

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-83582; File No. SR-IEX-2018-11)

July 2, 2018

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the Structure of its Fee Schedule and Make Several Conforming and Clarifying Changes, pursuant to IEX Rule 15.110(A) and (C)

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 June 29, 2018, the Investors Exchange LLC (“IEX” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),⁴ and Rule 19b-4 thereunder,⁵ Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to modify the structure of its Fee Schedule and make several conforming and clarifying changes, pursuant to IEX Rule 15.110(a) and (c), in order to provide more clarity to market participants regarding the fees assessed for executions on the Exchange. Changes to the Fee Schedule pursuant to this proposal are effective upon filing and will be operative on July 1, 2018.

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ 15 U.S.C. 78s(b)(1).

⁵ 17 CFR 240.19b-4.

The 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 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

The Exchange proposes to modify the structure of its Fee Schedule and make minor conforming changes, pursuant to IEX Rule 15.110(a) and (c), in order to provide more clarity to market participants regarding the fees assessed for executions on the Exchange. The Exchange's existing Fee Schedule requires market participants to determine which of the Exchange's Fee Codes are applicable to any given transaction, and then calculate the applicable fee that will be assessed depending on the applicable Fee Code combination. After informal discussions with various market participants, the Exchange is proposing to provide more clarity to market participants regarding the fees assessed for executions on the Exchange by amending the structure of its Fee Schedule to explicitly provide each possible Fee Code combination, along with the associated fee applicable to such transaction. The Exchange is also proposing to make several minor substantive changes to the Fee Schedule and related rules to enhance the

consistency and clarity of the Exchange's Fee Schedule.

Existing Fee Schedule

In an effort to incentivize Members⁶ to submit displayed orders to the Exchange, the Exchange currently charges a fee of \$0.0003 per share (or 0.30% of the total dollar value of the transaction for securities priced below \$1.00) to Members for executions on IEX that provide or take resting interest with displayed priority (i.e., an order or portion of a reserve order that is booked and ranked with display priority on the Order Book).⁷ Furthermore, the Exchange currently charges \$0.0009 per share (or 0.30% of the total dollar value of the transaction for securities priced below \$1.00) to Members for executions on IEX that provide or take resting interest with non-displayed priority (i.e., an order or portion of a reserve order that is booked and ranked with non-displayed priority on the Order Book).⁸

Moreover, in order to reduce the variability in fees to access liquidity on the Exchange and thereby incentivize Members to route more orders to the Exchange that are executable at the far side of the NBBO,⁹ the Exchange assesses a deterministic Spread-Crossing Remove Fee of \$0.0003 per share to all executions at or above \$1.00 that result from removing liquidity with a buy (sell) order that is executable at the NBO (NBB).¹⁰ The Exchange does not charge any fee to

⁶ See Rule 1.160(s).

⁷ This pricing is referred to by the Exchange as "Displayed Match Fee" with a Fee Code of 'L' provided by the Exchange on execution reports. See the [Investors Exchange Fee Schedule](#), available on the Exchange public website.

⁸ This pricing is referred to by the Exchange as the "Non-Displayed Match Fee" with a Fee Code of 'I' provided by the Exchange on execution reports. See the [Investors Exchange Fee Schedule](#), available on the Exchange public website.

⁹ As defined by Regulation NMS Rule 600(b)(42). 17 CFR 242.600.

¹⁰ This pricing is referred to by the Exchange as the "Spread-Crossing Remove Fee", with a Fee Code of "N" provided by the Exchange on execution reports. See the [Investors Exchange Fee Schedule](#), available on the Exchange public website. The Exchange notes

Members for executions on IEX when the adding and removing order originated from the same Exchange Member,¹¹ and all executions below \$1.00 are assessed a fee equal to 0.30% of the total dollar value of the transaction.¹²

Furthermore, to incentivize additional resting liquidity on IEX, including displayed liquidity, the Exchange charges the maximum fee allowable pursuant to Regulation NMS for certain executions that appear to be part of a deliberate trading strategy that targets resting liquidity during periods of quote instability. Specifically, the Exchange charges a Crumbling Quote Remove Fee (“CQRF”) of \$0.0030 (or 0.3% of the total dollar value of the transaction for securities priced below \$1.00) to orders that remove resting liquidity during periods of quote instability, as defined in Rule 11.190(g), if such orders constitute at least 5% of the Member’s volume executed on IEX and at least 1 million shares, on a monthly basis, measured on a per market participant identifier (“MPID”) basis.¹³ Orders that exceed the 5% and 1 million share thresholds are assessed the CQRF per each incremental share executed that exceeds the

that if an order—based on market conditions, User instructions, applicable IEX Rules and/or the Act and the rules and regulations thereunder—is not executable at the far side of the NBBO, such order will not be eligible for the Spread-Crossing Remove Fee. See Securities Exchange Act Release No. 83147 (May 1, 2018) 83 FR 20118 (May 7, 2018)(SR-IEX-2018-09).

