Required fields are shown with yellow backgrounds and asterisks.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2021 - * 05

Amendment No. (req. for Amendments *)

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) * ☐

Rule

Pilot ☐	Extension of Time Period for Commission Action * ☐	Date Expires *	19b-4(f)(1) ☐ 19b-4(f)(2) ☑ 19b-4(f)(3) ☐	19b-4(f)(4) ☐ 19b-4(f)(5) ☐ 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) * ☐	Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ▣   Exhibit 3 Sent As Paper Document ▣

Description

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

Proposed rule change related to transaction fees pursuant to IEX Rule 15.110.

Contact Information

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

First Name *	Nathaniel	Last Name *	Kolodny

Title * Lead Regulation Counsel

E-mail * nathaniel.kolodny@iextrading.com

Telephone * (646) 343-2034   Fax

Signature

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

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

(Title *)

Date 03/23/2021

By Nathaniel Kolodny
(Name *)

Lead Regulation Counsel

Nathaniel Kolodny,

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 EFFS website.

Form 19b-4 Information *

Add   Remove   View

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 *

Add   Remove   View

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

Add   Remove   View

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

Add   Remove   View

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

Add   Remove   View

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 amend its Fee Schedule, pursuant to IEX Rule

15.110(a) and (c) (the "Fee Schedule"), to modify the fees applicable to executions of and

with displayed orders for securities priced at or above $1.00 per share, and to make

several related and conforming changes. Changes to the Fee Schedule pursuant to this

proposal are effective upon filing,[3] and the Exchange plans to implement the changes on

April 1, 2021.

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

Exchange's governing documents. Therefore, the Exchange's internal procedures with

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[1] 15 U.S.C. 78s(b)(1).
[2] 17 CFR 240.19b-4.
[3] 15 U.S.C. 78s(b)(3)(A)(ii).

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   Nathaniel Kolodny
Chief Regulatory Officer   Lead Regulation Counsel
Investors Exchange LLC   Investors Exchange LLC
917-509-9001   646-629-5622

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

        (a)   Purpose

The Exchange proposes to amend its Fee Schedule, pursuant to IEX Rule

15.110(a) and (c), to modify the fees applicable to executions of and with displayable

orders for securities priced at or above $1.00 per share, and to make several related and

conforming changes. Specifically, the Exchange proposes not to charge Members[4] a fee

for executions of orders that provide displayed liquidity, and proposes to charge a fee of

$0.0006 per share for executions of orders that remove displayed liquidity, unless a lower

fee applies.[5] In addition, the Exchange proposes to revise the existing internalization

fee[6], which currently provides that there is no fee for executions when the adding and

removing order originated from the same Member, to apply the proposed fees for adding

and removing displayed liquidity provided by the same Member, while continuing to

offer free executions for adding and removing non-displayed liquidity provided by the

same Member.

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[4] See IEX Rule 1.160(s).
[5] For example, as discussed infra, if a Retail order removes displayed liquidity, the Retail order
would not be charged a fee.
[6] The internalization fee code is applied to orders in which the Member executes against resting
liquidity added by such Member.

Currently, the Exchange charges a fee of $0.0003 per share for an execution at or above $1.00 that adds or removes displayed liquidity and charges a fee of $0.0009 per share for an execution at or above $1.00 that adds or removes non-displayed liquidity. However, pursuant to a pricing incentive adopted when the Exchange began to offer D-Limit orders,[7] a displayed or non-displayed D-Limit order[8] that provides liquidity and is executed at a price at or above $1.00 results in a free execution.

As proposed, all displayed orders that provide liquidity will execute free of charge, and all orders that remove displayed liquidity will be charged a fee of $0.0006 per share, with the exception that executions below $1.00 will continue to be assessed a fee of 0.30% of the total dollar value of the execution (unless otherwise eligible for a free execution in accordance with the IEX Fee Schedule). The proposed fee changes are designed to incentivize posting displayed liquidity on IEX in order to facilitate price discovery and price formation, which the Exchange believes benefits all Members and market participants.

Further, as proposed, all non-displayed orders that add or remove liquidity will now be charged a fee of $0.0009 per share, including D-Limit orders that add non-displayed liquidity, with the exception that executions below $1.00 will continue to be assessed a fee of 0.30% of the total dollar value of the execution (unless otherwise eligible for a free execution in accordance with the IEX Fee Schedule).[9] IEX believes that the pricing incentive for D-Limit orders that add liquidity is no longer necessary, and

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[7] See Securities Exchange Act Release No. 89967 (September 23, 2020), 85 FR 63616 (October 8, 2020) (SR-IEX-2020-14).
[8] See IEX Rule 11.190(b)(7).
[9] For example, as discussed in this filing, non-displayed orders that add or remove liquidity from the same Member will execute for free.

such orders will be subject to the fees applicable to orders that add displayed or non-displayed liquidity, as applicable. Accordingly, the Exchange also proposes to delete the provision in the Fee Schedule specifying that a D-Limit order priced at or above $1.00 that provides liquidity results in a free execution.

The Exchange also proposes to revise the application of the internalization fee such that it only results in free executions for transactions that add and remove resting non-displayed interest from the same Member. As noted above, currently, the internalization fee provides that there is no fee for executions when the adding and removing order originated from the same Member. With the change to the fee structure for executions of and with displayed liquidity, the Exchange determined that providing a free execution for orders that remove displayed liquidity is inconsistent with the proposed fee structure of charging $0.0006 for execution of such orders. Accordingly, as proposed, the internalization fee will provide a free execution only when a Member adds and removes resting non-displayed interest provided by that Member.

