9</sup> Supplementary Material .02 extended the 120-day period during which an individual designated by a Member to function as a principal could do so without having successfully passed the required qualifying examination. Specifically, the rule change provided that any individual designated by a Member as a principal prior to January 1, 2021 may continue to function as a principal without having passed an appropriate qualifying examination until April 30, 2021.

The Exchange is proposing to further extend the temporary relief provided in Supplementary Material .02. Under the proposed amendment, an individual designated to function as a principal prior to March 3, 2021 may continue to function as a principal without having successfully passed an appropriate qualifying examination until June 30, 2021. The proposed amendment will align IEX’s rule with FINRA Rule 1210, which was recently amended to provide the same temporary extension for individuals designated as principals due to the continuing impact of the

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<sup>9</sup> See supra note 6.

COVID-19 pandemic.<sup>10</sup> FINRA performs certain functions related to the qualification, registration and continuing education requirements for registered persons pursuant to a regulatory services agreement with the Exchange.

In response to the COVID-19 global pandemic, during 2020 FINRA began providing temporary relief to firms from FINRA rules and requirements via frequently asked questions (“FAQs”) on its website.<sup>11</sup> Two of these FAQs<sup>12</sup> provided temporary relief to address disruptions to the administration of FINRA qualification examinations caused by the pandemic that had significantly limited the ability of individuals to sit for these examinations due to Prometric test center capacity issues.<sup>13</sup>

FINRA published the first FAQ on March 20, 2020, providing that individuals designated to function as principals under FINRA Rule 1210.04 prior to February 2, 2020, would be given until May 31, 2020, to pass the appropriate principal qualification examination.<sup>14</sup> FINRA revised the FAQ to extend the expiration of the temporary relief to pass the appropriate examination until June 30, 2020, and then until August 31, 2020.

On August 28, 2020, FINRA filed with the Commission a proposed rule change for immediate effectiveness to extend the temporary relief provided via the two

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<sup>10</sup> See *supra* note 7.

<sup>11</sup> See Frequently Asked Questions Related to Regulatory Relief Due to the Coronavirus Pandemic, available at <https://www.finra.org/rules-guidance/key-topics/covid-19/faq>.

<sup>12</sup> See <https://www.finra.org/rules-guidance/key-topics/covid-19/faq#qe>

<sup>13</sup> At the outset of the COVID-19 pandemic, all FINRA qualification examinations were administered at test centers operated by Prometric. Based on the health and welfare concerns resulting from COVID-19, in March 2020 Prometric closed all its test centers in the United States and Canada and began to slowly reopen some of them at limited capacity in May. Currently, Prometric has resumed testing in many of its United States and Canada test centers, at either full or limited occupancy, based on local and government mandates.

<sup>14</sup> FINRA Rule 1210.04 (Requirements for Registered Persons Functioning as Principals for a Limited Period) allows a member firm to designate certain individuals to function in a principal capacity for 120 calendar days before having to pass an appropriate principal qualification examination.

FAQs by adopting temporary Supplementary Material .12 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under FINRA Rule 1210 (Registration Requirements)<sup>15</sup> Pursuant to this rule filing, individuals who were designated prior to September 3, 2020, to function as a principal under FINRA Rule 1210.04 would have until December 31, 2020, to pass the appropriate qualification examination.

On December 9, 2020, FINRA filed with the Commission a proposed rule change for immediate effectiveness to extend the limited period for registered persons to function as a principal through April 30, 2021.<sup>16</sup> IEX thereafter filed with the Commission its proposed rule change to adopt Temporary Supplementary Material .02, to provide the same relief extending the limited period for registered persons to function as a principal without successfully passing the appropriate qualifying examination through April 30, 2021.<sup>17</sup>

The temporary relief was extended to address the interruptions in the administration of qualification examinations at Prometric test centers and the limited ability of individuals to sit for the examination as a result of the COVID-19 pandemic.<sup>18</sup> It was noted that the pandemic could also result in firms potentially

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<sup>15</sup> See Securities Exchange Act Release No. 89732 (September 1, 2020), 85 FR 55535 (September 8, 2020) (SR-FINRA-2020-026). FINRA's proposed rule changes also provided for a similar temporary extension of the limited period for persons to function as an Operations Professional under FINRA Rule 1220(b)(3)(B) to December 31, 2020, and later to April 30, 2021, to pass the appropriate qualification examination. IEX does not have Operations Professional as a registration category.

