Investors' Exchange LLC

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Exhibit E

Describe the manner of operation of the System. This description should include the following:

1. The means of access to the System.

2. Procedures governing entry and display of quotations and orders in the System.

3. Procedures governing the execution, reporting, clearance and settlement of transactions in connection with the System.

4. Proposed fees.

5. Procedures for ensuring compliance with System usage guidelines.

6. The hours of operation of the System, and the date on which applicant intends to commence operation of the System.

7. Attach a copy of the users' manual.

8. If applicant proposes to hold funds or securities on a regular basis, describe the controls that will be implemented to ensure safety of those funds or securities.

Investors' Exchange LLC ("Exchange") proposes to register as a national securities exchange under Section 6 of the Exchange Act. The Exchange will be owned by its parent company, IEX Group, Inc. ("IEXG"), which will elect all directors of the Board of Directors of the Exchange, except for those directors approved by members pursuant to Article III, Section 4 of the Operating Agreement of the Exchange. The members of the Exchange ("Members") will consist of those broker-dealers admitted to membership and entitled to enter orders in, and receive executions through, the Exchange's Order Book (as defined below) or otherwise. Members will be subject to the rules of the Exchange, and will have representation on the Exchange's Board of Directors and committees. Members who are not also shareholders of IEXG shall not have any ownership interest in the Exchange.

Once registered, the Exchange will operate a fully automated electronic book ("Order Book") for orders to buy or sell securities ("orders") with a continuous, automated matching function. The Exchange will also conduct an Opening Process for the Regular Market Session pursuant to Rule 11.231. Orders not eligible for trading prior to the commencement of the Regular Market Session that are received and eligible to be queued during the Pre-Market Session pursuant to Rule 11.190(a) will be queued in the time sequence of their receipt by the System pursuant to Rule 11.220(a)(2). Orders queued during the Pre-Market Session are processed as incoming orders pursuant to Rule 11.230 at the commencement of Regular Market Session. During the Exchange's trading sessions, liquidity will be derived from orders to buy and orders to sell submitted to the Exchange electronically by its Members from remote locations. There will be no Exchange trading floor.

IEX Services, LLC ("IEXS") is a broker-dealer that will be a facility of the Exchange, responsible for outbound routing only ("Outbound Router") and"). The Outbound Router is connected to the twelve (12) national securities exchanges that trade equity securities. The Outbound Router and the routing logic of the System (together, the "Router") is available for use by Members at their election to access liquidity at the Exchange and market centers away from the Exchange. The Router is connected to the twelve (12) national securities exchanges that trade equity securities.

Membership in the Exchange will be open to any broker-dealer registered under Section 15(b) of the Exchange Act that meets the standards for membership set forth in proposed Exchange Rules 2.130 through 2.160. To be a Member of the Exchange, a firm must be registered as a broker-dealer, be a member of at least one other national securities exchange or national securities association, be able to clear trades or must clear through a Member clearing firm, and meet the additional criteria prescribed by either Rule 2.150, for existing IEX ATS Subscribers who are FINRA members, or Rule 2.170. There will be one class of membership, with all Members enjoying the same rights and privileges on the Exchange. Members may further register as IEX Market Makers, subject to the requirements and obligations of Rules 11.150 and 11.151. Members will be subject to fees for orders executed on the Exchange as set forth in Chapter 15 of the Rules of the Exchange or as may otherwise be determined by the Board of Directors of the Exchange from time-to-time, subject to filing with the Commission. Exchange memberships will not be transferable except in the event of a change in control of a Member, and such transfer will be subject to the written consent of the Exchange, and to any conditions to such transfers imposed by the Exchange. The Exchange currently does not contemplate charging a fee for membership in the Exchange. A more detailed description of the membership criteria is set forth in Chapter 2 of the Exchange's rules. *See* Exhibit B, *supra*.

This exhibit describes, in summary form, the proposed operation of the Exchange. A more detailed description of the proposed Exchange is set forth in the proposed Operating Agreement and Rules of the Exchange. *See* Exhibits A and B to this Application.

1. **The means of access to the System**

User Access. Members of the Exchange, Sponsored Participants (together with Members, "Users") and/or"), Service Bureaus on behalf of a Member, and/or the Router routing all or a portion of a Member's routable order to the Order Book (collectively referred to as "Access Participants") will be permitted to send orders to buy and sell securities listed or traded on the Exchange to the Exchange electronically through the use of a variety of systems. The Exchange will not accept telephone orders.

The Exchange has designed its systems to allow its Users to individually determine the best method for accessing the Exchange. Thus, Users may develop their own customized front-end software using protocols determined by the Exchange, or may use third-party vendors to route orders to the Exchange via a front end or service bureau configuration. Access Participants will be able to access the Exchange remotely through a variety of connections that support a minimum data exchange rate, as may be determined by the Exchange from time-to-time. All access to the System is provided from a Point of Presence (an "via connectivity at the IEX POP") of the Exchange (the "POP"), pursuant to IEX Rule 11.510, which is designed to provide Access Participants with 350 microseconds of latency from such

~~IEX~~the POP to the System for incoming communications and 350 microseconds of latency from the System to the POP for outgoing communications.

Access to the Exchange is available to Access Participants at an Internet Protocol ("IP") address at the Exchange's IP network address by the Access Participants' own software, via communications that are compliant with the Financial Information Exchange ("FIX") protocol application programming interface ("API") provided by the Exchange.

An Access Participant must provide a unique IP address to the Exchange for each requested connection, and the Exchange then configures its routers to only allow access from the Access Participant's IP address to a dedicated IP address on the Exchange's order handling network. In this way, only authorized Access Participants can gain access to the Exchange via registered physical IP addresses.

Access Participants will be responsible for having procedures reasonably designed for safeguarding access to the Exchange and for notifying the Exchange upon learning that such safeguards have been compromised. Connectivity to the Exchange will occur through secure telecommunications "ports" or points of entry. Specifically, each Access Participant will be assigned a specific port, or multiple ports, each of which has a unique session identification code provided only to such Access Participant.

Data Recipients. The System shall be available for receipt of the Exchange's data products specified in IEX Rule 11.330 (collectively, "Exchange data products") by data recipients with authorized access (including the Router) ("Data Recipients"). All access to the Exchange data products is provided via connectivity at the POP, pursuant to IEX Rule 11.510, which is designed to provide Data Recipients with 350 microseconds of latency from the System to the POP for outgoing communications and 350 microseconds of latency from the POP to the System for incoming communications.

In summary, pursuant to IEX Rule 11.510, Members, Sponsored Participants, Service Bureaus on behalf of a Member, and/or the Router on behalf of a Member connect and interact with the Order Book via the POP. Additionally, the Router and Data Recipients connect and receive Exchange data products via the POP. All such interactions are subject to the inbound POP latency and outbound POP latency of 350 microseconds.

Non-Member Access. As necessary, the Exchange will have and maintain connectivity to the other national securities exchanges and Market Centers (such term is defined in Rule 600(b)(38) of Regulation NMS) for the purposes of receiving inbound orders. The Exchange plans to become a participant in the NASDAQ/National Market System/Unlisted Trading Privileges Plan ("Nasdaq-UTP Plan"). The Exchange proposes to discuss with the committee supervising any plan, including the Nasdaq-UTP Plan, how the Exchange might best participate in such Plans. If admitted as a participant to the Nasdaq-UTP Plan, other plan participants would be able to send orders to the Exchange in accordance with the terms of the applicable plan as they ultimately would be applied to the Exchange. Connectivity to the other national securities exchanges, the Nasdaq-UTP Plan, the Consolidated Tape Association ("CTA") Plan, and the National Securities Clearing Corporation ("NSCC") do not occur at the POP, nor do such connections traverse the POP.