Additionally, the Exchange proposes to delete the definition of "spread crossing eligible order" which is obsolete and not relevant to fees charged by IEX. Previously, IEX had provided a discounted fee to a buy order that is executable at the NBO[10] or a sell order that is executable at the NBB[11] after accounting for the order's limit (if any), peg instruction (if any), market conditions, and all applicable rules and regulations.[12] That discount was eliminated in 2018 and the language in the Fee Schedule is no longer

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[10] See IEX Rule 1.160(u).
[11] See IEX Rule 1.160(u).
[12] See Securities Exchange Act Release No. 83147 (May 1, 2018), 83 FR 20118 (May 7, 2018) (SR-IEX-2018-09).

applicable.[13]

IEX is not proposing to make any changes to the fees applicable to the execution
of Retail orders and Retail Liquidity Provider[14] orders, which will each continue to
execute for free. The Commission, in approving IEX's Retail Price Improvement
Program, acknowledged the value of exchanges' offering incentives to attract both retail
investor orders and orders specifically designated to execute only with retail orders.[15]

To effectuate the proposed changes, the Exchange proposes conforming changes
to the applicable Base Fee Codes, Additional Fee Codes, and Fee Code Combinations
and Associated Fees tables in the Fee Schedule to reflect the proposed fee changes and to
provide information to Members on the relevant charges, including indicating whether an
execution added or removed liquidity, as well as to remove text related to the current fee
structure for D-Limit orders. As specified below, the Exchange also proposes to
consistently refer to all orders that add liquidity as such, rather than using the term
"provide" or "provided" in some Fee Code descriptions.

Specifically, the following changes are proposed:[16]

- Add modifier M to Base Fee Codes I (which applies to non-displayed
  liquidity) and L (which applies to displayed liquidity) to indicate that an order
  added liquidity.

- Add modifier T to Base Fee Codes I and L to indicate that an order removed
  liquidity.

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[13] See Securities Exchange Act Release No. 83820 (August 10, 2018), 83 FR 40800 (August 16, 2018) (SR-IEX-2018-17).

[14] See IEX Rule 11.190(b)(14).

[15] See Securities Exchange Act Release No. 86619 (August 9, 2019), 84 FR 41769, 41771 (August 15, 2019) (SR-IEX-2019-05).

[16] No fee changes are proposed for executions below $1.00, which will continue to be assessed a fee of 0.30% of the total dollar value of the execution (unless otherwise eligible for a free execution in accordance with the IEX Fee Schedule). See IEX Fee Schedule, https://iextrading.com/trading/fees/.

- Update the description of Base Fee Code I, which is currently referred to as a Standard Match Fee, to separately describe Base Fee Code MI as "Add non-displayed liquidity" and TI as "Remove non-displayed liquidity." Both Base Fee Codes will be subject to a fee of $0.0009 per share, consistent with the current fees applicable to execution of such orders.

- Update the description of Base Fee Code L, which is currently referred to as a Reduced Match Fee, to separately describe Base Fee Code ML as "Add displayed liquidity" and TL as "Remove displayed liquidity." Base Fee Code ML will be free (rather than the current fee of $0.0003 per share applicable to execution of such orders) and Base Fee Code TL will be subject to a fee of $0.0006 (rather than the current fee of $0.0003 per share applicable to execution of such orders).

- Relocate Base Fee Code X, which was previously included with Base Fee Code I as the Standard Match Fee, and describe it as "Opening process for non-listed securities." No change is proposed to the current fee of $0.0009 per share executed.

- Amend the description of Additional Fee Code S (which applies to the internalization fee) to change the word "provided" to "added" and to update the Fee from "FREE" to instead read "See Relevant Fee Code Combinations Below." This change reflects that removing displayed liquidity added by the same Member will no longer be a free execution, but instead be charged the standard $0.0006 fee for removing displayed liquidity.

- Conform references to Fee Codes I and L in the Fee Code Combinations and Associated Fees section of the Fee Schedule to the changes made to the Base Fee Codes to include Fee Code Combinations MI, ML, TI and TL.

- Delete Fee Code Combination IS, which applies when a Member executes against resting non-displayed liquidity provided by such Member, and replace with Fee Code Combinations MIS and TIS in order to indicate whether an order added or removed non-displayed liquidity. MIS will apply to an order in which a Member adds resting non-displayed liquidity that executes against the Member's removing interest. TIS will apply to an order that removes resting non-displayed liquidity added by such Member. Both Fee Code Combinations will continue to be free pursuant to the internalization fee.

- Delete Fee Code Combination LS, which applies when a Member executes against resting displayed liquidity provided by such Member, and replace with Fee Code Combinations MLS and TLS in order to indicate whether an order added or removed liquidity. MLS will apply when a Member adds resting displayed liquidity that executes against the Member's removing interest, specifying that execution of the order is free. This Fee Code Combination will be free because the order added displayed liquidity. Fee Code Combination

TLS will apply when a Member removes resting displayed liquidity added by such Member. This Fee Code Combination will be subject to a fee of $0.0006 per share which applies when an order that removes resting displayed liquidity applies.

- Delete Fee Code Combination IR, which applies when a Retail order removes non-displayed liquidity, and replace with Fee Code Combination TIR to indicate that the order removed liquidity. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination IA, which applies when a Retail Liquidity Provider order adds non-displayed liquidity to a Retail order, and replace with Fee Code Combination MIA to indicate that the order added liquidity. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination LR, which applies when a Retail order removes displayed liquidity, and replace with Fee Code Combination TLR to indicate that the order removed liquidity. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination ISR, which applies when a Retail orders removes non-displayed liquidity provided by such Member, and replace with Fee Code Combination TISR to indicate that the order removed liquidity. In addition, the term "provided" in the existing definition will be replaced with the term "added" for consistency. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination ISA, which applies when a Retail Liquidity Provider order adds non-displayed liquidity to a Retail order provided by such Member, and replace with Fee Code Combination MISA to indicate that the order added liquidity. In addition, the term "provided" in the existing definition will be replaced with the term "added" for consistency. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination LSR, which applies when a Retail order removes displayed liquidity provided by such Member, and replace with Fee Code Combination TLSR to indicate that the order removed liquidity. In addition, the term "provided" in the existing definition will be replaced with the term "added" for consistency. The Fee Code Combination, as amended, will continue to be free.