¹¹ This pricing is referred to by the Exchange as the “Internalization Fee” with a Fee Code of ‘S’ provided by the Exchange on execution reports. Orders from different market participant identifiers of the same broker dealer, with the same Central Registration Depository registration number, are treated as originating from the same Exchange Member. See the [Investors Exchange Fee Schedule](#), available on the Exchange public website.

¹² See the [Investors Exchange Fee Schedule](#), available on the Exchange public website.

¹³ This pricing is referred to by the Exchange as the “Crumbling Quote Remove Fee Indicator” with a Fee Code of ‘Q’ provided by the Exchange on execution reports. See the [Investors Exchange Fee Schedule](#), available on the Exchange public website. See also 17 CFR 242.610(c).

threshold.¹⁴

In addition to the fees assessed for trading on the continuous market, the Exchange also assesses fees for orders that execute in an IEX Auction for securities listed on the Exchange pursuant to Rule 11.350, as well as for orders that execute in the Opening Process for non-IEX-listed securities pursuant to Rule 11.231.¹⁵ For orders that execute in an IEX Auction for securities listed on the Exchange:

- Executions in the Opening Auction¹⁶ receive Fee Code “O”, and are assessed a fee of \$0.0003 per share, unless the order was displayed on the Continuous Book during the Pre-Market Session,¹⁷ in which case the execution also receives Fee Code “L”, and is not charged a fee.
- Executions in the Closing Auction¹⁸ receive Fee Code “C”, and are assessed a fee of \$0.0003 per share, unless the order was displayed on the Continuous Book during the Regular Market Session,¹⁹ in which case the execution also receives Fee Code “L”, and is not charged a fee.
- Executions in a Halt Auction²⁰ or Volatility Auction²¹ receive Fee Code “H”, and are assessed a fee of \$0.0003 per share;²² and

¹⁴ See Securities Exchange Act Release No. 81484 (August 25, 2017), 82 FR 41446 (August 31, 2017)(SR-IEX-2017-27).

¹⁵ See Securities Exchange Act Release No. 82127 (November 20, 2017), 82 FR 56089 (November 27, 2017)(SR-IEX-2017-40), and Securities Exchange Act Release No. 81502 (August 30, 2017), 82 FR 42141 (September 6, 2017)(SR-IEX-2017-28), respectively. The Exchange does not yet have any IEX-listed securities, but intends on launching a listings program for corporate issuers.

¹⁶ See Rule 11.350(c).

¹⁷ See Rule 1.160(z).

¹⁸ See Rule 11.350(d).

¹⁹ See Rule 1.160(gg).

²⁰ See Rule 11.350(e).

²¹ See Rule 11.350(f).

²² The Exchange also notes that there is no Continuous Book prior to a Halt, Volatility, or

- Executions in an IPO Auction²³ receive Fee Code “P”, and are assessed a fee of \$0.0003 per share.²⁴

For orders that execute in the Opening Process for non-IEX-listed securities pursuant to Rule 11.231:

- Orders resting on the Cross Book²⁵ that execute in the Opening Process receive Fee Code “X”, and are assessed a fee of \$0.0009 per share;
- Non-displayed orders resting on the Continuous Book that execute in the Opening Process receive Fee Code “X”, and are assessed a fee of \$0.0009 per share; and
- Displayed orders resting on the Continuous Book that execute in the Opening Process receive Fee Codes “X” and “L”, and are assessed a fee of \$0.0003 per share.

In addition to the fees described above, the Exchange also offers a Market Quality Incentive Program that offers certain fee-based incentives for Members that provide meaningful and consistent support to market quality and price discovery by extensive quoting at and/or near the NBBO in IEX-listed securities for a significant portion of the day.²⁶ Specifically, a Member that satisfies the quoting criteria for one or more of the following tiers in each security listed on IEX over the course of the month that the security is listed on IEX may be designated as an “IEMM”:

- Inside Tier IEMM: One or more of its MPIDs has a displayed order entered in a principal capacity of at least one round lot resting on the Exchange at the NBB and/or the NBO for an average of at least 20% of Regular Market Hours (the “NBBO Quoting Percentage”);

IPO auction, and thus no opportunity for a Member to have a displayed order on the Continuous Book that is executed in such auctions.

