

Required fields are shown with yellow backgrounds and asterisks.

Filing by Investors' Exchange LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

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

Description

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

Proposed rule change to reject market orders with a time-in-force of DAY that are entered in the Pre-Market Session for Non-IEX-Listed Securities.

Contact Information

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

First Name *	Last Name *
Claudia	Crowley
Title *	
Chief Regulatory Officer	
E-mail *	
claudia.crowley@iextrading.com	
Telephone *	Fax
(646) 343-2041	

Signature

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

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

(Title *)

Date	01/03/2019	Chief Regulatory Officer
By	Claudia Crowley	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>
	(Name *)	

claudia.crowley@iextrading.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to reject market orders with a time-in-force³ of DAY that are entered in the Pre-Market Session⁴ for non-IEX-listed securities, including for the Opening Process for non-IEX-listed securities pursuant to Rule 11.231 (the “Opening Process”). The Exchange has designated this rule change as “non-controversial” under Section 19(b)(3)(A) of the Act⁵ and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.⁶

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Rule 11.190(c).

⁴ See Rule 1.160(z).

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 17 CFR 240.19b-4.

Exchange's governing documents. Therefore, the Exchange's internal procedures with respect to the proposed rule change are complete.

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

Claudia Crowley
Chief Regulatory Officer
Investors Exchange LLC
646-343-2041

Andres J. Trujillo
Product Manager
Investors Exchange LLC
646-343-2034

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

a. Purpose

Background

The purpose of this proposed rule change is to reject market orders with a time-in-force of DAY that are entered in the Pre-Market Session for non-IEX-listed securities, including for the Opening Process. On July 24, 2017, the Commission approved a proposed rule change filed by the Exchange to amend IEX Rule 11.231 to modify the manner in which the Exchange opens trading for non-IEX-listed securities beginning at the start of Regular Market Hours (the "Opening Process").⁷

Pursuant to Rule 11.231, the Exchange attempts to perform the Opening Process in each non-IEX-listed security, in which all eligible interest resting on the Order Book in the Pre-Market Session available for continuous trading (i.e., orders on the "Continuous Book") as well as all eligible interest queued for execution in the Regular Market

⁷ See Securities Exchange Act Release No. 81195 (July 24, 2017), 82 FR 35250 (July 28, 2017).

Session⁸ (i.e., orders on the “Cross Book”) is executed at a single price. Currently, prior to the beginning of Regular Market Hours,⁹ Users that wish to participate in the Opening Process may enter limit, non-routable market, and pegged orders designated with a time-in-force of DAY and limit orders designated with a time-in-force of GTX, which queue in the System and are eligible for execution in the Opening Process (i.e., orders on the Cross Book); interest resting on the Order Book in the Pre-Market Session available for continuous trading (i.e., orders on the Continuous Book) are also eligible for execution in the Opening Process (collectively, “Cross Eligible Orders”).

Cross Eligible Orders resting on the Continuous Book are ranked by the price at which they are resting on the Continuous Book and Cross Eligible Orders resting on the Cross Book are ranked by the limit price defined by the User, if any, except in the case of pegged orders, which are ranked by their current book price (in each case, the order’s “resting price”).¹⁰

The Exchange proposes to reject market orders with a time-in-force of DAY that are entered in the Pre-Market Session for non-IEX-listed securities, including for the Opening Process. Specifically, as proposed, market orders marked DAY submitted before the open of the Regular Market Session would be rejected for non-IEX-listed securities, but will be queued by the System until the Opening Auction (or Halt Auction, as applicable) for IEX-listed securities pursuant to IEX Rule 11.350,¹¹ except market orders marked DAY that are designated to route pursuant to Rule 11.230(c).¹² The Exchange is

⁸ See Rule 1.160(gg).

⁹ See Rule 1.160(gg).

¹⁰ See Rule 11.220(a)(2). See also Rule 11.231(a)(1).