- Make a conforming change in the Transaction Fees section of the Fee Schedule to correct the reference to the "Fee Codes and Associated Fees table" by changing it to read "Fee Code Combinations and Associated Fees table."

(b)   Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[17] in general, and furthers the objectives of Section 6(b)(4)[18] of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable fees among IEX Members and persons using its facilities. Additionally, IEX believes that the proposed changes to the Fee Schedule are consistent with the investor protection objectives of Section 6(b)(5)[19] of the Act, in particular, in that they are designed to prevent fraudulent and manipulative acts and practices; to promote just and equitable principles of trade; to foster cooperation and coordination with persons engaged in facilitating transactions in securities; 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; and are not designed to permit unfair discrimination between customers, brokers, or dealers.

The Exchange believes that the proposed changes are reasonable, fair and equitable, non-discriminatory, and consistent with the Act. The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. Within that context, providing free executions to displayed orders that add liquidity is designed to incentivize Members and other market participants to enter displayed orders on IEX by providing a pricing incentive for such orders without offering rebates, thereby contributing to price discovery and price formation, which is consistent with the overall goal of enhancing market quality. The Exchange currently offers free executions to

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[17] 15 U.S.C. 78f(b).
[18] 15 U.S.C. 78f(b)(4).
[19] 15 U.S.C. 78f(b)(5).

displayed D-Limit orders that add liquidity and does not believe that offering this pricing incentive to additional displayed orders represents a significant departure from pricing currently offered by the Exchange.

The Exchange also believes that it is reasonable to increase the fee applicable to an order that removes displayed liquidity from $0.0003 per share to $0.0006 per share, which will continue to be lower than the maximum fee permitted by Regulation NMS,[20] and to bifurcate the fees applicable to executions of resting displayed liquidity. Other exchanges use "maker-taker" or "taker-maker" fee structures that apply different fees to orders that add versus remove liquidity, generally providing a rebate rather than charging a fee to adding or removing orders. In a "maker-taker" model an exchange will typically pay a rebate for an order that adds liquidity and charge a fee for an order that removes liquidity. The Exchange is not proposing to pay a rebate, but rather to not charge a fee to an order that adds liquidity and charge a modest fee to an order that removes liquidity. This approach is designed to reallocate in a revenue neutral manner the current fee structure where both the adder and remover are charged $0.0003 per share for executions involving displayed orders in order to incentivize displayed liquidity. As proposed the fee to remove displayed liquidity will be lower than the fee to add or remove non-displayed liquidity and is within the range (and in many cases much less than) the fees charged by competing exchanges to remove displayed or non-displayed liquidity.[21]

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[20] See Regulation NMS Rule 611(c). 17 CFR 242.610(c) (for quotations of $1.00 or more, "the fee or fees cannot exceed or accumulate to more than $0.003 per share").

[21] See Cboe BZX Fee Schedule (charging $0.0030 per share for any liquidity removing transactions), available at https://markets.cboe.com/us/equities/membership/fee_schedule/bzx/; MIAX Pearl Equities Free Schedule (charging $0.0030 per share for any liquidity removing executions), available at https://www.miaxoptions.com/sites/default/files/fee_schedule-files/MIAX_PEARL_Equities_Fee_Schedule_01292021.pdf; MEMX Fee Schedule (charging

Consequently, IEX does not believe that the proposed fee structure for adding and

removing displayed liquidity raises any new or novel issues that the Commission has not

already considered in the context of other exchanges' fees. The Exchange believes that

this fee structure will attract and incentivize displayed order flow as well as order flow

seeking to trade with displayed order flow.

The Exchange further believes that the proposed fee change is consistent with the

Act's requirement that the Exchange provide for an equitable allocation of fees that is

also not unfairly discriminatory. As proposed, the fees for adding and removing

displayed liquidity will apply in an equal and nondiscriminatory manner to all Members.

All Members are eligible to enter displayed orders and orders to remove displayed orders.

Moreover, to the extent the proposed change is successful in incentivizing the entry and

execution of displayed orders on IEX, such greater liquidity will benefit all market

participants by increasing price discovery and price formation as well as market quality

and execution opportunities.

The Exchange also believes that it is reasonable to revise the internalization fee to

apply only to executions of non-displayed orders and to refer Members to the relevant

Fee Code Combinations for specific details on fees for such orders. As discussed in the

Purpose section, with the change to the fee structure for executions of and with displayed

liquidity, the Exchange determined that the internalization fee incentive is not necessary

for executions of displayed orders (which by definition are adding orders that receive a

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$0.0026 per share for any liquidity removing executions), available at
https://info.memxtrading.com/fee-schedule/; Nasdaq Equity 7 Section 118(a) (charging $0.0030
per share for any liquidity removing executions), available at
https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-equity-7; NYSE Fee Schedule
(charging $0.00275 per share for any liquidity removing executions), available at
https://www.nyse.com/markets/nyse/trading-info/fees.