²³ See Rule 11.350(e).

²⁴ See *supra* note 22.

²⁵ See Rule 11.231(a).

²⁶ See Rule 11.170(a).

and/or

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

Members that are designated as an IEMM qualify for the Displayed Match Fee Discount as well as the Non-Displayed Match Fee Discount. Specifically, for Inside Tier IEMMs, the Displayed Match Fee Discount and the Non-Displayed Match Fee Discount results in a \$0.0001 discount for each execution subject to the Displayed Match Fee and the Non-Displayed Match Fee, respectively, with no cap on aggregate monthly savings. Furthermore, Depth Tier IEMMs will receive a \$0.0001 discount for each execution subject to the Displayed Match Fee and the Non-Displayed Match Fee, up to \$20,000.00 in aggregate savings per month.²⁷

Proposed Changes

After informal discussions with various market participants, the Exchange is proposing to provide more clarity to market participants regarding the fees assessed for executions on the Exchange by amending the structure of its Fee Schedule to provide an overarching framework for interpreting the Exchange’s Fee Codes, as well as explicitly enumerating each possible Fee Code combination, along with the associated fee applicable to such transaction. The Exchange is also proposing to make several conforming changes to the Fee Schedule and related rules to account for the updated structure.

²⁷ See Securities Exchange Act Release No. 82636 (February 6, 2018), 83 FR 6059 (February 12, 2018) (SR-IEEX-2018-02). See also the [Investors Exchange Fee Schedule](#), available on the Exchange public website.

The Exchange proposes to continue utilizing standard FIX tag 9730 (Trade Liquidity Indicator) to populate the applicable Fee Codes for executions on the Exchange.²⁸ Furthermore, the Exchange is proposing to divide the Exchange's Fee Codes into "Base Fee Codes", one of which shall be supplied on every execution report, and "Additional Fee Codes", one or more of which may be provided on an execution report, as applicable. The first position in the Last Liquidity Indicator tag would always contain a Base Fee Code. The second through fourth positions would contain one or more Additional Fee Codes, as applicable, that serve to modify the Base Fee Code in the first position.

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

The Exchange also proposes to adopt the following definitions that are substantially like the Exchange's existing definitions governing transaction fees:

- "Fee Code" is identified on each execution report message from the Exchange in the Trade Liquidity Indicator (FIX tag 9730) field.
- "MPID" means a market participant identifier.

²⁸ See the [Investors Exchange FIX Specification](#), available on the Exchange's public website.

- “TDV” means the total dollar value of the execution calculated as the execution price multiplied by the number of shares executed in the transaction.
- “Quote instability” is defined in IEX Rule 11.190(g).²⁹
- “CQRF Threshold” means the Crumbling Quote Remove Fee Threshold. The threshold is equal to 5% of the sum of a Member’s total monthly executions on IEX if at least 1,000,000 shares during the calendar month, measured on an MPID basis.
- "Spread-crossing eligible order" means a buy order that is executable at the NBO or a sell order that is executable at the NBB after accounting for the order's limit (if any), peg instruction (if any), market conditions, and all applicable rules and regulations.³⁰

The proposed Base Fee Codes and Additional Fee Codes, as well as the corresponding fees, are as follows:

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

Additional Fee Codes	Description	Fee
S	Internalization Fee: Member executes against resting liquidity provided by such Member	FREE

²⁹ The Exchange notes the proposed definition of “Quote instability” is a new definition, and is simply a cross reference to Rule 11.190(g). See Rule 11.190(g).

³⁰ The Exchange notes that the proposed definition of “Spread-crossing eligible order” is a new definition, and is intended to provide market participants further clarity regarding the conditions associated with the Spread-Crossing Remove Fee. See Securities Exchange Act Release No. 83147 (May 1, 2018) 83 FR 20118 (May 7, 2018) (SR-IEX-2018-09).