¹¹ See Rule 11.350(a)(1)(A)(iii).

¹² See Rule 11.190(a)(2)(E)(iii).

not proposing any further changes to the handling or functional behavior of market orders. Finally, the Exchange is proposing a conforming change to Rule 11.220 (Priority of Orders) to reflect that, as proposed, market orders will not be eligible for execution in the Opening Process for non IEX-listed securities.

b. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)¹³ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁴ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Exchange believes the proposed rule change is consistent with the protection of investors and the public interest in that it is designed to prevent market participants from entering market orders with a time-in-force of DAY on IEX instead of the primary listing market, that could cause an opening match price on IEX that significantly deviates from the current market for the security.¹⁵

Based on informal conversations with various market participants, the Exchange understands that market orders with a time-in-force of DAY are often entered during the pre-market session by market participants to interact in opening auctions on the listing exchange for listed securities. Accordingly, IEX and other listing exchange accept market

¹³ 15 U.S.C. 78f.

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ The Exchange notes as well that it does not accept Market-On-Open orders for the Opening Process because such orders could have a similar impact.

orders with a time-in-force of DAY for such auctions.¹⁶ While the IEX Opening Process is designed to provide an opportunity to match buy and sell orders at a price that is reflective of market conditions for the security, the Exchange also appreciates the important goal of aggregating liquidity in the opening auction (as well as the closing auction) on the listing exchange to facilitate price discovery for the auction. Therefore, the Exchange believes that restricting market participants from entering market orders with a time-in-force of DAY in non-IEX-listed securities may facilitate the aggregation of liquidity in the primary market opening auction and enhance market-wide price discovery, consistent with the protection of investors and the public interest. In addition, the Exchange believes the proposed change would not significantly impact the protection of investors or the public interest because prior to offering the Opening Process for non-IEX-listed securities,¹⁷ the Exchange rejected market orders with a time-in-force of DAY that were entered before the Regular Market Session, and such interest was not eligible for the prior opening mechanism. Thus, the proposed rule change does not present any new or novel issues not already considered by the Commission.

Lastly, the Exchange believes the proposed conforming change to Rule 11.220 is consistent with the protection of investors and the public interest in that it will make the Exchange's rules more concise and accurate, to the benefit of all market participants.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

¹⁶ See supra note 11. See also, e.g., Cboe BZX Exchange, Inc. Rules 11.23(a)(8) and 11.9(b)(7).

¹⁷ See supra note 7.

With respect to intra-market competition, the Exchange notes that the proposed changes will apply to all Members on a fair and equal basis. Furthermore, market participants seeking to interact in the Opening Process may continue to enter other Cross Eligible Orders on fair and equal terms. With respect to inter-market competition, the Exchange believes that the proposed change does not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that rejecting market orders with a time-in-force of DAY to avoid causing an opening match price that deviates from the current market for the security will support, and thereby promote competition between the Exchange's Opening Process and the opening mechanisms offered by other market centers, while avoiding unnecessary fragmentation of order flow intended for the primary market's opening auction.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹⁸ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁹ The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, (3) and will not become operative for 30 days from the date on which it was filed, or such

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4.

shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.²⁰

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4²¹ because it would not significantly affect the protection of investors or the public interest in that it is designed to prevent market participants from entering market orders with a time-in-force of DAY on IEX instead of the primary listing market that could cause an opening match price that deviates from the current market for the security. In addition, the Exchange notes that restricting market participants from entering market orders with a time-in-force of DAY in non-IEX-listed securities may facilitate the aggregation of liquidity in the primary market opening auction and enhance price discovery, consistent with the protection of investors and the public interest.

In addition, as noted above, the Exchange believes the proposed change would not significantly impact the protection of investors or the public interest because prior to offering the Opening Process for non-IEX-listed securities,²² the Exchange rejected market orders with a time-in-force of DAY that were entered before the Regular Market Session, and such interest was not eligible for the prior opening mechanism. Thus, the proposed rule change does not present any new or novel issues not already considered by the Commission.