free execution). Furthermore, as discussed in the Purpose section, providing a free execution for orders that remove displayed liquidity is inconsistent with the proposed fee structure of charging $0.0006 for all orders that remove displayed liquidity. The Exchange further believes that this approach is equitable and not unfairly discriminatory because it will apply to all Members in the same manner. The internalization fee was adopted when IEX launched as a national securities exchange[22] and was designed to incentivize Members (and their customers) to send orders to IEX that may otherwise be internalized off exchange with the overall goals of, among other things, enhancing order interaction on the Exchange with the resultant benefit of exchange transparency, regulation, and oversight.[23] The Exchange continues to believe that these important goals are served by offering free non-displayed executions for orders subject to the internalization fee, as well as allowing displayed adding orders subject to the internalization fee to execute for free. Charging the displayed liquidity removing fee to orders subject to the internalization fee is reasonable because the proposed pricing structure for execution of displayed liquidity is designed to incentivize the adding of displayed liquidity, thereby facilitating price discovery and price formation, which will inure to the benefit of any market participants seeking to interact with IEX's displayed liquidity, and the fee to access such liquidity will still remain well below the rate charged by many other competing exchanges.

Furthermore, the Exchange believes it is reasonable to charge non-displayed liquidity adding D-Limit orders the standard $0.0009 fee for non-displayed executions.

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[22] See Securities Exchange Act Release No. 78550 (August 11, 2016), 81 FR 54873 (August 17, 2016) (SR-IEX-2016-09).
[23] See supra note 22 at 54875.

As discussed in the Purpose section, IEX believes that the pricing incentive for D-Limit orders that add liquidity is no longer necessary, and such orders should be subject to the fees applicable to orders that add displayed or non-displayed liquidity, as applicable, and consistent with the goal of incentivizing displayed liquidity on IEX. The Exchange also believes that this approach is equitable and not unfairly discriminatory because it will apply to all Members in the same manner, and all Members are eligible to enter displayed and non-displayed orders.

In addition, the Exchange believes that it is reasonable to revise the applicable Base Fee Codes, Additional Fee Codes, and Fee Code Combinations and Associated Fees to reflect the proposed fee changes and to provide information to Members on the relevant charges, including indicating whether an execution was to add or remove liquidity, as well as to remove the text related to the current fee structure for D-Limit orders. The revisions are designed to reflect the fee changes, and also to provide enhanced clarity to the applicable Base Fee Codes, Additional Fee Codes, and Fee Code Combinations and Associated Fees with respect to whether an execution was to add or remove liquidity. Based on informal feedback from Members, the Exchange understands that this information would be useful to them in reviewing trading activity on IEX. Other exchanges provide similar information,[24] so the Exchange does not believe that adding such information raises any new or novel issues not already considered by the Commission. Accordingly, the Exchange believes that it is reasonable to revise the Base Fee Codes, Additional Fee Codes, and Fee Code Combinations as proposed in order to

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[24] See, e.g., Securities Exchange Act Release No. 90076 (October 2, 2020), 85 FR 63620, 63621 (October 8, 2020) (SR-MEMX-2020-10) (describing how the exchange provides "distinct Fee Codes on execution reports provided to Members.")

reflect the applicable fees and add additional relevant information.

Further, the Exchange believes that it is reasonable to make a conforming change to delete the provision in the Fee Schedule specifying that a D-Limit order priced at or above $1.00 that provides liquidity results in a free execution. As discussed in the Purpose section, this language is no longer accurate because non-displayed liquidity adding D-Limit orders will now be charged the standard fee for non-displayed liquidity adding orders, and deletion will avoid any unnecessary confusion as to the applicable fees.

Finally, the Exchange believes it is reasonable to delete the definition of "spread crossing eligible order" which is no longer relevant to fees charged by IEX, as described in the Purpose section, in order to avoid any unnecessary confusion regarding whether any fees are impacted by whether an order is a "spread crossing eligible order."

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed fees will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in a highly competitive market in which market participants can easily direct their orders to competing venues, including off-exchange venues, if its fees are viewed as non-competitive. Moreover, IEX believes that the proposed fees are designed to enhance competition by increasing the Exchange's pool of displayed liquidity, and to the extent that displayed liquidity increases, would contribute to the public price discovery process. Further, subject to the SEC rule filing

process, other exchanges could adopt a similar order type and fee incentive.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. While Members that add liquidity using displayed orders will be subject to different fees based on this usage, those differences are not based on the type of Member entering orders but on whether the Member chose to submit displayed liquidity providing orders. As noted above, not only can any Member submit displayed liquidity adding orders, but every Member would benefit from the availability of more liquidity on the Exchange that the proposed fees are designed to incentivize. The related and conforming changes are designed, as discussed in the Purpose and Statutory Basis sections, to provide additional clarity and remove superfluous provisions. Accordingly, the Exchange does not believe that these changes will have any impact on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments 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)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,[25] IEX has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory

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[25] 15 U.S.C. 78s(b)(3)(A)(ii).

organization, which renders the proposed rule change effective upon filing.

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) of the Act to determine whether the proposed rule change should be

approved or disapproved.[26]

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

The proposed rule change is not based on the rules of another self-regulatory

organization or of the Commission.

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.

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[26] 15 U.S.C. 78s(b)(2)(B).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34 -   ); File No. SR-IEX-2021-05)

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Transaction Fees Pursuant to IEX Rule 15.110.

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 amend its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c) (the "Fee Schedule"), to modify the fees applicable to executions of and with displayed orders for securities priced at or above $1.00 per share, and to make several related and conforming changes. Changes to

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[1] 15 U.S.C. 78s(b)(1).
[2] 15 U.S.C. 78a.
[3] 17 CFR 240.19b-4.
[4] 15 U.S.C. 78s(b)(1).
[5] 17 CFR 240.19b-4.

the Fee Schedule pursuant to this proposal are effective upon filing,[6] and the Exchange

plans to implement the changes on April 1, 2021.