Latency Experience for Users Sending Routable Orders. All routable orders sent to the Exchange by Users traverse the 350 microseconds of latency from the POP to the System. Once the System routing logic determines the destinations to route such order, including the Order Book, the routed child orders are subject to the applicable latency to each venue. In the case of routing to the Order Book, the child order is subject an additional 350 microseconds of latency when traversing the POP from the System routing logic to the Order Book. In the case of routing to away trading centers, the child order is subject to the applicable latency from the System to each away trading center without traversing the POP. All responses from the Order Book to the System routing logic traverse the POP. All responses from away trading centers to the System routing logic do not traverse the POP. All responses to Users from the System routing logic traverses the POP.

Non-members also may access the Exchange pursuant to Exchange rules governing "sponsored access" to the Exchange, as described below.

Sponsored Participant Access to the Exchange. The Exchange plans to permit access to the Exchange to entities ("Sponsored Participants") whose access is authorized in advance by one or more Members ("Sponsoring Member") in accordance with Exchange Rules. The Sponsoring Member must agree to be responsible for all orders entered into on the Exchange by the Sponsored Participant. In addition, Sponsored Participants must agree to comply with all applicable Rules of the Exchange governing the entry, execution, reporting, clearing, and settling of orders in securities eligible for trading on the Exchange.

2. Procedures governing entry and display of quotations and orders in the System.

Entry of Orders on the Exchange. The Exchange will accept the submission of orders by Users in securities admitted to unlisted trading privileges ("UTP") on the Exchange. The Exchange will not list securities initially, though it may do so in the future. Accordingly, while this Application, including certain rules included in Exhibit B, contains references to securities listed or trading pursuant to UTP, the reference to securities listed on the Exchange is intended to be read prospectively.

Orders entered into the Exchange must be priced and must have a designated size ("limit orders"), must be orders to buy or sell a stated amount of a security at the national best bid or offer when the order reaches the Exchange ("market orders"), or must be non-displayed, non-routable orders that are priced and automatically adjusted by the System in response to changes in the NBBO ("pegged orders"). A "marketable" limit order is a limit order to buy (sell) at or above (below) the lowest (highest) Protected Offer (Bid) for the security. The Exchange will support the following peg instructions: primary peg, midpoint peg, and Discretionary Peg, as defined in Rule 11.190(b)(8)–(10). To reduce the possibility of market impact outside of the Regular Market Session, market orders and pegged orders will not be eligible to trade in either the Pre-Market Session or the Post-Market Session. Limit orders, market orders, and pegged orders, as defined above, are hereinafter collectively referred to as "orders".

Orders will be accepted for any such security, whether submitted by a User on a proprietary or agency basis, in any size up to 1,000,000 shares or $30,000,000. Orders may be submitted in round lots, mixed lots, or odd lots. To reduce the possibility of the entry of erroneously large orders, the Exchange will provide Users with the ability to establish parameters as to the maximum number of shares that can be

entered on their behalf or on behalf of their clients in any given order. Users may receive status reports regarding orders submitted to the Exchange or change or cancel an order at any time before that order is executed on the Exchange pursuant to Rule 11.190(d).

Users may submit orders to the Exchange with the following execution instructions: IEX Only; Primary Peg; Midpoint Peg; Discretionary Peg; Route to Take; Route to Take with Re-sweep; Route to Rest; Route to Rest with Re-sweep; and Inter-market Sweep Order ("ISO"). Users may submit orders to the Exchange with the following time-in-force terms: IOC; FOK; Day; Good 'til Extended Day; System Hours; and Good 'til Time. Users may submit orders to the Exchange with display instructions which will be classified as one of the following: Reserve, Non-Displayed, or Displayed; orders submitted without display instructions will be, by default, fully displayed. Users may submit orders to the Exchange for any size which will be classified as one of the following: Round Lot; Odd Lot; or Mixed Lot. Non-displayed, non-routable orders may be submitted with Minimum Quantity terms. Orders may be marked with an Anti-Internalization Group Identifier ("AGID") modifier. Each of these types of orders and modifiers is described in detail in proposed Exchange Rule 11.190; however, several have been described below.

Active and Resting Orders. The term "active order" is defined by IEX to mean an order checking against the IEX Order Book for contra-side interest against which to execute and includes new incoming orders, orders posting to the Order Book after having been routed to away trading centers, and orders Rechecking the Order Book pursuant to Rule 11.230(a)(4)(D) (see section 3 below for addition details on Book Recheck behavior). For each symbol, only one order may be active at a given time. The term "resting order" is defined by IEX to mean any order with unexecuted, open share interest that has been posted to the IEX Order Book pursuant to Rule 11.190.

Primary Peg. A pegged order that upon entry and when posting to the Order Book is priced by the System to be equal to and ranked at the less aggressive of the primary quote (i.e. the NBB for buy orders and NBO for sell orders) or the order's limit price, if any. While resting on the Order Book, the order is automatically adjusted by the System in response to the changes in the NBB (NBO) for buy (sell) orders up (down) to the order's limit price, if any. Primary peg orders are not eligible for Book Recheck.

Midpoint Peg. A pegged order that upon entry and when posting to the Order Book is priced by the System to be equal to the less aggressive of the midpoint of the NBBO ("Midpoint Price") or the order's limit price, if any. While resting on the Order Book, the order is automatically adjusted by the System in response to changes in the midpoint of the NBBO as allowed by the order's limit price, if any. For stocks priced below one dollar, where Midpoint Prices may be expressed within four (4) decimal places of the dollar, the Exchange uses the Midpoint Price; for Midpoint Prices which would require a fifth decimal place beyond the dollar, the Exchange uses the nearest, passive, fourth decimal price.

Discretionary Peg. A pegged order that upon entry is priced by the System to be equal to the less aggressive of the Midpoint Price or the order's limit price, if any. Any unexecuted shares of such order are posted to the Order Book priced to be equal to and ranked at the less aggressive of the primary quote or the order's limit price and is automatically adjusted by the System in response to changes in the NBB (NBO) for buy (sell) orders up (down) to the order's price limit, if any. In order to meet the limit price of active orders on the Order Book, a Discretionary Peg order will exercise the least amount of

price discretion necessary from the Discretionary Peg order's resting price to its discretionary price (defined as the less aggressive of the Midpoint Price or the Discretionary Peg order's limit price, if any), except during periods of quote instability pursuant to Rule 11.190(g) (described in the paragraph below). When exercising price discretion, a Discretionary Peg order maintains time priority at its resting price and is prioritized behind any non-displayed interest at the discretionary price for the duration of that book processing action. If multiple Discretionary Peg orders are exercising price discretion during the same book processing action, they maintain their relative time priority at the discretionary price.

Quote Stability. The Exchange utilizes real time relative quoting activity of Protected Quotations and a proprietary mathematical calculation (the "quote instability calculation") to assess the probability of an imminent change to the current NBB to a lower price or NBO to a higher price for a particular security ("quote instability factor"). When the quoting activity meets predefined criteria and the quote instability factor calculated is greater than the Exchange's defined threshold ("quote instability threshold"), the System treats the quote as not stable ("quote instability" or a "crumbling quote"). During all other times, the quote is considered stable ("quote stability"). The System independently assesses the stability of the NBB and NBO for each security.