²⁰ 17 CFR 240.19b-4(f)(6)(iii).

²¹ 17 CFR 240.19b-4(f)(6).

²² See supra note 7.

Moreover, as noted above, the Exchange believes the proposed conforming change to Rule 11.220 is consistent with the protection of investors and the public interest in that it will make the Exchange's rules more concise and accurate, to the benefit of all market participants.

Furthermore, the Exchange believes that rejecting market orders with a time-in-force of DAY to avoid causing an opening match price that deviates from the current market for the security will not impose any significant burden on competition, as the proposed changes will apply to all Members on a fair and equal basis, and market participants seeking to interact in the Opening Process may continue to enter other Cross Eligible Orders on fair and equal terms. Furthermore, as described above, the Exchange believes the proposed changes may in fact promote competition between the Exchange's Opening Process and the opening mechanisms offered by other market centers, while avoiding unnecessary fragmentation of order flow intended for the primary market's opening auction. Moreover, the Exchange notes that market participants very rarely enter market orders with a time-in-force of DAY for the current Opening Process,²³ and thus the rejection of such interest will not impose any significant burden on intra-market competition. Accordingly, the Exchange believes that the proposed rule change is noncontroversial and satisfies the requirements of Rule 19b-4(f)(6).²⁴

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for

²³ For example, during the third quarter of 2018, the Exchange received only 12 market orders with a time-in-force of DAY for the Opening Process across all non-IEX-listed securities.

²⁴ 17 CFR 240.19b-4(f)(6).

the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of the Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 – Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 -); File No. SR-IEX-2019-01)

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Reject Market Orders with a Time-in-Force of DAY that are Entered in the Pre-Market Session for Non-IEX-Listed Securities.

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

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

Pursuant to the provisions of Section 19(b)(1) under the Act,⁴ and Rule 19b-4 thereunder,⁵ IEX is filing with the Commission a proposed rule change to reject market orders with a time-in-force⁶ of DAY that are entered in the Pre-Market Session⁷ for non-IEX-listed securities, including for the Opening Process for non-IEX-listed securities pursuant to Rule 11.231 (the “Opening Process”). The Exchange has designated this rule

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.

⁶ See Rule 11.190(c).

⁷ See Rule 1.160(z).

change as “non-controversial” under Section 19(b)(3)(A) of the Act⁸ and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.⁹

The text of the proposed rule change is available at the Exchange’s website at www.iextrading.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statement may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

Background

The purpose of this proposed rule change is to reject market orders with a time-in-force of DAY that are entered in the Pre-Market Session for non-IEX-listed securities, including for the Opening Process. On July 24, 2017, the Commission approved a proposed rule change filed by the Exchange to amend IEX Rule 11.231 to modify the manner in which the Exchange opens trading for non-IEX-listed securities beginning at

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4.

the start of Regular Market Hours (the “Opening Process”).¹⁰

Pursuant to Rule 11.231, the Exchange attempts to perform the Opening Process in each non-IEX-listed security, in which all eligible interest resting on the Order Book in the Pre-Market Session available for continuous trading (i.e., orders on the “Continuous Book”) as well as all eligible interest queued for execution in the Regular Market Session¹¹ (i.e., orders on the “Cross Book”) is executed at a single price. Currently, prior to the beginning of Regular Market Hours,¹² Users that wish to participate in the Opening Process may enter limit, non-routable market, and pegged orders designated with a time-in-force of DAY and limit orders designated with a time-in-force of GTX, which queue in the System and are eligible for execution in the Opening Process (i.e., orders on the Cross Book); interest resting on the Order Book in the Pre-Market Session available for continuous trading (i.e., orders on the Continuous Book) are also eligible for execution in the Opening Process (collectively, “Cross Eligible Orders”).