Q	Crumbling Quote Remove Fee: removes liquidity during periods of quote instability at or within the NBBO above the CQRF Threshold, measured on an MPID basis	\$0.0030
N	Spread-Crossing Eligible Remove Fee: removes liquidity with a spread-crossing eligible order	\$0.0003
D	Discounted Single-Price Cross Fee: displayed interest resting on the Continuous Book executes in a cross or auction	FREE

Fee Codes “I” and “X” are currently identified as the Non-Displayed Match Fee and the Opening Match Fee, respectively, and would both be referred to as the Standard Match Fee, as proposed. Furthermore, Fee Code “L” is currently identified as the Displayed Match Fee, and would be referred to as the Reduced Match Fee, as proposed. The Exchanges notes these amendments reflect only changes in nomenclature, and do not represent substantive changes to the fees assessed for execution on the Exchange. Moreover, similar to the existing Fee Schedule, the Exchange proposes to append footnote 1 to each Fee Code combination that includes Fee Code “Q”. Footnote 1 states that executions with Fee Code Q that exceed the CQRF Threshold are subject to the Crumbling Quote Remove Fee identified in the Fee Code Modifiers table. Executions with Fee Code Q that do not exceed the CQRF Threshold are subject to the fees identified in the Fee Code Combinations and Associated Fees table.

The Exchange is proposing to make one minor conforming change to the fees assessed for displayed order’s resting on the Continuous Book that are executed in the Opening Process for non-IEX-listed securities pursuant to Rule 11.231 in order to enhance the consistency and clarity of the Exchange’s Fee Schedule. Specifically, as described above, a displayed order resting on the Continuous Book that is executed in the Opening Process for non-IEX-listed securities is currently charged the Displayed Match Fee (or the Reduced Match Fee, as proposed). In contrast, a displayed order resting on the Continuous Book that is executed in an Opening or Closing Auction for IEX-listed securities is not charged a fee. However, as proposed,

the Opening Process utilizes the Base Fee Code of “X”, which would conflict with the Base Fee Code of “L” for displayed executions. Thus, the Exchange is proposing to harmonize the fees charged to displayed orders resting on the Continuous Book that are executed in the Opening Process or the Opening or Closing Auction, by introducing Additional Fee Code “D” (Discounted Single-Price Cross Fee), representing displayed interest resting on the Continuous Book that executes in a single price cross (i.e., in Opening Process, or an IEX Auction), and is not charged a fee.³¹

The Exchange believes that offering such displayed orders resting on the Continuous Book free execution in the Opening Process is consistent with the protection of investors and the public interest in that it may have the effect of incentivizing Members that seek execution in the Opening Process to enter displayed interest, thereby contributing to the public price discovery process to the benefit of all market participants. Furthermore, the proposed change creates consistency in the Exchange’s fee for similarly situated orders in that displayed orders resting on the Continuous Book that are executed as part of a single-priced cross will receive the same free execution.

In addition to the Base Fee Code and Additional Fee Code framework described above, the Exchange is also proposing to provide a table of all possible Fee Code combinations and their associated fees, which explicitly sets forth each of the fees associated with each Fee Code combination. This table is designed to provide market participants an authoritative source on how to interpret the Fee Code’s assigned by the Exchange on each execution report. Consistent

³¹ See proposed Additional Fee Code “D”, Discounted Single-Price Cross: displayed interest resting on the Continuous Book executes in a cross or auction.

with the foregoing, the proposed Fee Code combinations and associated fees are as follows:³²

Fee Codes	Description	Fee
I	Adds or removes non-displayed liquidity	\$0.0009
L	Adds or removes displayed liquidity	\$0.0003
IS	Member executes against resting non-displayed liquidity provided by such Member	FREE
IQ*	Removes non-displayed liquidity during periods of quote instability	\$0.0009
IN	Removes non-displayed liquidity with a spread-crossing eligible order	\$0.0003
LS	Member executes against resting displayed liquidity provided by such Member	FREE
LQ*	Removes displayed liquidity during periods of quote instability	\$0.0003
LN	Removes displayed liquidity with a spread-crossing eligible order	\$0.0003
ISQ*	Member removes non-displayed liquidity provided by such Member during periods of quote instability	FREE
ISN	Member removes non-displayed liquidity provided by such Member with a spread-crossing eligible order	FREE
IQN*	Removes non-displayed liquidity during periods of quote instability with a spread-crossing eligible order	\$0.0003
LSQ*	Member removes displayed liquidity provided by such Member during periods of quote instability	FREE
LSN	Member removes non-displayed liquidity provided by such Member with a spread-crossing eligible order	FREE
LQN*	Removes displayed liquidity during periods of quote instability with a spread-crossing eligible order	\$0.0003
ISQN*	Member removes non-displayed liquidity provided by such Member during periods of quote instability with a spread-crossing eligible order	FREE
LSQN*	Member removes non-displayed liquidity provided by such Member during periods of quote instability with a spread-crossing eligible order	FREE
X	Opening Process for Non-Listed Securities ("Opening Process")	\$0.0009
XD	Displayed interest resting on the Continuous Book executes in the Opening Process	FREE
O	Opening Auction, IEX-listed security	\$0.0003

³² The Exchange has included an asterisk to denote a Fee Code combination that will have proposed footnote 1 appended. As described above, Footnote 1 states that executions with Fee Code Q that exceed the CQRF Threshold are subject to the Crumbling Quote Remove Fee of \$0.0030, as identified in the Fee Code Modifiers table. Executions with Fee Code Q that do not exceed the CQRF Threshold are subject to the fees identified in the Fee Code Combinations and Associated Fees table.