When the System determines a quote, either the NBB or the NBO, is unstable, the determination remains in effect at that price level for ten (10) milliseconds. The System will only treat one side of the NBBO as unstable in a particular security at any given time. Quote instability or a crumbling quote is determined by the System when following factors occur: (a) the NBB and NBO are the same as the NBB and NBO one (1) millisecond ago; (b) the NBBO spread is less than or equal to the thirty (30) day median NBBO spread during the Regular Market Session; (c) there are more protected quotations on the far side, i.e., more Protected Quotations on the NBO than the NBB for buy orders, or more Protected Quotations on the NBB than the NBO for sell orders; and (d) the quote instability factor result from the quote stability calculation is greater than the defined quote instability threshold, pursuant to Rule 11.190(g).Time-in-Force. The Exchange will support the following time-in-force ("TIF") values, as defined in Rule 11.190(c). Each TIF may be applied to the general order types described above. Specific treatment for limit orders, market orders, and pegged orders is defined in Rule 11.190(a)(1)(E), Rule 11.190(a)(2)(E), and 11.190(a)(3)(E), respectively.

Immediate-or-Cancel ("IOC"). Orders entered into the System marked IOC are executed on the Exchange or routed to an away venue, in whole or in part, as soon as such order is received, and the portion not so executed is canceled. Orders marked IOC are never posted to the Order Book and considered by definition to be non-displayable orders.

Fill or Kill ("FOK"). Orders entered into the System marked FOK are immediately executed on the Exchange for their full quantity or otherwise canceled. Orders marked FOK are never posted to the Order Book and considered by definition to be non-displayable orders. Routable orders marked FOK are rejected.

Day ("DAY"). Orders entered into the System marked DAY may queue during the Pre-Market Session. When queued, orders will participate in the Opening Process before becoming available for the Regular

Market Session. Orders marked DAY are only available for trading or routing during the Regular Market Session and expire at the end of the Regular Market Session.

Good 'til Extended Day ("GTX"). Orders entered into the System marked GTX may queue during the Pre-Market Session. When queued, orders will participate in the Opening Process before becoming available for the Regular Market Session. Orders marked GTX are available for trading or routing during both the Regular Market Session and Post-Market Session, and expire at the end of the Post-Market Session.

System Session ("SYS"). Orders entered into the System marked SYS may trade or route during System Hours – defined as the Pre-Market Session, Regular Market Session, and Post-Market Session, collectively – and expire at the end of the Post-Market Session.

Good 'til Time ("GTT"). Orders entered into the System marked GTT are available during System Hours and expire at the earlier of the User specified expire time or the end of the Post-Market Session.

Minimum Quantity. A non-displayed, non-routable order which must have at least the minimum indicated share size satisfied in order to execute. Upon order entry or order amendment by the User the "effective minimum quantity" of an order is equal to the lesser of the submitted minimum quantity or the total share size of the order. While a Minimum Quantity Order ("MQTY") is resting on the Order Book (i.e. a resting order), the MQTY executes against a willing active order, provided the active order's remaining shares are equal to or greater than the effective minimum quantity of the MQTY. Based on User instruction, the Exchange utilizes one of the following methods to determine the satisfaction of the minimum quantity terms of a MQTY: Composite, Minimum Execution Size with Cancel Remaining, or Minimum Execution Size with All-or-None Remaining as defined in Rule 11.190(b)(11).

Composite. When a MQTY marked Composite is active (i.e., an active order), the MQTY executes against all willing resting orders of any size, provided that the aggregate execution size is equal to or greater than its effective minimum quantity. When a MQTY marked Composite has fewer remaining unexecuted shares than its effective minimum quantity, the System will treat the order as having an effective minimum quantity equal to its number of unexecuted shares.

Minimum Execution Size with Cancel Remaining ("MinExec with Cancel Remaining"). When a MQTY marked MinExec with Cancel Remaining is active, the MQTY executes against each willing resting order in priority, provided that each individual execution size meets its effective minimum quantity. If an active MQTY reaches a resting order that would trade with it, but such order does not satisfy its effective minimum quantity, the MQTY will post to the Order Book or cancel back to the User as per the order's instructions. When a MQTY marked MinExec with Cancel Remaining has fewer remaining unexecuted shares than its effective minimum quantity, the System will cancel the order back to the User.

Minimum Execution Size with All-or-None Remaining ("MinExec with AON Remaining"). When a MQTY marked MinExec with AON Remaining is active, the MQTY executes against each willing resting order in priority, provided that each individual execution size meets its effective minimum quantity. If an active MQTY reaches a resting order that would trade with it, but such order does not satisfy its effective

7

minimum quantity, the MQTY will post to the Order Book or cancel back to the User as per the order's instructions. When a MQTY marked MinExec with AON Remaining has fewer remaining unexecuted shares than its effective minimum quantity, the System will treat the order as having an effective minimum quantity equal to its number of unexecuted shares.

Anti-Internalization Group Identifier Modifier. Any active order designated with an AGID modifier will be prevented from executing against a resting opposite side order also designated with the same AGID modifier and originating from the same market participant identifier ("MPID") or Exchange User (any such identifier, a "group type"). In situations when two orders subject to Anti-Internalization would match, the older of the orders is canceled. Determination of "older" is based upon the time the order is received by the System, including by initial order entry, User revision (i.e., cancel/replace), or returning to the System from routing. The group type elected by a User controls the interaction between two orders marked with AGID modifiers.

IEX notes that use of the AGID modifier does not relieve or otherwise modify the duty of best execution owed to orders received from public customers. As such, market participants using the AGID modifier will need to take appropriate steps to ensure public customer orders that do not execute because they were subject to anti-internalization ultimately receive the same execution price (or better) than they would have originally obtained if execution of the order was not inhibited by anti-internalization. Market Makers and other Users must not use the AGID modifier to evade the firm quotation obligation, as specified in IEX Rule 11.151(b). The AGID modifier must be used in a manner consistent with just and equitable principles of trade.

Regulation SHO. Users will be permitted to enter short sale orders, in accordance with the provisions of Regulation SHO of the Exchange Act.

Price Sliding. Based on Exchange system functionality and the price sliding process pursuant with Rule 11.190(h), a locked market will not be displayed by the Exchange with respect to orders to buy and orders to sell submitted to the Exchange. The Exchange will never cross its own Order Book. An order eligible for display by the Exchange that, at the time of entry, would create a violation of Rule 610(d) of Regulation NMS by locking or crossing a Protected Quotation of an external market will be ranked and displayed by the System at one (1) minimum price variant ("MPV") below the current NBO (for bids) or one (1) MPV above the current NBB (for offers) ("display-price sliding"). An order subject to display-price sliding will retain its limit price irrespective of the price at which such order is ranked and displayed. In the event the NBBO changes such that an order subject to display-price sliding would no longer lock or cross the Protected Quotation of an external market, the order will receive a new timestamp, and will be displayed and ranked at the most aggressive permissible price.   Such orders may be re-priced once or multiple times, depending on changing market conditions and the order's limit price. The Exchange will not allow non-displayed orders to post on the Order Book or rank at prices more aggressive than the Midpoint Price ("Midpoint Price Constraint"). A non-displayed limit order posting to the Order Book which has a limit price more aggressive than the Midpoint Price is posted to the Order Book and ranked at a price equal to the Midpoint Price. The price at which the order is booked and ranked is automatically adjusted by the System in response to changes in the NBBO to be equal to the less aggressive of the order's limit price or the Midpoint Price of the NBBO.

Trading Increments. All securities will be traded in decimals on the Exchange. The actual minimum price increment for orders for securities listed or trading pursuant to UTP on the Exchange will be determined from time-to-time by the Board of Directors of the Exchange, consistent with any Commission rules or regulations adopted in this regard.

Audit Trail. The Exchange will maintain a full audit trail of every order submitted to the Exchange's System.