Cross Eligible Orders resting on the Continuous Book are ranked by the price at which they are resting on the Continuous Book and Cross Eligible Orders resting on the Cross Book are ranked by the limit price defined by the User, if any, except in the case of pegged orders, which are ranked by their current book price (in each case, the order’s “resting price”).¹³

The Exchange proposes to reject market orders with a time-in-force of DAY that are entered in the Pre-Market Session for non-IEX-listed securities, including for the

¹⁰ See Securities Exchange Act Release No. 81195 (July 24, 2017), 82 FR 35250 (July 28, 2017).

¹¹ See Rule 1.160(gg).

¹² See Rule 1.160(gg).

¹³ See Rule 11.220(a)(2). See also Rule 11.231(a)(1).

Opening Process. Specifically, as proposed, market orders marked DAY submitted before the open of the Regular Market Session would be rejected for non-IEX-listed securities, but will be queued by the System until the Opening Auction (or Halt Auction, as applicable) for IEX-listed securities pursuant to IEX Rule 11.350,¹⁴ except market orders marked DAY that are designated to route pursuant to Rule 11.230(c).¹⁵ The Exchange is not proposing any further changes to the handling or functional behavior of market orders. Finally, the Exchange is proposing a conforming change to Rule 11.220 (Priority of Orders) to reflect that, as proposed, market orders will not be eligible for execution in the Opening Process for non IEX-listed securities.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)¹⁶ of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁷ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Exchange believes the proposed rule change is consistent with the protection of investors and the public interest in that it is designed to prevent market participants from entering market orders with a time-in-force of DAY on IEX instead of the primary listing market, that could cause an opening match price on IEX that

¹⁴ See Rule 11.350(a)(1)(A)(iii).

¹⁵ See Rule 11.190(a)(2)(E)(iii).

¹⁶ 15 U.S.C. 78f.

¹⁷ 15 U.S.C. 78f(b)(5).

significantly deviates from the current market for the security.¹⁸

Based on informal conversations with various market participants, the Exchange understands that market orders with a time-in-force of DAY are often entered during the pre-market session by market participants to interact in opening auctions on the listing exchange for listed securities. Accordingly, IEX and other listing exchange accept market orders with a time-in-force of DAY for such auctions.¹⁹ While the IEX Opening Process is designed to provide an opportunity to match buy and sell orders at a price that is reflective of market conditions for the security, the Exchange also appreciates the important goal of aggregating liquidity in the opening auction (as well as the closing auction) on the listing exchange to facilitate price discovery for the auction. Therefore, the Exchange believes that restricting market participants from entering market orders with a time-in-force of DAY in non-IEX-listed securities may facilitate the aggregation of liquidity in the primary market opening auction and enhance market-wide price discovery, consistent with the protection of investors and the public interest. In addition, the Exchange believes the proposed change would not significantly impact the protection of investors or the public interest because prior to offering the Opening Process for non-IEX-listed securities,²⁰ the Exchange rejected market orders with a time-in-force of DAY that were entered before the Regular Market Session, and such interest was not eligible for the prior opening mechanism. Thus, the proposed rule change does not present any new or novel issues not already considered by the Commission.

¹⁸ The Exchange notes as well that it does not accept Market-On-Open orders for the Opening Process because such orders could have a similar impact.

¹⁹ See supra note 11. See also, e.g., Cboe BZX Exchange, Inc. Rules 11.23(a)(8) and 11.9(b)(7).

²⁰ See supra note 10.

Lastly, the Exchange believes the proposed conforming change to Rule 11.220 is consistent with the protection of investors and the public interest in that it will make the Exchange's rules more concise and accurate, to the benefit of all market participants.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. With respect to intra-market competition, the Exchange notes that the proposed changes will apply to all Members on a fair and equal basis. Furthermore, market participants seeking to interact in the Opening Process may continue to enter other Cross Eligible Orders on fair and equal terms. With respect to inter-market competition, the Exchange believes that the proposed change does not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that rejecting market orders with a time-in-force of DAY to avoid causing an opening match price that deviates from the current market for the security will support, and thereby promote competition between the Exchange's Opening Process and the opening mechanisms offered by other market centers, while avoiding unnecessary fragmentation of order flow intended for the primary market's opening auction.