OD	Displayed interest resting on the Continuous Book executes in the Opening Auction	FREE
C	Closing Auction, IEX-listed security	\$0.0003
CD	Displayed interest resting on the Continuous Book executes in the Closing Auction	FREE
H	Halt or Volatility Auction, IEX-listed security	\$0.0003
P	IPO Auction, IEX-listed security	\$0.0003

Lastly, in order to enhance the consistency and clarity of the Exchange's Fee Schedule, IEX proposes to make conforming changes to the description of the IEMM Program in both the Fee Schedule and Rule 11.170(a)(3) to account for the changes described above, as well as to clarify the application of the Spread-Crossing Eligible Remove Fee. Specifically, the Exchange is changing the name of the Non-Displayed Match Fee Discount and the Displayed Match Fee Discount to the Standard Match Fee Discount and Reduced Match Fee Discount, respectively, which conforms to the nomenclature of the proposed Base Rate's. Furthermore, the Exchange is clarifying that Members that qualify as IEMMs will receive a \$0.0001 discount on executions that receive the Spread-Crossing Eligible Remove Fee, subject to any applicable Depth Tier aggregate monthly savings cap. The Spread-Crossing Eligible Remove Fee Code of "N" is an additional Fee Code applied to execution that remove resting liquidity (either displayed, or non-displayed), and thus, such executions would also receive the applicable Base Fee Code, but would be subject to the Spread-Crossing Eligible Remove Fee as set forth in the proposed table of Fee Code combinations and associated fees.

The Exchange believes the proposed changes do not substantively change the IEMM Program, as executions qualifying for the Spread-Crossing Eligible Remove Fee are a logical subset of executions that satisfy the conditions of the Standard Match Fee (when removing non-displayed liquidity) or the Reduced Match Fee (when removing displayed liquidity). Thus, to provide clarity regarding the application of the Spread-Crossing Eligible Remove Fee, the

Exchange proposes to amend the Fee Schedule to explicitly enumerate the Spread-Crossing Eligible Remove Fee Discount for Members that qualify as an IEMM. Accordingly, as proposed, unless an IEMM otherwise qualifies for a lower rate, IEMMs will receive the following rates for executions during continuous trading in securities priced at or above \$1.00.

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

The Exchange also proposes to clarify in the Fee Schedule that IEMMs qualifying for the Depth Tier can receive up to \$20,000.00 in aggregate savings, per month, before the discounted rates above no longer apply, and the IEMM is subject to the Base Rates. Furthermore, the Exchange proposed to clarify in both the Fee Schedule and Rule 11.170(a)(3) that if a Member qualifies under both the Inside Tier and the Depth Tier, any earned Standard Match Fee Discount, Reduced Match Fee Discount, and Spread-Crossing Eligible Remove Fee Discount will be aggregated and applied to such Members' executions that are subject to the Standard Match Fee, Reduced Match Fee, or Spread-Crossing Eligible Remove Fee in securities priced at or above \$1.00, subject to the applicable Depth Tier aggregate monthly savings cap of \$20,000.00.

Finally, the Exchange is proposing to make conforming changes to Rule 11.170(a)(3) in order to explicitly state that for Members that qualify as an IEMM, executions that take liquidity in securities priced at or above \$1.00 with a buy order that is executable at the NBO or a sell order that is executable at the NBB after accounting for the order's limit (if any), peg instruction (if any), market conditions, and all applicable rules and regulations (i.e., orders that receive the Spread-Crossing Eligible Remove Fee) will receive a \$0.0001 fee reduction, up to \$20,000.00 in

aggregate savings, per month, inclusive of Reduced Standard Match Fee and Reduced Discounted Match Fee savings. The Exchange believes that these changes do not represent a substantive change to the IEMM Program, but are simply meant to conform to the Exchange's proposed Fee Schedule as discussed above.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)³³ of the Act in general, and furthers the objectives of Sections 6(b)(4)³⁴ of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange believes that the proposed fee change is reasonable, fair and equitable, and non-discriminatory.