<sup>16</sup> See Securities Exchange Act Release No. 90617 (December 9, 2020), 85 FR 81258 (December 15, 2020) (SR-FINRA-2020-043).

<sup>17</sup> See *supra* note 6.

<sup>18</sup> Information about the continued impact of COVID-19 on FINRA-administered examinations is available at <https://www.finra.org/rules-guidance/key-topics/covid-19/exams>.

experiencing significant disruptions to their normal business operations that may be exacerbated if principal positions remained unfilled. Specifically, the limitation of in-person operations and staff absenteeism as a result of health and welfare concerns stemming from COVID-19 could result in firms having difficulty finding other qualified individuals to transition into the principal role or requiring them to reallocate employee time and resources away from other critical responsibilities at the firm.

While there are signs of improvement, the COVID-19 conditions necessitating temporary relief persist, and the Exchange has determined that there is a continued need for this temporary relief beyond April 30, 2021. Although Prometric has resumed testing in many of its U.S. test centers, Prometric's safety practices mean that currently not all test centers are open, some of the open test centers are at limited capacity, and some open test centers are delivering only certain examinations that have been deemed essential by the local government.<sup>19</sup> In addition, while certain states have started to ease COVID-19 restrictions on businesses and social activities, public health officials continue to emphasize the importance for individuals to keep taking steps to protect themselves and help slow the spread of the disease.<sup>20</sup>

Although the COVID-19 conditions necessitating the temporary relief persist, the Exchange believes that an extension of the relief is necessary only until June 30, 2021, because of a recently expanded availability of online examinations. Prior to this expansion, the ongoing effects of the pandemic made it impracticable for IEX Members to ensure that the individuals designated to function in a principal capacity,

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<sup>19</sup> Information from Prometric about its safety practices and the impact of COVID-19 on its operations is available at <https://www.prometric.com/corona-virus-update>.

<sup>20</sup> See, e.g., Centers for Disease Control and Prevention, How to Protect Yourself & Others, <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html>.

as set forth in IEX Rule 2.160(i), could successfully sit for and pass the appropriate qualification examination within the 120-calendar day period required under the rule. Specifically, if the individual wanted to take a qualifying examination, they were required to accept the health risks associated with taking an in-person examination because the examination was not available online. On February 24, 2021, however, FINRA adopted an interim accommodation request process to allow candidates to take additional FINRA examinations online, including the General Securities Principal (“Series 24”) examination.<sup>21</sup> Because the Series 24 qualifying examination has been made available online only recently, the Exchange is concerned that individuals who have been designated to function in a principal capacity may not have sufficient time to schedule, study for, and take the applicable examination before April 30, 2021, the date the temporary amendment is set to expire. Therefore, the Exchange is proposing to extend the expiration date of the temporary amendment set forth in SR-IEX-2020-20 from April 30, 2021 to June 30, 2021. The proposed rule change would apply only to those individuals who have been designated to function as a principal prior to March 3, 2021. As noted above, the Exchange does not anticipate providing any further extensions to the temporary amendments and any individuals designated to function as a principal on or after March 3, 2021 will need to successfully pass an appropriate qualification examination within 120 days.

The Exchange believes that this proposed continued extension of time is tailored to address the needs and constraints on Members’ operations during the COVID-19 pandemic, without significantly compromising critical investor protection. The proposed extension of time will help to minimize the impact of COVID-19 on Members

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<sup>21</sup> See supra note 18.

by providing continued flexibility so that they can ensure that principal positions remain filled. The potential risks from the proposed extension of the 120-day period are mitigated by the ongoing requirement that Members supervise the activities of these designated individuals and ensure compliance with federal securities laws and regulations, as well as IEX Rules.

As noted in Item 1 of this filing, IEX has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so IEX can implement the proposed rule change immediately.

## 2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)<sup>22</sup> of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>23</sup> 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 by harmonizing the Exchange's registration rules with those of FINRA, on which they are based. Consequently, the proposed change will conform the Exchange's rules to changes made to corresponding FINRA rules, thus promoting the application of consistent regulatory standards with respect to rules that FINRA enforces pursuant to its regulatory services agreement with the Exchange.

The Exchange further notes that the proposed rule change is intended to minimize

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<sup>22</sup> 15 U.S.C. 78f.