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

Written comments were neither solicited nor received.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A)²¹ of the Act and Rule 19b-4(f)(6)²² thereunder. Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4²³ because it would not significantly affect the protection of investors or the public interest in that it is designed to prevent market participants from entering market orders with a time-in-force of DAY on IEX instead of the primary listing market that could cause an opening match price that deviates from the current market for the security. In addition, the Exchange notes that restricting market participants from entering market orders with a time-in-force of DAY in non-IEX-listed securities may facilitate the aggregation of liquidity in the primary market opening auction and enhance price discovery, consistent with the protection of investors and the public interest.

In addition, as noted above, the Exchange believes the proposed change would not significantly impact the protection of investors or the public interest because prior to offering the Opening Process for non-IEX-listed securities,²⁴ the Exchange rejected market orders with a time-in-force of DAY that were entered before the Regular Market

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f)(6).

²³ 17 CFR 240.19b-4(f)(6).

²⁴ See supra note 10.

Session, and such interest was not eligible for the prior opening mechanism. Thus, the proposed rule change does not present any new or novel issues not already considered by the Commission.

Moreover, as noted above, the Exchange believes the proposed conforming change to Rule 11.220 is consistent with the protection of investors and the public interest in that it will make the Exchange's rules more concise and accurate, to the benefit of all market participants.

Furthermore, the Exchange believes that rejecting market orders with a time-in-force of DAY to avoid causing an opening match price that deviates from the current market for the security will not impose any significant burden on competition, as the proposed changes will apply to all Members on a fair and equal basis, and market participants seeking to interact in the Opening Process may continue to enter other Cross Eligible Orders on fair and equal terms. Furthermore, as described above, the Exchange believes the proposed changes may in fact promote competition between the Exchange's Opening Process and the opening mechanisms offered by other market centers, while avoiding unnecessary fragmentation of order flow intended for the primary market's opening auction. Moreover, the Exchange notes that market participants very rarely enter market orders with a time-in-force of DAY for the current Opening Process,²⁵ and thus the rejection of such interest will not impose any significant burden on intra-market competition. Accordingly, the Exchange believes that the proposed rule change is

²⁵ For example, during the third quarter of 2018, the Exchange received only 12 market orders with a time-in-force of DAY for the Opening Process across all non-IEX-listed securities.

noncontroversial and satisfies the requirements of Rule 19b-4(f)(6).²⁶

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)²⁷ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-IEX-2019-01 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-IEX-2019-01. This file number should be included in the subject line if email is used. To help the Commission process

²⁶ 17 CFR 240.19b-4(f)(6).

²⁷ 15 U.S.C. 78s(b)(2)(B).

and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the IEX's principal office and on its Internet website at www.iextrading.com. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-IEX-2019-01 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.²⁸

²⁸ 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Change

Proposed new language is underlined; proposed deletions are in brackets.

CHAPTER 11. TRADING RULES

Rule 11.190. Orders and Modifiers

(a) General Order Types

(1) No change.

(2) Market Order. An order to buy or sell a stated amount of a security that is to be executed at or better than the NBBO at the time the order reaches the Exchange. Market orders shall not trade through Protected Quotations. Any portion of a market order that is designated as “IEX Only” will be canceled if, upon receipt by the System, it cannot be executed by the Exchange in accordance with Rules 11.230 and 11.230(a). Any portion of a market order that is not designated as “IEX Only,” i.e. routable orders as described in IEX Rule 11.230(b), and that cannot be executed in full in accordance with Rule 11.230(a)(1) and 11.230(a) on the Exchange when reaching the Exchange will be eligible for routing away pursuant to IEX Rule 11.230(a)(2). A routable market order will trade at increasingly aggressive prices, fully satisfying all Protected Quotations, until the order is fully filled, reaches the LULD Price Band, or reaches the Router Constraint, as defined in IEX Rule 11.190(f)(2). A market order:

(A) Must have a TIF of IOC, FOK, or DAY.