Display of Orders. All orders submitted to the Exchange will be displayed unless designated otherwise by the User submitting the order ("reserve orders" or "non-displayed orders"). Orders submitted to the Exchange for display shall be displayed on an anonymous basis at the price specified by the User submitting the order, pursuant to the price sliding process in proposed Rule 11.190(h). Reserve orders are orders with a portion of the quantity displayed ("display quantity") and with a non-displayed reserve portion of the quantity ("reserve quantity"). The User instructed display quantity must be equal to or greater than a round lot; the System will reject a reserve order with a User instructed display quantity less than a round lot. An incoming reserve order is first processed as a single order of its full, unexecuted share size as it checks the Order Book for eligible resting contra interest. If it is not fully executed, it will be posted to the Order Book and effectively be treated as two discrete orders: one displayed for the User instructed quantity ("displayed portion"), and one non-displayed for all other remaining, unexecuted shares ("non-displayed portion"). For the purposes of pricing reserve orders on the Order Book, displayed portions are treated as displayed orders and non-displayed portions are treated as non-displayed orders. Non-displayed orders will not be displayed to any User of the Exchange and will not have priority over displayed orders at the same price. In addition, the Exchange intends to become a participant in the Consolidated Quotation Plan ("CQ Plan") and Nasdaq-UTP Plan and will collect and submit to the relevant plan processor the best priced buy order and the best priced sell order displayed on the Exchange in Eligible Securities, as defined in these Plans, in accordance with the terms of the Plans.

Finally, to enhance transparency throughout the market, the Exchange intends to make its top of book quote and volume traded for any security traded on the Exchange available for viewing by any member of the public through the Exchange's web site.

Finally, the Exchange has proposed Rule 9.217 which provides that the Exchange may an initiate an Expedited Client Suspension Proceeding with respect to alleged violations of proposed Rule 10.270 (Disruptive Quoting and Trading Activity Prohibited). An Expedited Client Suspension Proceeding could result in the Exchange issuing a "suspension order," under which a Respondent to the proceeding that was provided with advanced notice could be (1) ordered to cease and desist from the violative trading activity under proposed Rule 10.270 and/or ordered to cease and desist from providing access to the Exchange to a client engaging in the violative trading activity under proposed Rule 10.270, and (2) suspended from the Exchange unless and until it takes or refrains from taking the act or acts described in the suspension order. Proposed Rule 9.217 governs the process that Exchange must follow to initiate and implement an Expedited Client Suspension Proceeding, including an opportunity for a hearing before an Exchange Hearing Panel. In addition, the Exchange would only seek an expedited suspension pursuant to an Expedited Client Suspension Proceeding when – after multiple requests to a Member for

an explanation of activity – it continues to see the same pattern of manipulation from the same Member and the source of the activity is the same or has been previously identified as a frequent source of disruptive quoting and trading activity.

3. Procedures governing the execution, reporting, clearance and settlement of transactions in connection with the System

Execution of Orders Submitted to Exchange's Order Book. Trades will occur when an order to buy and an order to sell match on the Exchange's Order Book. For any execution to occur during Regular Market Session, the price must be equal to or better than the Protected NBBO, unless the active order is marked ISO or unless the execution falls within another exception set forth in Rule 611(b) of Regulation NMS. For any execution to occur during the Pre-Market Session or the Post-Market Session, the price must be equal to or better than the highest Protected Bid or lowest Protected Offer, as determined by the System from all Top of Book information for away trading centers' quotations meeting the requirements defined in rules of Regulation NMS, pursuant to Rule 11.410, unless the active order is marked ISO or a Protected Bid is crossing a Protected Offer. Notwithstanding the above, in the event that a Protected Bid is crossing a Protected Offer, whether during or outside of the Regular Market Session, unless the active order is marked ISO, the Exchange will enforce the Crossed Market Collar pursuant to Rule 11.190(f)(3) and the price sliding process pursuant to Rule 11.190(h)(3). For any executions to occur during the Regular Market Session, such executions must comply with the Limit Up-Limit Down Plan, as set forth in Rule 11.280(e) and the price sliding process pursuant to Rule 11.190(h)(5). For any execution of a short sale order to occur on the Exchange when a short sale price test restriction is in effect, the price must be better than the NBB, unless the sell order was initially displayed by the System at a price above the then current NBB or is marked "short exempt" pursuant to Regulation SHO. Short sale orders are subject to the price sliding process pursuant to Rule 11.190(h)(4).

An incoming order will first attempt to be matched for execution against orders in the IEX Book. An order will be canceled back to the User if, based on market conditions, User instructions, applicable Exchange Rules and/or the Act and the rules and regulations thereunder, such order is not executable, cannot be routed to an away trading center pursuant to Exchange Rule 11.230(b)(2), and cannot be posted to the Order Book.

An order to buy submitted to the Exchange's Order Book will be automatically executed by the Exchange's Order Book to the extent that it is priced at an amount that equals or exceeds any order to sell for the same security submitted to the Exchange's Order Book. Such order to buy shall be executed at the price of the lowest-priced order to sell having precedence on the Exchange's Order Book. All orders are matched according to price-display-time priority. An order to sell submitted to the Exchange's Order Book will be automatically executed by the Exchange's Order Book to the extent that it is priced at an amount that equals or is less than any order to buy for the same security submitted to the Exchange's Order Book. Such order to sell shall be executed at the price of the highest-priced order to buy having precedence on the Exchange's Order Book. Consistent with Rule 11.190, orders are permitted to post and rest on the Order Book at prices that lock contra-side liquidity at the Midpoint Price, provided, however, that the System will never display a locked market. Orders posted to the Order Book are subject to order execution Recheck ("Book Recheck").

Book Recheck. Upon a change to the Order Book, the NBBO, or as part of the processing of inbound messages, the System may invite orders on one or both sides of its market to become active and check against the contra side (i.e., become the remover of liquidity) of the Order Book to determine if new executions can occur as a consequence of the change in the Order Book or prevailing market conditions. Orders resting on the Order Book may be eligible to trade against other orders on the Order Book that were ineligible for execution, or did not satisfy the order's conditions (i.e. minimum quantity), when they were originally booked.

Rule 11.220 describes the priority given to orders at the same price. Non-displayed orders will have priority over orders at inferior prices, whether displayed or non-displayed, but will not have priority over orders displayed at equal or superior prices. Older orders – orders entering the Order Book first – will have priority over newer orders – orders entering after such older orders – at the same price with the same display. In the event that less than the full size of an order is executed, whether displayed or non-displayed, the unexecuted size of the order will continue to reside on the Exchange's Order Book, and if displayed, will continue to be displayed at and retain priority and precedence at the same price, unless the displayed portion was decremented less than one round lot. Displayed orders or displayed portions of reserve orders must be at least one round lot. If an order marked for display is submitted with, or decremented either by execution or the User order amendment to an order quantity of less than one round lot, it will be treated as a non-displayed order, as defined in Rules 11.190(b)(1)–(3).

Routing. Users may enter into agreements to use the routing services of IEXS, an affiliated broker-dealer of the Exchange, which will enable Users to access liquidity at away trading centers with the unexecuted portions of designated routable orders entered on the Exchange. In this capacity, the affiliated broker-dealer will act as an agent of the User. See Exhibit C and Exchange Rule 2.220 for further details regarding the affiliated router. Users will have no obligation, however, to utilize the order routing functionality provided by the Exchange's broker-dealer affiliate. Accordingly, Users can select other broker-dealers to provide order-routing functions or use their own internal order-routing systems.