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

statements may be examined at the places specified in Item IV below. The self-

regulatory organization has prepared summaries, set forth in Sections A, B, and C below,

of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend its Fee Schedule, pursuant to IEX Rule

15.110(a) and (c), to modify the fees applicable to executions of and with displayable

orders for securities priced at or above $1.00 per share, and to make several related and

conforming changes. Specifically, the Exchange proposes not to charge Members[7] a fee

for executions of orders that provide displayed liquidity, and proposes to charge a fee of

$0.0006 per share for executions of orders that remove displayed liquidity, unless a lower

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[6] 15 U.S.C. 78s(b)(3)(A)(ii).
[7] See IEX Rule 1.160(s).

fee applies.[8] In addition, the Exchange proposes to revise the existing internalization

fee[9], which currently provides that there is no fee for executions when the adding and

removing order originated from the same Member, to apply the proposed fees for adding

and removing displayed liquidity provided by the same Member, while continuing to

offer free executions for adding and removing non-displayed liquidity provided by the

same Member.

Currently, the Exchange charges a fee of $0.0003 per share for an execution at or

above $1.00 that adds or removes displayed liquidity and charges a fee of $0.0009 per

share for an execution at or above $1.00 that adds or removes non-displayed liquidity.

However, pursuant to a pricing incentive adopted when the Exchange began to offer D-

Limit orders,[10] a displayed or non-displayed D-Limit order[11] that provides liquidity and is

executed at a price at or above $1.00 results in a free execution.

As proposed, all displayed orders that provide liquidity will execute free of

charge, and all orders that remove displayed liquidity will be charged a fee of $0.0006

per share, with the exception that executions below $1.00 will continue to be assessed a

fee of 0.30% of the total dollar value of the execution (unless otherwise eligible for a free

execution in accordance with the IEX Fee Schedule). The proposed fee changes are

designed to incentivize posting displayed liquidity on IEX in order to facilitate price

discovery and price formation, which the Exchange believes benefits all Members and

market participants.

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[8] For example, as discussed infra, if a Retail order removes displayed liquidity, the Retail order would not be charged a fee.

[9] The internalization fee code is applied to orders in which the Member executes against resting liquidity added by such Member.

[10] See Securities Exchange Act Release No. 89967 (September 23, 2020), 85 FR 63616 (October 8, 2020) (SR-IEX-2020-14).

[11] See IEX Rule 11.190(b)(7).

Further, as proposed, all non-displayed orders that add or remove liquidity will now be charged a fee of $0.0009 per share, including D-Limit orders that add non-displayed liquidity, with the exception that executions below $1.00 will continue to be assessed a fee of 0.30% of the total dollar value of the execution (unless otherwise eligible for a free execution in accordance with the IEX Fee Schedule).[12] IEX believes that the pricing incentive for D-Limit orders that add liquidity is no longer necessary, and such orders will be subject to the fees applicable to orders that add displayed or non-displayed liquidity, as applicable. Accordingly, the Exchange also proposes to delete the provision in the Fee Schedule specifying that a D-Limit order priced at or above $1.00 that provides liquidity results in a free execution.

The Exchange also proposes to revise the application of the internalization fee such that it only results in free executions for transactions that add and remove resting non-displayed interest from the same Member. As noted above, currently, the internalization fee provides that there is no fee for executions when the adding and removing order originated from the same Member. With the change to the fee structure for executions of and with displayed liquidity, the Exchange determined that providing a free execution for orders that remove displayed liquidity is inconsistent with the proposed fee structure of charging $0.0006 for execution of such orders. Accordingly, as proposed, the internalization fee will provide a free execution only when a Member adds and removes resting non-displayed interest provided by that Member.

Additionally, the Exchange proposes to delete the definition of "spread crossing eligible order" which is obsolete and not relevant to fees charged by IEX. Previously,

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[12] For example, as discussed in this filing, non-displayed orders that add or remove liquidity from the same Member will execute for free.

IEX had provided a discounted fee to a buy order that is executable at the NBO[13] or a sell

order that is executable at the NBB[14] after accounting for the order's limit (if any), peg

instruction (if any), market conditions, and all applicable rules and regulations.[15] That

discount was eliminated in 2018 and the language in the Fee Schedule is no longer

applicable.[16]

IEX is not proposing to make any changes to the fees applicable to the execution

of Retail orders and Retail Liquidity Provider[17] orders, which will each continue to

execute for free. The Commission, in approving IEX's Retail Price Improvement

Program, acknowledged the value of exchanges' offering incentives to attract both retail

investor orders and orders specifically designated to execute only with retail orders.[18]

To effectuate the proposed changes, the Exchange proposes conforming changes

to the applicable Base Fee Codes, Additional Fee Codes, and Fee Code Combinations

and Associated Fees tables in the Fee Schedule to reflect the proposed fee changes and to

provide information to Members on the relevant charges, including indicating whether an

execution added or removed liquidity, as well as to remove text related to the current fee

structure for D-Limit orders. As specified below, the Exchange also proposes to

consistently refer to all orders that add liquidity as such, rather than using the term

"provide" or "provided" in some Fee Code descriptions.

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[13] See IEX Rule 1.160(u).
[14] See IEX Rule 1.160(u).
[15] See Securities Exchange Act Release No. 83147 (May 1, 2018), 83 FR 20118 (May 7, 2018) (SR-IEX-2018-09).
[16] See Securities Exchange Act Release No. 83820 (August 10, 2018), 83 FR 40800 (August 16, 2018) (SR-IEX-2018-17).
[17] See IEX Rule 11.190(b)(14).
[18] See Securities Exchange Act Release No. 86619 (August 9, 2019), 84 FR 41769, 41771 (August 15, 2019) (SR-IEX-2019-05).