(B) May be either IEX Only or routable.

(C) May not be an ISO, as defined in paragraph (b)(12) below.

(D) May not be submitted with a limit price.

(E) May only trade during the Regular Market Session. Market orders submitted in the Pre-Market Session may queue for the Opening Process as defined below. Market orders submitted in the Post-Market Session will be rejected by the System.

(i) Market orders marked IOC are rejected during the Pre-Market Session and Post-Market Session. Market orders marked IOC are accepted and eligible to trade or route during the Regular Market Session.

- (ii) Market orders marked FOK are rejected during the Pre-Market Session and Post-Market Session. Market orders marked FOK are accepted and eligible to trade during the Regular Market Session.
- (iii) Market orders marked DAY submitted before the open of the Regular Market Session are rejected for non-IEX-listed securities, but will be queued by the System until the Opening Auction (or Halt Auction, as applicable) for IEX-listed securities pursuant to IEX Rule 11.350, [or until the Opening Process for non-IEX listed securities pursuant to IEX Rule 11.231,] except market orders marked DAY that are designated to route pursuant to Rule 11.230(c). Market orders marked DAY are eligible to trade or route during the Regular Market Session and treated by the System as having a TIF of IOC.
- (iv) Market orders marked GTT are rejected.
- (v) Market orders marked GTX are rejected.
- (vi) Market orders marked SYS are rejected.
- (F) May be a MQTY, as defined in paragraph (b)(11) below.
- (G) Market orders are never displayable.

Rule 11.220. Priority of Orders

(a) Determination of Rank.

(1) No change.

(2) Orders resting on the Order Book shall be ranked and maintained for the Opening Process based on the following priority:

- (A) Price. The best priced Cross Eligible Order (the highest priced resting order to buy or the lowest priced resting order to sell) has priority over all other orders to buy (or orders to sell) in all cases. [Market orders have precedence over limit orders.] Cross Eligible Orders resting on the Continuous Book are ranked by the price at which they are resting on the Continuous Book; Cross Eligible Orders resting on the Cross Book are ranked by the limit price defined by the User, if any, except in the case of pegged orders, which are ranked by their current booked price (in each case, the order's "resting price").
- (B) Display. Equally priced Cross Eligible Orders are ranked by display priority. Displayed orders and displayed portions of Cross Eligible Orders will have precedence over non-displayed orders and non-displayed portions of Cross Eligible

Orders at a given price.

- (C) Time. Equally priced Cross Eligible Orders with the same display priority are ranked in time priority. Where Cross Eligible Orders to buy (or sell) are ranked at the same price with the same display priority, the oldest order at such price and display shall have precedence at that price and display. Orders are ranked by the time at which they are posted to the Order Book at a given price, the first to be posted at a given price being the oldest. Cross Eligible Orders maintain their time priority once booked until one of the following occur, at which time the order will receive a new timestamp:
- (i) An order on the Cross Book is incremented by the User;
 - (ii) An order on the Cross Book is re-priced by the User;
 - (iii) The Minimum Quantity instruction is removed from an order by the User, and therefore becomes a Cross Eligible Order;
 - (iv) A pegged order on the Cross Book is re-priced by the System in response to changes in the NBBO;
 - (v) Pursuant to IEX Rule 11.231(a)(1)(ii) and (iii), respectively, when exercising price discretion, primary peg and Discretionary Peg orders maintain time priority at their resting price, however they are prioritized behind any non-displayed interest at the Opening Match Price for the duration of the Opening Process; or
 - (vi) Any one of the events specified in IEX Rule 11.220(a)(1)(C) occurs to an order on the Continuous Book.
