SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-83820; File No. SR- IEX-2018-17)

August 10, 2018

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Increase the Spread-Crossing Eligible Remove Fee to $0.0009 per share for Executions at or Above $1.00 that Remove Non-Displayed Liquidity

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that, on (date), the Investors Exchange LLC ("IEX" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act"),[4] and Rule 19b-4 thereunder,[5] Investors Exchange LLC ("IEX" or "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to modify its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to increase the Spread-Crossing Eligible Remove Fee to $0.0009 per share for executions at or above $1.00 that remove non-displayed liquidity. Changes to the Fee Schedule

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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.

pursuant to this proposal are effective upon filing and will be operative on August 1, 2018.

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

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

1. Purpose

The Exchange proposes to modify its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to increase the Spread-Crossing Eligible Remove Fee to $0.0009 per share for executions at or above $1.00. The proposed change eliminates the pricing incentive for removing non-displayed liquidity at or above $1.00 with a spread-crossing eligible order, as such execution will be subject to a fee of $0.0009. On May 1, 2018, the Exchange filed an immediately effective rule filing to introduce a more deterministic fee of $0.0003 per share for executions at or above $1.00 that result from removing liquidity with an order that is executable at the far side of the NBBO after accounting for the order's limit (if any), peg instruction (if any), market conditions, and all applicable rules and regulations (the "Spread-Crossing Eligible Remove Fee" incentive).[6]

As discussed in the rule filing to adopt the Spread-Crossing Eligible Remove Fee,[7] the intended purpose of the fee was to incentivize Members to route more orders to

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[6] See Securities Exchange Act Release No. 83147 (May 1, 2018), 83 FR 20118 (May 7, 2018) (SR-IEX-2018-9) [sic].

[7] Id.

the Exchange that are executable at the far side of the NBBO by reducing the variability in fees to access liquidity on the Exchange. However, the Exchange has observed over time that the Spread-Crossing Eligible Remove Fee incentive has not served its intended purposes. Specifically, the Exchange has not seen any notable increase in spread-crossing orders[8] entered on the Exchange since the operative date of the Spread-Crossing Eligible Remove Fee incentive on May 1, 2018. In fact, the average monthly percentage of the Exchange's volume represented by executions resulting from spread-crossing orders decreased from 22.8% in May, to 21.6% in June of 2018. Accordingly, the Exchange is proposing to eliminate the Spread-Crossing Eligible Remove Fee incentive for interacting with resting non-displayed interest by increasing the fee to $0.0009.[9]

As a result of the proposed change, the following fees will be increasing to $0.0009 from $0.0003 for executions at or above $1.00 that result from removing non-displayed liquidity with a spread-crossing eligible order. All other fees shall remain unchanged.

Fee Codes	**Description**	**Fee**
IN	Removes non-displayed liquidity with a spread-crossing eligible order	$0.0009
IQN	Removes non-displayed liquidity during	$0.0009[10]

8 The Exchange defines "spread-crossing eligible order" as 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. See the Investors Exchange Fee Schedule, available on the Exchange public website.

9 Consistent with the Exchange's existing Fee Schedule, the fee for executions below $1.00 will be 0.30% of the total dollar value of the transaction.

10 The Exchange notes that, consistent with the existing Fee Schedule, executions with Fee Code Q that exceed the CQRF Threshold are subject to the Crumbling

	periods of quote instability with a spread-crossing eligible order	

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)[11] of the Act in general, and furthers the objectives of Sections 6(b)(4)[12] 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 Exchange believes the proposal to eliminate the Spread-Crossing Eligible Remove Fee incentive is reasonable because, as discussed above, the fee incentive has not been successful in achieving its intended purpose of incentivizing Members to route more orders to the Exchange that are executable at the far side of the NBBO. The Exchange has limited resources available to it to devote to the operation of pricing incentives and as such, it is reasonable and equitable for the Exchange to reallocate those resources away from programs that are ineffective. The proposed change is also equitable and not unfairly discriminatory because the Spread-Crossing Eligible Remove Fee incentive for executions against resting non-displayed interest will be eliminated for all Members, as the increased fee will be charged to all Members that remove non-displayed liquidity with a spread-crossing eligible order.