Specifically, the following changes are proposed:[19]

- Add modifier M to Base Fee Codes I (which applies to non-displayed liquidity) and L (which applies to displayed liquidity) to indicate that an order added liquidity.

- Add modifier T to Base Fee Codes I and L to indicate that an order removed liquidity.

- Update the description of Base Fee Code I, which is currently referred to as a Standard Match Fee, to separately describe Base Fee Code MI as "Add non-displayed liquidity" and TI as "Remove non-displayed liquidity." Both Base Fee Codes will be subject to a fee of $0.0009 per share, consistent with the current fees applicable to execution of such orders.

- Update the description of Base Fee Code L, which is currently referred to as a Reduced Match Fee, to separately describe Base Fee Code ML as "Add displayed liquidity" and TL as "Remove displayed liquidity." Base Fee Code ML will be free (rather than the current fee of $0.0003 per share applicable to execution of such orders) and Base Fee Code TL will be subject to a fee of $0.0006 (rather than the current fee of $0.0003 per share applicable to execution of such orders).

- Relocate Base Fee Code X, which was previously included with Base Fee Code I as the Standard Match Fee, and describe it as "Opening process for non-listed securities." No change is proposed to the current fee of $0.0009 per share executed.

- Amend the description of Additional Fee Code S (which applies to the internalization fee) to change the word "provided" to "added" and to update the Fee from "FREE" to instead read "See Relevant Fee Code Combinations Below." This change reflects that removing displayed liquidity added by the same Member will no longer be a free execution, but instead be charged the standard $0.0006 fee for removing displayed liquidity.

- Conform references to Fee Codes I and L in the Fee Code Combinations and Associated Fees section of the Fee Schedule to the changes made to the Base Fee Codes to include Fee Code Combinations MI, ML, TI and TL.

- Delete Fee Code Combination IS, which applies when a Member executes against resting non-displayed liquidity provided by such Member, and replace with Fee Code Combinations MIS and TIS in order to indicate whether an

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[19] No fee changes are proposed for executions below $1.00, which will continue to be assessed a fee of 0.30% of the total dollar value of the execution (unless otherwise eligible for a free execution in accordance with the IEX Fee Schedule). See IEX Fee Schedule, https://iextrading.com/trading/fees/.

order added or removed non-displayed liquidity. MIS will apply to an order in which a Member adds resting non-displayed liquidity that executes against the Member's removing interest. TIS will apply to an order that removes resting non-displayed liquidity added by such Member. Both Fee Code Combinations will continue to be free pursuant to the internalization fee.

- Delete Fee Code Combination LS, which applies when a Member executes against resting displayed liquidity provided by such Member, and replace with Fee Code Combinations MLS and TLS in order to indicate whether an order added or removed liquidity. MLS will apply when a Member adds resting displayed liquidity that executes against the Member's removing interest, specifying that execution of the order is free. This Fee Code Combination will be free because the order added displayed liquidity. Fee Code Combination TLS will apply when a Member removes resting displayed liquidity added by such Member. This Fee Code Combination will be subject to a fee of $0.0006 per share which applies when an order that removes resting displayed liquidity applies.

- Delete Fee Code Combination IR, which applies when a Retail order removes non-displayed liquidity, and replace with Fee Code Combination TIR to indicate that the order removed liquidity. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination IA, which applies when a Retail Liquidity Provider order adds non-displayed liquidity to a Retail order, and replace with MIA to indicate that the order added liquidity. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination LR, which applies when a Retail order removes displayed liquidity, and replace with Fee Code Combination TLR to indicate that the order removed liquidity. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination ISR, which applies when a Retail orders removes non-displayed liquidity provided by such Member, and replace with Fee Code Combination TISR to indicate that the order removed liquidity. In addition, the term "provided" in the existing definition will be replaced with the term "added" for consistency. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination ISA, which applies when a Retail Liquidity Provider order adds non-displayed liquidity to a Retail order provided by such Member, and replace with Fee Code Combination MISA to indicate that the order added liquidity. In addition, the term "provided" in the existing definition will be replaced with the term "added" for consistency. The Fee Code Combination, as amended, will continue to be free.

- Delete Fee Code Combination LSR, which applies when a Retail order removes displayed liquidity provided by such Member, and replace with Fee Code Combination TLSR to indicate that the order removed liquidity. In addition, the term "provided" in the existing definition will be replaced with the term "added" for consistency. The Fee Code Combination, as amended, will continue to be free.

- Make a conforming change in the Transaction Fees section of the Fee Schedule to correct the reference to the "Fee Codes and Associated Fees table" by changing it to read "Fee Code Combinations and Associated Fees table."

2.   Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[20] in general, and furthers the objectives of Section 6(b)(4)[21] of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable fees among IEX Members and persons using its facilities. Additionally, IEX believes that the proposed changes to the Fee Schedule are consistent with the investor protection objectives of Section 6(b)(5)[22] of the Act, in particular, in that they are designed to prevent fraudulent and manipulative acts and practices; to promote just and equitable principles of trade; to foster cooperation and coordination with persons engaged in facilitating transactions in securities; 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; and are not designed to permit unfair discrimination between customers, brokers, or dealers.

The Exchange believes that the proposed changes are reasonable, fair and equitable, non-discriminatory, and consistent with the Act. The Exchange operates in a highly competitive market in which market participants can readily direct order flow to

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[20] 15 U.S.C. 78f(b).
[21] 15 U.S.C. 78f(b)(4).
[22] 15 U.S.C. 78f(b)(5).

competing venues if they deem fee levels at a particular venue to be excessive. Within

that context, providing free executions to displayed orders that add liquidity is designed

to incentivize Members and other market participants to enter displayed orders on IEX by

providing a pricing incentive for such orders without offering rebates, thereby

contributing to price discovery and price formation, which is consistent with the overall

goal of enhancing market quality. The Exchange currently offers free executions to

displayed D-Limit orders that add liquidity and does not believe that offering this pricing

incentive to additional displayed orders represents a significant departure from pricing

currently offered by the Exchange.