The proposed changes are designed to provide more clarity to market participants regarding the fees assessed for executions on the Exchange by amending the structure of its Fee Schedule to explicitly provide each possible Fee Code combination, along with the associated fee applicable to such transaction, therefore making the Exchange's Fee Schedule more clear and deterministic to the benefit of all market participants. The Exchange believes the proposed changes enhance the consistency and clarity of the Exchange's Fee Schedule, and do not represent a significant departure from pricing currently offered by the Exchange. As described in the Purpose section, the Exchange is proposing to primarily make formatting changes, and certain conforming edits designed to make the Exchange's rules clearer and more precise.

As described above, as part of the proposed restructuring of the Fee Schedule, the Exchange is proposing to not charge any fee for displayed order's resting on the Continuous

³³ 15 U.S.C. 78f.

³⁴ 15 U.S.C. 78f(b)(4).

Book that are executed in the Opening Process for non-IEX-listed securities pursuant to Rule 11.231. The Exchange believes that offering displayed orders resting on the Continuous Book free execution in the Opening Process is consistent with the protection of investors and the public interest in that it may have the effect of incentivizing Members that seek execution in the Opening Process to enter displayed interest, thereby contributing to the public price discovery process to the benefit of all market participants. Furthermore, the proposed change creates consistency in the Exchange's fees for similarly situated orders in that displayed orders resting on the Continuous Book that are executed as part of a single-priced cross (i.e., the Opening Process or an IEX Auction) will receive the same free execution.

In addition, as described above, the Exchange is also proposing to make conforming changes to the description of the IEMM Program in both the Fee Schedule and Rule 11.170(a)(3) to account for the modified Fee Schedule, as well as to clarify the application of the Spread-Crossing Eligible Remove Fee. The Exchange believes these proposed changes are reasonable, fair and equitable, and non-discriminatory because they do not substantively change the IEMM Program, as executions qualifying for the Spread-Crossing Eligible Remove Fee are a logical subset of executions that satisfy the conditions of the Standard Match Fee (when removing non-displayed liquidity) or the Reduced Match Fee (when removing displayed liquidity). Thus, the proposed changes are primarily designed to provide clarity regarding the application of the Spread-Crossing Eligible Remove Fee in the context of the IEMM program by explicitly enumerating the Spread-Crossing Eligible Remove Fee Discount for Members that qualify as an IEMM.

Furthermore, the Exchange notes that the proposed structure of the Fee Schedule is substantially like the Fee Schedule of other market centers, and therefore does not present any

new or novel issues not already considered by the Commission.³⁵

Finally, the Exchange believes that the proposed fees are nondiscriminatory because they will continue to apply uniformly to all Members.

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 Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because, as discussed above, the Exchange is not materially altering the fees assessed for executions on the Exchange. Moreover, the Exchange operates in a highly competitive market in which market participants can readily favor competing venues if fee schedules at other venues are viewed as more favorable. Consequently, the Exchange believes that the degree to which IEX fees could impose any burden on competition is extremely limited and does not believe that such fees would burden competition between Members or competing venues in a manner that is not necessary or appropriate in furtherance of the purposes of the Act. Moreover, as noted in the Statutory Basis section, the Exchange does not believe that the proposed changes represent a significant departure from its current fee schedule.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the Exchange is not materially altering the fees assessed for executions on the Exchange. Furthermore, as noted above, the Exchange notes that the proposed structure of the Fee Schedule is substantially similar to the Fee Schedule of other market centers, and therefore

³⁵ See, e.g., the Fee Schedule of Cboe BZX Exchange, Inc., available at http://markets.cboe.com/us/equities/membership/fee_schedule/bzx/.

does not present any new intermarket competitive burdens that do not already exist.³⁶

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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)³⁷ of the Act.

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)³⁸ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-IEX-2018-11 on the subject line.

³⁶ See *supra* note 3035.

³⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

³⁸ 15 U.S.C. 78s(b)(2)(B).

Paper Comments:

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

All submissions should refer to File Number SR-IEX-2018-11. 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 20549-1090, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the IEX's principal office and on its Internet website at www.iextrading.com. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only

information that you wish to make available publicly. All submissions should refer to File Number SR-IEX-2018-11 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.³⁹

Eduardo A. Aleman
Assistant Secretary

³⁹ 17 CFR 200.30-3(a)(12).