Routing Process. With respect to an order that is eligible for routing (a) when routing to away accessible Protected Quotation exists, (a) when routing to such Protected Quotation, the System will designate outbound orders as IOCs and will cause such orders to be routed to one or more away trading centers (as defined in IEX Rule 2.220) displaying such Protected Quotations for potential execution in compliance with Rule 611 under Regulation NMS., and (b) when routing to the Order Book, the System will designate orders to the Order Book as either IOC or FOK, depending on market conditions, and will cause such orders to be routed to the Order Book for potential execution and compliance with Rule 611 of Regulation NMS via connectivity pursuant to Rule 11.510. After the System receives responses to orders that were routed away, to the extent an order is not executed in full through the routing process, or in cases where there are no accessible Protected Quotations at the time of routing, the System will process the balance of such order as follows. Depending on parameters set by the User when the incoming order was originally entered, the System will either: (a) Cancel the unfilled balance of the order back to the User; (b) postPost the unfilled balance of the order to the IEX Order Book, subject to the price sliding process as defined in paragraph (h) of IEX Rule 11.190(h);; or (c) repeatRepeat the process described in in the Order Book execution process and this paragraph above by executing against the IEX Order Book and/or routing orders to away trading centers until the original, incoming order is executed in its entirety or it is no longer marketable. If the order is not executed in its entirety, the

System will cancel back to the User (in the case of an IOC, ~~FOK,~~ or market order) or post to the ~~IEX~~ Order Book ~~and/or at an away trading center, as described in the routing options listed in Rule 11.230(c) or the paragraph below,~~ the unfilled balance of the order~~; (d) notwithstanding.~~ Notwithstanding the foregoing, to the extent the System is unable to access a Protected Quotation at the NBBO and there are no other accessible Protected Quotations at the NBBO, the System will post the order or any remaining unexecuted shares on the Order Book, subject to the price sliding process, or cancel, as per User instruction~~, the order or any remaining unexecuted shares~~, provided, however, that this provision will not apply to Protected Quotations published by an away trading center against which the Exchange has declared self-help ~~pursuant to Rule 11.230(d).~~. To the extent the unfilled balance of an order has been posted to the Order Book, should the booked limit price of the order subsequently be locked or crossed by an accessible away trading center, the System shall route the order, in part or in full, to such locking or crossing away trading center if instructed to do so by the User (the "re-sweep" behavior described in ~~Rule 11.230(c)(5)).~~ paragraph (c)(5) below). Orders sent by the System to away trading centers do not retain time priority with respect to other orders in the System and the System shall continue to execute other orders while routed orders are at away trading centers. Once routed by the System, an order becomes subject to the rules and procedures of the destination market including, but not limited to, short-sale regulation and order cancellation. Requests from Users to cancel their orders while the order is routed away to an away trading center and remains outside the System shall be processed, subject to the applicable trading rules of such away trading center. If a routed order is subsequently returned, in whole or in part, that order, or its remainder, shall receive a new timestamp reflecting the time of its return to the System. Following the routing process described above, unless the terms of the order direct otherwise, any unfilled portion of the order originally entered into the System shall be ranked in the Order Book in accordance with the terms of such order under IEX Rule 11.220 and such order shall be eligible for execution under IEX Rule 11.230.

Routing Options. The System provides a variety of routing options. Routing options may be combined with all available order types and parameters, with the exception of order types and parameters whose terms are inconsistent with the terms of a particular routing option as described in IEX Rule 11.190. An order eligible for routing must have a TIF of DAY, SYS, GTX, GTT, or IOC. The System will consider the quotations only of accessible markets, in particular those not subject to self-help pursuant to IEX Rule 11.230(d). The term "System routing table" refers to the proprietary process for determining the specific trading venues, including the Order Book, to which the System routes orders and the order in which it routes ~~to~~ them. The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

~~Route to Take (a.k.a. "SweepPost"). After a Route to Take order trades with all available interest on the Order Book priced at or better than the NBBO, this routing option routes the remaining unexecuted shares as IOC orders to destinations based~~ Router Basic. Router Basic is a routing option under which an order is sent to destinations on the System routing table. If shares remain unexecuted after routing, they are posted on the Order Book or canceled, as per User instruction. Once posted on the Order Book, the unexecuted portion of such an order is eligible for the re-sweep behavior described below, market conditions permitting.

~~Route to Take with Re-sweep (a.k.a. "Router"). Route to Take with Re-sweep is functionally identical to Route to Take, with the exception that once posted after routing, the unexecuted portion of such an order is eligible to the re-sweep behavior described in Rule 11.230(c)(5), market conditions permitting.~~

~~Route to Rest (a.k.a. "SweepPost+"). After a Route to Rest order trades with all available interest on the Order Book priced at or better than the NBBO, this~~ Plus. Router Plus is a routing option ~~routes the remaining shares as IOC orders~~under which an order is sent to the Order Book to check for available shares and then any remainder is sent to destinations ~~based~~ on the System routing table. If shares remain unexecuted after routing, ~~all or a portion of remaining shares~~they are posted on ~~one or more destinations based on the System routing table, which may include~~ the Order Book~~,~~ or ~~are~~ canceled, as per User instruction. ~~Resting at away trading centers~~Once posted on the Order Book, the unexecuted portion of such an order is eligible for the re-sweep behavior ~~is~~ described ~~in Rule 11.230(c)(6) and~~ below, market conditions permitting.

~~Route to Rest with Re-sweep (a.k.a. "Router+"). Route to Rest with Re-sweep is functional identical to Route to Rest, with the exception that once posted after routing, the unexecuted portion of such order is eligible for the re-sweep behavior described in Rule 11.230(c)(5), market conditions permitting.~~

Re-sweep Behavior. Re-Sweep is a feature available to certain routing strategies as described ~~above~~in this IEX Rule 11.230 that allows for a resting order to route to Protected Quotations when the resting order's limit price has been locked or crossed by the Protected NBBO, IEX Rules permitting. Re-sweep when Order's Limit is Locked by Protected NBBO. If a resting order eligible for re-sweep has its booked limit price locked by the Protected NBO (for buy orders) or Protected NBB (for sell orders) for a minimum amount of time between 750 milliseconds and one (1) second, the System will route to the Protected Quotations at the locking NBO or NBB their full displayed size (or the remaining unexecuted shares on the order, if smaller). In the case that such resting order is a reserve order, the System will decrement first from the non-displayed portion, and then from the displayed portion. Any shares unexecuted will be returned to the Order Book, either incrementing the resting order, or re-posting the order to the Order Book, receiving a new timestamp as per Rule 11.220(a). This cycle may be repeated, the order being re-routed to away trading centers multiple times, until the order is fully executed or canceled, subject to the limit price of the order. Re-sweep when Order's Limit is Crossed by Protected NBBO. If a resting order eligible for re-sweep has its booked limit price crossed by the Protected NBO (for buy orders) or Protected NBB (for sell orders), i.e.~~,~~. the Protected NBO becomes lower than the limit price of a buy order, or the Protected NBB becomes higher than the limit price of a sell order, for a minimum amount of time between 750 milliseconds and one (1) second, the System will route the entire order to away trading centers as per this IEX Rule 11.230. Any shares unexecuted will be re-posted to the Order Book, receiving a new timestamp as per Rule 11.220(a). This cycle may be repeated, the order being re-routed to away trading centers multiple times, until the order is fully executed or canceled, subject to the limit price of the order.

~~*Route to Rest Behavior*. If an order marked Route to Rest (with or without re-sweep) has unexecuted shares remaining after routing and the order parameters permit, the System will route the displayed portion as limit orders marked with a TIF of DAY to one or more destinations based on the System routing table, which may include the Order Book. The non-displayed portion of reserve orders will rest on the IEX Order Book. The total shares displayed on the Exchange and any away trading center will not~~

exceed the maximum displayed size indicated by the User on the order received by the Exchange. When dividing the display quantity indicated by the User at order entry between destinations, the System will not create multiple odd lots or mixed lots. In the event that division by the number of destinations to be used would create an order size not evenly divisible by one round lot, the System will instead create round lot orders of unequal size as necessary, with the Exchange always receiving the larger displayed portion. When displayed shares posted on an away trading center are fully executed, the System will refresh such displayed shares by decrementing the order on the Exchange, first from the non-displayed portion (if the order is a reserve order), and then from displayed portion on the Exchange. When all shares on the away trading center are fully executed, the Exchange may remove all unexecuted shares from the Exchange and rest a displayed order on the away trading center. When all shares on the Exchange are fully executed, any shares remaining on an away trading center will be canceled from the away trading center and displayed on the Exchange. IEX will never post non-displayed interest on away trading centers, although depending on each away trading center's handling of orders decremented through execution to less than one round lot, a portion resting away may become non-displayed.