The Exchange also believes that it is reasonable to increase the fee applicable to

an order that removes displayed liquidity from $0.0003 per share to $0.0006 per share,

which will continue to be lower than the maximum fee permitted by Regulation NMS,[23]

and to bifurcate the fees applicable to executions of resting displayed liquidity. Other

exchanges use "maker-taker" or "taker-maker" fee structures that apply different fees to

orders that add versus remove liquidity, generally providing a rebate rather than charging

a fee to adding or removing orders. In a "maker-taker" model an exchange will typically

pay a rebate for an order that adds liquidity and charge a fee for an order that removes

liquidity. The Exchange is not proposing to pay a rebate, but rather to not charge a fee to

an order that adds liquidity and charge a modest fee to an order that removes liquidity.

This approach is designed to reallocate in a revenue neutral manner the current fee

structure where both the adder and remover are charged $0.0003 per share for executions

involving displayed orders in order to incentivize displayed liquidity. As proposed the

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[23] See Regulation NMS Rule 611(c). 17 CFR 242.610(c) (for quotations of $1.00 or more, "the
fee or fees cannot exceed or accumulate to more than $0.003 per share").

fee to remove displayed liquidity will be lower than the fee to add or remove non-displayed liquidity and is within the range (and in many cases much less than) the fees charged by competing exchanges to remove displayed or non-displayed liquidity.[24] Consequently, IEX does not believe that the proposed fee structure for adding and removing displayed liquidity raises any new or novel issues that the Commission has not already considered in the context of other exchanges' fees. The Exchange believes that this fee structure will attract and incentivize displayed order flow as well as order flow seeking to trade with displayed order flow.

The Exchange further believes that the proposed fee change is consistent with the Act's requirement that the Exchange provide for an equitable allocation of fees that is also not unfairly discriminatory. As proposed, the fees for adding and removing displayed liquidity will apply in an equal and nondiscriminatory manner to all Members. All Members are eligible to enter displayed orders and orders to remove displayed orders. Moreover, to the extent the proposed change is successful in incentivizing the entry and execution of displayed orders on IEX, such greater liquidity will benefit all market participants by increasing price discovery and price formation as well as market quality and execution opportunities.

The Exchange also believes that it is reasonable to revise the internalization fee to

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[24] See Cboe BZX Fee Schedule (charging $0.0030 per share for any liquidity removing transactions), available at https://markets.cboe.com/us/equities/membership/fee_schedule/bzx/; MIAX Pearl Equities Free Schedule (charging $0.0030 per share for any liquidity removing executions), available at https://www.miaxoptions.com/sites/default/files/fee_schedule-files/MIAX_PEARL_Equities_Fee_Schedule_01292021.pdf; MEMX Fee Schedule (charging $0.0026 per share for any liquidity removing executions), available at https://info.memxtrading.com/fee-schedule/; Nasdaq Equity 7 Section 118(a) (charging $0.0030 per share for any liquidity removing executions), available at https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-equity-7; NYSE Fee Schedule (charging $0.00275 per share for any liquidity removing executions), available at https://www.nyse.com/markets/nyse/trading-info/fees.

apply only to executions of non-displayed orders and to refer Members to the relevant

Fee Code Combinations for specific details on fees for such orders. As discussed in the

Purpose section, with the change to the fee structure for executions of and with displayed

liquidity, the Exchange determined that the internalization fee incentive is not necessary

for executions of displayed orders (which by definition are adding orders that receive a

free execution). Furthermore, as discussed in the Purpose section, providing a free

execution for orders that remove displayed liquidity is inconsistent with the proposed fee

structure of charging $0.0006 for all orders that remove displayed liquidity. The

Exchange further believes that this approach is equitable and not unfairly discriminatory

because it will apply to all Members in the same manner. The internalization fee was

adopted when IEX launched as a national securities exchange[25] and was designed to

incentivize Members (and their customers) to send orders to IEX that may otherwise be

internalized off exchange with the overall goals of, among other things, enhancing order

interaction on the Exchange with the resultant benefit of exchange transparency,

regulation, and oversight.[26]   The Exchange continues to believe that these important

goals are served by offering free non-displayed executions for orders subject to the

internalization fee, as well as allowing displayed adding orders subject to the

internalization fee to execute for free. Charging the displayed liquidity removing fee to

orders subject to the internalization fee is reasonable because the proposed pricing

structure for execution of displayed liquidity is designed to incentivize the adding of

displayed liquidity, thereby facilitating price discovery and price formation, which will

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[25] See Securities Exchange Act Release No. 78550 (August 11, 2016), 81 FR 54873 (August 17, 2016) (SR-IEX-2016-09).
[26] See supra note 25 at 54875.

inure to the benefit of any market participants seeking to interact with IEX's displayed

liquidity, and the fee to access such liquidity will still remain well below the rate charged

by many other competing exchanges.

Furthermore, the Exchange believes it is reasonable to charge non-displayed

liquidity adding D-Limit orders the standard $0.0009 fee for non-displayed executions.

As discussed in the Purpose section, IEX believes that the pricing incentive for D-Limit

orders that add liquidity is no longer necessary, and such orders should be subject to the

fees applicable to orders that add displayed or non-displayed liquidity, as applicable, and

consistent with the goal of incentivizing displayed liquidity on IEX. The Exchange also

believes that this approach is equitable and not unfairly discriminatory because it will

apply to all Members in the same manner, and all Members are eligible to enter displayed

and non-displayed orders.