<sup>23</sup> 15 U.S.C. 78f(b)(5).

the impact of COVID-19 on Members' operations by further extending the 120-day period during which individuals may function as a principal without having successfully passed the appropriate qualifying examination required under IEX Rule 2.160(i), Supplementary Material .01, until June 30, 2021. The proposed change does not relieve Members from maintaining, under the circumstances, a reasonably designed system to supervise the activities of their associated persons to achieve compliance with applicable securities laws and regulations, and with applicable IEX rules that directly serve investor protection. In a time when faced with unique challenges resulting from the COVID-19 pandemic, IEX believes that the propose rule change is a sensible accommodation that will continue to afford Members the ability to ensure that critical principal positions are filled and customer services maintained, while continuing to serve and promote the protection of investors and the public interest in this unique environment.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is intended solely to extend temporary relief necessitated by the continued impacts of the COVID-19 pandemic and the related health and safety risks of conducting in-person activities. IEX believes that the proposed rule change is necessary to temporarily rebalance the attendant benefits and costs of the obligations under IEX Rule 2.160 in response to the impacts of the CIVID-19 pandemic that would otherwise result if the current temporary extension were to expire on April 30, 2021.

IEX further notes that the proposed rule change is not designed to address any competitive issue but to align the Exchange's rules with those of FINRA, which will



assist FINRA in its oversight work done pursuant to a regulatory services agreement with IEX. The proposed rule change will also provide for consistent application of the Exchange's registration rules with those of FINRA, on which they are based. Consequently, the Exchange believes that the proposed temporary relief afforded by the proposed rule change and the benefit of harmonizing the Exchange's registration and qualification rules with those of FINRA does not present any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A)<sup>24</sup> of the Act and Rule 19b-4(f)(6)<sup>25</sup> 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)<sup>26</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-

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<sup>24</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>25</sup> 17 CFR 240.19b-4(f)(6).

<sup>26</sup> 17 CFR 240.19b-4(f)(6).

4(f)(6)(iii),<sup>27</sup> 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 so that the proposed rule change may become operative upon filing. As noted above, the conditions necessitating the temporary relief continue to exist and the proposed extension of time will help to minimize the impact of COVID-19 on Members' operations by allowing them to keep principal positions filled and minimizing disruptions to customer services and other critical responsibilities. The Exchange notes that, despite signs of improvement, the ongoing extenuating circumstances of the COVID-19 pandemic make it impractical to ensure that individuals designated to function as principals are able to take and pass the Series 24 principal examination during the 120-calendar day period required under IEX Rule 2.160. As noted previously, the Series 24 examination became available online in February 2021. Nevertheless, the Exchange believes that extending the expiration date of the temporary relief to June 30, 2021 is still needed to allow individuals designated to function in a principal capacity sufficient time to schedule, prepare for and take the Series 24 qualifying examination before the temporary relief expires.

Waiving the 30-day delay would permit the Exchange to harmonize its rules with FINRA, as described herein, upon effectiveness of the proposed rule filing. The proposed rule change does not present any new or novel issues because IEX is

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<sup>27</sup> 17 CFR 240.19b-4(f)(6)(iii).

harmonizing its registration rules with those of FINRA, on which they are based. Moreover, the Commission previously granted a waiver of the 30-day operative delay in connection with the Exchange's rule change adopting Supplementary Material.02<sup>28</sup> and granted the same relief in connection with FINRA's recent filing to extend the temporary relief to June 30, 2021.<sup>29</sup> Waiver of the operative delay will avoid any potential confusion that may otherwise occur on the part of IEX Members as to the applicable registration and qualification requirements.<sup>30</sup>

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)<sup>31</sup> 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

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<sup>28</sup> See supra note 6.

<sup>29</sup> See supra note 7.

<sup>30</sup> As noted above by the Exchange, the proposed temporary rule change is based on recent filings by FINRA that the Commission approved with a waiver of the 30-day operative delay. See supra note

<sup>31</sup> 15 U.S.C. 78s(b)(2)(B).

(<http://www.sec.gov/rules/sro.shtml>); or

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-IEX-2021-07 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-IEX-2021-07. 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](http://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-2021-07 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.<sup>32</sup>

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<sup>32</sup> 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Change

Proposed deletions are [bracketed]; proposed new language is underlined

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Rule 2.160(a)-(i) No changes

Supplementary Material .01 No changes

.02 Temporary Extension of the Limited Period for Registered Persons to Function as Principals.  
Any person who was designated to function as a principal under Supplementary Material .01 of  
this Rule prior to [January 1, 2021]March 3, 2021, may continue to function as a principal  
without having successfully passed an appropriate qualification examination until [April 30,  
2021]June 30, 2021.

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