Equal Access. In executing orders submitted to the Exchange's Order Book, the Exchange will not distinguish between orders submitted by Users for their own accounts and orders submitted by Users for their customers. Unlike exchanges that conduct trading via a physical trading floor, all Exchange Users will submit orders to the Exchange from remote locations and have equal access to orders residing on the Exchange. Similarly, because orders on the Exchange will be executed automatically, no User of the Exchange will have the ability to control the timing of execution (other than to change or cancel an order prior to execution) or otherwise enjoy the type of special order handling advantages that may be available on the physical floor of an exchange. Moreover, as noted above, the general public will have access to view the best priced quotes and aggregate size of such orders at those prices on the Exchange's Order Book through the Exchange's web site.

Order Price Collars and Constraints. The Exchange will utilize the collars and constraints defined in Rule 11.190(f) in an effort to reduce the occurrences of erroneous trades. The collars and constraints include the following: Order Collar, Router Constraint, Crossed Market Collar, One-Sided Market Handling, and Zero Markets Handling.

Order Collar. The Exchange Order Collar, as described in 11.190(f)(1), prevents any incoming order or order resting on the Order Book, including those marked ISO, from executing at a price outside the Order Collar price range, i.e., prevents buy orders from trading at prices below the collar and prevents sell orders from trading at prices above the collar. The Order Collar price range is calculated using the numerical guidelines for clearly erroneous executions. Executions are permitted at prices within the Order Collar price range, inclusive of the boundaries. Any portion of a market order that would execute at a price beyond the Order Collar is canceled. Any remainder of a limit or pegged order that would execute at a price beyond the Order Collar is posted to the Order Book or canceled as per User instructions. Both displayed and non-displayed portions of limit orders or pegged orders may post on the Order Book at the Order Collar Price, but never more aggressive. Such orders may be re-priced to a compliant price within or at the Order Collar as the Order Collar price changes due to changing market conditions.

Router Constraint. The Exchange Router Constraint, as described in Rule 11.190(f)(2), prevents any order from routing at prices more aggressive than the Router Constraint price range. The Router Constraint price range is calculated using the numerical guidelines for clearly erroneous executions.

Orders are permitted to route at prices within the Router Constraint price range, inclusive of the boundary. Any portion of an order that would have executed at a price more aggressive than the Router Constraint is canceled back to the User. While resting on the Order Book, routable orders are subject to the Order Collar, as defined in IEX Rule 11.190(f)(1). Any time a routable order would route at a price beyond the Router Constraint Price, the System will instead cancel the order back to the User.

Crossed Market Collar. As described in Rule 11.190(f)(3), In the event that a Protected Bid is crossing a Protected Offer, the System does not execute any portion of an active buy order at a price more than the greater of five cents ($0.05) or one half of a percent (0.5%) higher than the lowest Protected Offer, or any portion of an active sell order at a price more than the greater of five cents ($0.05) or one half of a percent (0.5%) lower than the highest Protected Bid, unless such order is marked ISO. To the extent an incoming order is eligible to execute against an order resting on the Order Book because a Protected Bid is crossing a Protected Offer, but such incoming order is eligible for routing and there is a Protected Bid or Protected Offer available at an away trading center that is better priced than the bid or offer against which the order would execute on the System, the System first seeks to route the order to such better priced quotation pursuant to IEX Rule 11.230(b). When an order posts to or is resting on the Order Book while a Protected Bid is crossing a Protected Offer, the order will price slide in accordance with the price sliding process, pursuant to IEX Rule 11.190(h).

One-Sided Markets. Pursuant to Rule 11.190(f)(4), One-Sided Markets are markets which lack either a Protected Bid or a Protected Offer. In a One-Sided Market, non-displayed interest is handled in the following manner: (i) non-displayed interest entering the System will first test for marketable interest resting on the Order Book; routable non-displayed interest may route to Protected Quotations on the opposite side of the market; any unexecuted non-displayed interest will be unavailable to trade once it posts on the Order Book; (ii) Resting non-displayed interest on IEX is unavailable to trade; (iii) when a two-sided market returns, non-displayed orders become available at their relative priority. In a One-Sided Market, displayed interest is handled in the following manner: (i) when IEX receives displayable interest on the same side of the market as the Protected Bid or Protected Offer: (a) displayed interest marked IEX Only posts and displays at the most aggressive allowable price; (b) Routable displayable orders can route passively to rest on away trading centers with limit orders marked with a TIF of DAY (i.e., Route to Rest, pursuant to IEX Rule 11.230(c)(6)), but the router will not designate outbound orders with a TIF of IOC; (ii) when IEX receives displayable interest on the side of the market opposite a best Protected Quote: (a) displayed interest marked IEX Only is eligible to trade with interest that is present on the Exchange and will post any unexecuted shares, order instructions allowing, subject to displayed-price sliding, pursuant to Rule 11.190(h)(1); (b) for routable orders, the System will route the order consistent with Rule 11.230(b)(2).

Zero Markets. Zero Markets are markets in which neither a Protected Bid nor a Protected Offer exists. In a Zero Market, resting non-displayed interest is unavailable to trade. Non-displayed orders are not eligible to route when Zero Markets exist. When a Two-Sided Market returns, non-displayed orders become available at their relative priority and may route consistent with Rule 11.230(b)(2), if eligible for re-sweep. In a Zero Market, displayable interest will post and display at the most aggressive allowable price. Displayable orders can only route passively to rest on away trading centers (i.e. Route to Rest, pursuant to IEX Rule 11.230(c)(6)), if routable.

Clearly Erroneous Policy. The Exchange will have a policy that will permit it to address those instances in which transactions occurring on the Exchange involve clearly erroneous executions ("Clearly Erroneous Policy"). Under the Clearly Erroneous Policy, Users receiving an execution based on the entry of a buy or sell order that clearly was in error – in terms of price, quantity, or identification of the proper symbol for a security – will be permitted to request that the Exchange void or modify the transaction. Designated Exchange officials will review the transaction to determine whether, in fact, the transaction was clearly erroneous. If such officials determine that a trade is clearly erroneous, they shall void or modify the terms of the trade to achieve an equitable rectification of the error. A User may appeal the initial decision by Exchange officials to the Clearly Erroneous Execution Panel, which will be comprised of the CRO, or a designee of the CRO, and representatives from two (2) Users. An officer of the Exchange also will have the authority, on his or her own motion, to review and declare null and void, or otherwise modify the terms of, transactions arising out of the use of the Exchange's Order Book during a period of disruption or malfunction, or in the event of extraordinary market conditions or other circumstances in which the nullification or modification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest.

Trade Reporting. The Exchange intends to become a participant in the Consolidated Tape Association Plan ("CTA Plan") and will report trades in Eligible Securities (as defined in the CTA Plan) pursuant to the terms of the plan. Similarly, the Exchange expects to join the Nasdaq-UTP Plan and will report trades in Nasdaq securities traded on the Exchange that have been admitted to unlisted traded privileges pursuant to the provisions of that plan.

Clearance and Settlement of Exchange Trades. The Exchange will require each Member to be a member of a registered clearing agency or clear its transactions through a Member that is a member of a registered clearing agency.