Quote Remove Fee identified in the Fee Code Modifiers table. Executions with Fee Code Q that do not exceed the CQRF Threshold are subject to the fees identified in the Fee Codes and Associated Fees table. See the Investors Exchange Fee Schedule, available on the Exchange public website.

11 15 U.S.C. 78f.

12 15 U.S.C. 78f(b)(4).

The Exchange notes that as proposed, spread-crossing orders that remove displayed liquidity will be charged a lower fee than if such orders had removed non-displayed liquidity. However, the Exchange believes the proposal remains reasonable, equitable, and not unfairly discriminatory because spread-crossing orders may interact with non-displayed interest resting within the spread, thereby receiving price improvement equal to the delta between the execution price and the far side quotation (i.e., the difference between the trade price and the NBO (NBB) for buy (sell) orders). Accordingly, the Exchange believes that spread-crossing orders removing non-displayed liquidity receive a significant benefit in the form of potential price improvement, and are thus not subject to unfairly discriminatory fees.

Moreover, the Exchange notes that the proposed fee for spread-crossing eligible orders that remove liquidity is identical to the fee assessed by the Exchange prior to the introduction of the Spread-Crossing Eligible Remove Fee, pursuant to the IEX Fee Schedule that was filed with the Commission pursuant to the Act.[13] Thus, the Exchange believe the proposed change does not present any unique or novel issues under the Act that have not already been considered by the Commission.

The Exchange further believes the proposed increase in the Spread-Crossing Remove Fee to \$0.0009 from \$0.0003 is reasonable in that is within the range of transaction fees currently charged by the Exchange,[14] and continues to be substantially lower than the fee for removing liquidity on competing exchanges with a "maker-taker"

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13 See Securities Exchange Act Release No. 80453 (April 13, 2017), 82 FR 18503 (April 19, 2017)(SR-IEX-2016-09).

14 For example, the proposed Spread-Crossing Remove Fee is equal to the Non-Displayed Match Fee. See the Investors Exchange Fee Schedule, available on the Exchange public website.

fee structure (i.e., that provide a rebate to liquidity adders and charge liquidity removers).[15]

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. With regard to intra-market competition, the Exchange notes that the increased fee will be charged to all Members that remove non-displayed liquidity with a spread-crossing eligible order, and thus there will be no competitive burdens placed on Members as a result of the proposed change. With regard to inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and alternative trading systems. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

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15 See e.g., the New York Stock Exchange (“NYSE”) trading fee schedule on its public website reflects fees to “take” liquidity ranging from $0.0024 - $0.0030 depending on the type of market participant, order and execution; the Nasdaq Stock Market (“Nasdaq”) trading fee schedule on its public website reflects fees to “remove” liquidity ranging from $0.0025-$0.0030 per share for shares executed in continuous trading at or above $1.00 or 0.30% of total dollar volume for shares executed below $1.00; the Cboe BZX Exchange (“Cboe BZX) trading fee schedule on its public website reflects fees for “removing” liquidity ranging from $0.0025-$0.0030, for shares executed in continuous trading at or above $1.00 or 0.30% of total dollar volume for shares executed below $1.00.

Moreover, trading venues are free to adjust their fees and credits in response to any changes that the Exchange makes to its fees and credits. If any of the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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) of the Act[16] and paragraph (f) of Rule 19b-4[17] thereunder. 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 will institute proceedings 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:

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16 15 U.S.C. 78s(b)(3)(A).

17 17 CFR 240.19b-4(f).

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-2018-17 on the subject line.

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-2018-17. This file number should be included on the subject line if e-mail 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 Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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. All submissions should refer to File Number SR-IEX-2018-17 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.[18]

Brent J. Fields
Secretary

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18 17 CFR 200.30-3(a)(12).