4. Proposed Fees

The Exchange currently does not propose to charge a fee for Exchange membership. The Exchange may, in the future, however, prescribe such reasonable dues, fees, and assessments or other charges as it may deem appropriate. Similarly, where there is no matching contra-side buy or sell order residing on the Exchange, Users entering orders on the Exchange's Order Book will not be assessed a fee. Users entering orders under such circumstances will, however, be charged a per share fee, payable to the Exchange on a monthly basis, for orders entered and later executed on the Exchange. There will not be a fee charged for changing or canceling an order prior to execution of such order. Exchange Users submitting buy or sell orders that execute against matching contra-side orders already residing on the Exchange will be charged a per share fee, payable to the Exchange on a monthly basis. The Exchange will not pay Users rebates for orders that execute, or otherwise. The Exchange may also charge a connectivity fee based on the number of ports utilized by the Access Participant. Exchange Access Participants will be solely responsible for all telecommunications costs and all other expenses incurred in linking to, and maintaining links to, the Exchange. Exchange Users will also be solely responsible for all execution fees charged by away trading centers; the Exchange will pass such fees incurred from orders routed to an away trading center through to Users. The Exchange may determine to revise or impose different fees upon its Access Participants from time-to-time. Any time the Exchange undertakes to impose or modify a due, fee, assessment, or other charge, such fee imposition or change

will be subject to filing by the Exchange pursuant to Section 19 of the Exchange Act and Rule 19b-4 thereunder.

5. Procedures for ensuring Member compliance with System usage guidelines:

The Exchange System contains embedded order entry and trade guidelines. All data representing a User's order must comply with these guidelines.   Access Participants cannot override these embedded guidelines. With respect to technical standards, prior to allowing a new Access Participant to begin trading, the Exchange and the Access Participant will thoroughly test the Access Participant's connectivity. In addition, the Access Participant may enter orders in IEX's certification environment and may also enter orders for test securities on the Exchange to ensure compatibility with the Exchange's system protocol. An Access Participant may begin trading only after the Exchange is satisfied that both the User's hardware and software meet the Exchange's standards.

Access Participants also must agree to maintain an adequate connection to the Exchange as defined from time-to-time by the Exchange that includes a connection of sufficient speed and equipment of minimum quality.

6. Hours of Operation

The Exchange will operate Monday to Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, or during any other day or time approved by the Board of Directors of the Exchange.

If the Commission approves IEX's Form 1 Application for Registration as a National Securities Exchange and IEX satisfies of any relevant conditions prior to operation, the Exchange will commence operations in a phased manner based on specific securities.

7. Exchange User Manual

As discussed above, Users will be provided with the Exchange's technical specifications, which will enable them to develop or purchase their own, customized front-end software for interfacing with the Exchange. Users also may use third-party vendors to route orders to the Exchange via a front end or service bureau configuration. The User Manual will describe the Exchange's technical specifications and will provide Users, prospective Users and other Access Participants of the Exchange with additional information that the Exchange believes will be useful to such persons for trading on the Exchange.

Attached as Addendum E-1 is the IEX User Manual.

Attached as Addendum E-2 is the IEX FIX Specification.

Attached as Addendum E-3 is the IEX TOPS Specification.

Attached as Addendum E-4 is the IEX Transport Specification.

8. If applicant proposes to hold funds or securities on a regular basis, describe the controls that will be implemented to ensure safety of those funds or securities.

This is inapplicable.

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General Provisions Applicable to Securities Listed and Traded Under Chapter 16 of the IEX Rules

To the extent not specifically addressed in the respective listing standards, the following general provisions apply to all securities listed and traded under Chapter 16 of the IEX Rules (the "securities"):

1.   Trading Rules

The Exchange deems the securities to be equity securities, thus rendering trading in the securities subject to the Exchange's existing rules governing the trading of equity securities. The securities will trade on the Exchange during Regular Market Session, as well as during the Pre-Market Session and the Post-Market Session. The Exchange has appropriate rules to facilitate transactions in the securities during all trading sessions. The minimum price increment for quoting and entry of orders in equity securities traded on the Exchange is $0.01, with the exception of securities that are priced less than $1.00 for which the minimum price increment for order entry is $0.0001.[1]

2.   Information Circular

Prior to the commencement of trading, the Exchange will inform its Members in an Information Circular of the special characteristics and risks associated with trading the securities. Specifically, the Information Circular will discuss the following: (1) The procedures for purchases and redemptions of the securities (and/or that the securities are not individually redeemable); (2) Exchange Rule 3.170, which imposes suitability obligations on the Exchange Members with respect to recommending transactions in the securities to customers; (3) how information regarding the Intraday Indicative Value (and, if applicable, the Disclosed Portfolio with respect to series of Managed Fund Shares) is disseminated; (4) the

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[1] *See, e.g.*, Rule 11.210. Regulation NMS Rule 612, Minimum Pricing Increment, provides:

a. No national securities exchange, national securities association, alternative trading system, vendor, or broker or dealer shall display, rank, or accept from any person a bid or offer, an order, or an indication of interest in any NMS stock priced in an increment smaller than $ 0.01 if that bid or offer, order, or indication of interest is priced equal to or greater than $ 1.00 per share.

b. No national securities exchange, national securities association, alternative trading system, vendor, or broker or dealer shall display, rank, or accept from any person a bid or offer, an order, or an indication of interest in any NMS stock priced in an increment smaller than $ 0.0001 if that bid or offer, order, or indication of interest is priced less than $ 1.00 per share.

c. The Commission, by order, may exempt from the provisions of this section, either unconditionally or on specified terms and conditions, any person, security, quotation, or order, or any class or classes of persons, securities, quotations, or orders, if the Commission determines that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.

requirement that Members deliver a prospectus to investors purchasing newly issued securities prior to or concurrently with the confirmation of a transaction; and (5) trading information.

In addition, the Information Circular will advise Members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the securities. Members purchasing securities for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act.

In addition, the Information Circular will reference that the securities are subject to various fees and expenses described in the registration statement. If applicable, the Information Circular will also reference that the CFTC has regulatory jurisdiction over the trading of futures contracts.

The Information Circular also will disclose the trading hours of the securities and, if applicable, the Net Asset Value ("NAV") calculation time for the securities. The Information Circular will disclose that information about the securities and the corresponding indexes, if applicable, will be publicly available on the Web site for the securities. The Information Circular will also reference, if applicable, the fact that there is no regulated source of last-sale information regarding physical commodities, and that the Commission has no jurisdiction over the trading of physical commodities or futures contracts on which the value of the securities may be based.

The Information Circular also will reference the risks involved in trading the securities during the Pre-Opening and After Hours Trading Sessions when an updated Intraday Indicative Value will not be calculated or publicly disseminate and, if applicable, the risks involved in trading the securities during Regular Market Session when the Intraday Indicative Value may be static or based in part on the fluctuation of currency exchange rates when the underlying markets have closed prior to the close of the Exchange's Regular Market Session.

3. Market Maker Accounts

A registered market maker in the securities described below must file with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading in:

- In the case of Commodity-Based Trust Shares, the applicable underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the registered market maker may have or over which it may exercise investment discretion (the "Underlying Commodities");
- In the case of Currency Trust Shares, the applicable underlying non-U.S. currency, options, futures or options on futures on such currency, or any other derivatives based on such currency, which the registered market maker may have or over which it may exercise investment discretion (the "Underlying Currencies");
- In the case of Commodity Index Trust Shares, the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index or based on any commodity included in such index, which the registered market maker may have or over which it may exercise investment discretion (the "Underlying Commodity Index Assets");
- In the case of Commodity Futures Trust Shares, the applicable underlying commodity, related futures or options on futures, or any other related derivatives, which the registered market

maker may have or over which it may exercise investment discretion (the "Underlying Commodity Futures");

- In the case of Partnership Units, the applicable underlying asset or commodity, related futures or options on futures, or any other related derivatives, which the registered market maker may have or over which it may exercise investment discretion (the "Underlying Partnership Unit Assets");
- In the case of Trust Units, the applicable underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the registered market maker may have or over which it may exercise investment discretion (the "Underlying Trust Unit Assets"); and
- In the case of Managed Trust Securities, the underlying commodity or applicable currency, related futures or options on futures, or any other related derivatives, which a registered market maker may have or over which it may exercise investment discretion (the "Underlying Managed Trust Assets").

No registered market maker in the above mentioned securities shall trade in the respective Underlying Commodities, Underlying Currencies, Underlying Commodity Index Assets, Underlying Commodity Futures, Underlying Partnership Unit Assets, Underlying Trust Unit Assets, and/or the Underlying Managed Trust Assets (collectively, the "Underlying Assets") in an account in which a market maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange.

In addition to the existing obligations under Exchange rules regarding the production of books and records (see, e.g., Rule 4.540), a registered market maker in the above mentioned securities is required to make available to the Exchange such books, records, or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the applicable Underlying Assets as may be requested by the Exchange.

4. Surveillance

The Exchange represents that the trading in the Shares will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws. FINRA will surveil trading on the Exchange pursuant to a regulatory services agreement, and the Exchange is responsible for FINRA's performance under this regulatory services agreement. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

Pursuant to Exchange Rule 16.160(a)(6), with respect to securities traded under Chapter 16 of IEX Rules pursuant to unlisted trading privileges, the Exchange shall enter into a comprehensive surveillance sharing agreement with markets trading components of the index or portfolio on which shares of an

exchange-traded product is based to the same extent as the listing exchange's rules require the listing exchange to enter into a comprehensive surveillance sharing agreement with such markets. FINRA, on behalf of the Exchange, may obtain information, and will communicate information as needed, regarding trading in the shares of the exchange-traded products, as well as in the underlying exchange-traded securities and instruments with other markets and other entities that are members of the Intermarket Surveillance Group ("ISG"). In addition, the Exchange may obtain information regarding trading in such shares and underlying securities and instruments from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA's Trade Reporting and Compliance Engine ("TRACE").

5. Trading Halts

With respect to trading halts, in addition to the halt requirements in the rules, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the securities. Trading in the securities may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the securities inadvisable. These may include: (1) The extent to which trading in the underlying asset or assets is not occurring; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in the securities will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange's "circuit breaker" Rule 11.280 or by the halt or suspension of the trading of the current underlying asset or assets.

If the applicable Intraday Indicative Value, value of the underlying index, or the value of the underlying asset or assets (e.g., securities, commodities, currencies, futures contracts, or other assets) is not being disseminated as required, the Exchange may halt trading during the day in which such interruption to the dissemination occurs. If the interruption to the dissemination of the applicable Intraday Indicative Value, value of the underlying index, or the value of the underlying asset or assets persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the net asset value (or Disclosed Portfolio, as applicable) with respect to a series of securities is not disseminated to all market participants at the same time, it will halt trading in such series until such time as the net asset value (or Disclosed Portfolio, as applicable) is available to all market participants.

With respect to securities traded under Chapter 16 of IEX Rules pursuant to unlisted trading privileges, Exchange Rule 16.170 provides that the Exchange will halt trading in such securities under the following circumstances:

(a)   During Pre-Market Session. If the security begins trading on IEX in the Pre-Market Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of an

applicable Required Value[2], IEX may continue to trade the security for the remainder of the Pre-Market Session.

(b) During Regular Market Hours. During the Regular Market Hours, if a temporary interruption occurs in the calculation or wide dissemination of an applicable Required Value[3], and the listing market halts trading in the security, IEX, upon notification by the listing market of a halt due to such temporary interruption, also shall immediately halt trading in the security on IEX.

(c) Post-Market Session and Next Trading Day.

(1) If an applicable Required Value[4] continues not to be calculated or widely disseminated after the close of the Regular Market Session, IEX may trade the security in the Post-Market Session only if the listing market traded the security until the close of its regular trading session without a halt.

(2) If an applicable Required Value[5] continues not to be calculated or widely disseminated as of the beginning of the Pre-Market Session on the next trading day, IEX shall not commence trading of the security in the Pre-Market Session that day. If an interruption in the calculation or wide dissemination of an applicable Required Value[6] continues, IEX may resume trading in the security only if calculation and wide dissemination of the applicable Required Value[7] resumes or trading in the security resumes in the listing market.

6. Suitability

Currently, Exchange Rule 3.170 governs Recommendations to Customers (Suitability). Prior to the commencement of trading of any inverse, leveraged, or inverse leveraged securities, the Exchange will inform its Members of the suitability requirements of Exchange Rule 3.170 in an Information Circular. Specifically, Members will be reminded in the Information Circular that, in recommending transactions in these securities, they must have a reasonable basis to believe that (1) the recommendation is suitable for a customer given reasonable inquiry concerning the customer's other securities holdings, financial situation and needs, and (2) the customer can evaluate the risks of the recommended transaction and is financially able to bear the risks of an investment in the securities.

In addition, FINRA has implemented increased sales practice and customer margin requirements for FINRA members applicable to inverse, leveraged, and inverse leveraged securities and options on such

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[2] Pursuant to Exchange Rule 16.170(c)(2) a required value shall mean (i) the value of any index or any commodity-related value underlying a Derivative Securities Product, (ii) the indicative optimized portfolio value, intraday indicative value, or other comparable estimate of the value of a share of a Derivative Securities Product updated regularly during the trading day, (iii) a net asset value in the case of a Derivative Securities Product for which a net asset value is disseminated, and (iv) a Disclosed Portfolio in the case of a Derivative Securities Product that is a series of Managed Fund Shares, as defined in Rule 16.135, or Managed Trust Securities, as defined in Rule 16.111(j).

[3] *Id.*

[4] *Id.*

[5] *Id.*

[6] *Id.*

[7] *Id.*

securities, as described in FINRA Regulatory Notices 09-31 (June 2009), 09-53 (August 2009) and 09-65 (November 2009) ("FINRA Regulatory Notices"). Members that carry customer accounts will be required to follow the FINRA guidance set forth in the FINRA Regulatory Notices. The Information Circular will reference the FINRA Regulatory Notices regarding sales practice and customer margin requirements for FINRA members applicable to inverse, leveraged, and inverse leveraged securities and options on such securities.

The Exchange notes that, for such inverse, leveraged, and inverse leveraged securities, the corresponding funds seek inverse, leveraged, or inverse leveraged returns on a daily basis, and do not seek to achieve their stated investment objective over a period of time greater than one day because compounding prevents the funds from perfectly achieving such results. Accordingly, results over periods of time greater than one day typically will not be the inverse (-100%), a leveraged multiple (+200%), or a inverse leveraged multiple (-200%) of the period return of the applicable benchmark and may differ significantly from these multiples. The Exchange's Information Circular, as well as the applicable registration statement, will provide information regarding the suitability of an investment in such securities.

In addition, FINRA has issued a regulatory notice providing guidance to firms about the supervision of complex products, as described in FINRA Regulatory Notice 12-03 (January 2012). While this FINRA Regulatory Notice does not provide a definition of what constitutes a "complex product," it does identify characteristics that may make a product "complex" for purposes of determining whether the product should be subject to heightened supervisory and compliance procedures.[8] Certain characteristics may raise issues similar to those raised in the FINRA Regulatory Notice. Therefore, the Exchange has represented that the Information Bulletin will state that Members that carry customer accounts should follow the FINRA Regulatory Notice with respect to suitability.

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[8] *See* FINRA Regulatory Notice, at 3-4.