In addition, the Exchange believes that it is reasonable to revise the applicable

Base Fee Codes, Additional Fee Codes, and Fee Code Combinations and Associated Fees

to reflect the proposed fee changes and to provide information to Members on the

relevant charges, including indicating whether an execution was to add or remove

liquidity, as well as to remove the text related to the current fee structure for D-Limit

orders. The revisions are designed to reflect the fee changes, and also to provide

enhanced clarity to the applicable Base Fee Codes, Additional Fee Codes, and Fee Code

Combinations and Associated Fees with respect to whether an execution was to add or

remove liquidity. Based on informal feedback from Members, the Exchange understands

that this information would be useful to them in reviewing trading activity on IEX. Other

exchanges provide similar information,[27] so the Exchange does not believe that adding

such information raises any new or novel issues not already considered by the

Commission. Accordingly, the Exchange believes that it is reasonable to revise the Base

Fee Codes, Additional Fee Codes, and Fee Code Combinations as proposed in order to

reflect the applicable fees and add additional relevant information.

Further, the Exchange believes that it is reasonable to make a conforming change

to delete the provision in the Fee Schedule specifying that a D-Limit order priced at or

above $1.00 that provides liquidity results in a free execution. As discussed in the

Purpose section, this language is no longer accurate because non-displayed liquidity

adding D-Limit orders will now be charged the standard fee for non-displayed liquidity

adding orders, and deletion will avoid any unnecessary confusion as to the applicable

fees.

Finally, the Exchange believes it is reasonable to delete the definition of "spread

crossing eligible order" which is no longer relevant to fees charged by IEX, as described

in the Purpose section, in order to avoid any unnecessary confusion regarding whether

any fees are impacted by whether an order is a "spread crossing eligible order."

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

The Exchange does not believe that the proposed rule change will impose any

burden on competition that is not necessary or appropriate in furtherance of the purposes

of the Act. The Exchange does not believe that the proposed fees will impose any burden

on intermarket competition that is not necessary or appropriate in furtherance of the

purposes of the Act. The Exchange operates in a highly competitive market in which

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[27] See, e.g., Securities Exchange Act Release No. 90076 (October 2, 2020), 85 FR 63620, 63621 (October 8, 2020) (SR-MEMX-2020-10) (describing how the exchange provides "distinct Fee Codes on execution reports provided to Members.")

market participants can easily direct their orders to competing venues, including off-exchange venues, if its fees are viewed as non-competitive. Moreover, IEX believes that the proposed fees are designed to enhance competition by increasing the Exchange's pool of displayed liquidity, and to the extent that displayed liquidity increases, would contribute to the public price discovery process. Further, subject to the SEC rule filing process, other exchanges could adopt a similar order type and fee incentive.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. While Members that add liquidity using displayed orders will be subject to different fees based on this usage, those differences are not based on the type of Member entering orders but on whether the Member chose to submit displayed liquidity providing orders. As noted above, not only can any Member submit displayed liquidity adding orders, but every Member would benefit from the availability of more liquidity on the Exchange that the proposed fees are designed to incentivize. The related and conforming changes are designed, as discussed in the Purpose and Statutory Basis sections, to provide additional clarity and remove superfluous provisions. Accordingly, the Exchange does not believe that these changes will have any impact on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

III.   <u>Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action</u>

The foregoing rule change has become effective pursuant to Section

19(b)(3)(A)(ii)[28] of the Act.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)[29] 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-

  2021-05 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Vanessa Countryman, Secretary, Securities

  and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-IEX-2021-05. This file number should be included in the subject line if email is used. To help the Commission process

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[28] 15 U.S.C. 78s(b)(3)(A)(ii).
[29] 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-2021-05 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.[30]

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[30] 17 CFR 200.30-3(a)(12).

Exhibit 5 – Text of Proposed Rule Change

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

Investors Exchange Fee Schedule

Effective [March 15, 2021]April 1, 2021

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Transaction fees
- All fees identify cost per share executed unless otherwise specified.
- Footnotes provide further explanatory text or indicate variable rate changes, provided the conditions in the footnote are met.
- The rates listed in the Base Rates table apply unless a Member's transaction is assigned a Fee Code other than a Base Fee Code (an "Additional Fee Code"). If a Member's transaction is assigned an Additional Fee Code, the rates listed in the Fee Code[s] Combinations and Associated Fees table will apply.
- Executions below $1.00 are assessed a fee of 0.30% of TDV unless the Fee Code Combination results in a FREE execution.
- The Exchange passes-through in full any fees charged by/rebates received from away venues ("Cost") to the Member and adds the IEX fee (i.e., a $0.0001 charge per share).
- [• A Discretionary Limit ("D-Limit") order that provides liquidity results in a FREE execution, with the exception of executions below $1.00, which will continue to be assessed a fee of 0.30% of TDV unless the Fee Code Combination results in a FREE execution.]

Definitions
- "Fee Code" is identified on each execution report message from the Exchange in the Trade Liquidity Indicator (FIX tag 9730) field.
- "MPID" means a market participant identifier.
- "TDV" means the total dollar value of the execution calculated as the execution price multiplied by the number of shares executed in the transaction.
- [• "Spread-crossing eligible order" means a buy order that is executable at the NBO or a sell order that is executable at the NBB after accounting for the order's limit (if any), peg instruction (if any), market conditions, and all applicable rules and regulations.]

Base Rates:

Base Fee Codes	Description	Executions at or above $1.00	Executions below $1.00
MI[, X]	[Standard Match Fee]Add non-displayed liquidity	$0.0009	0.30% of TDV
ML	[Reduced Match Fee]Add displayed liquidity	[$0.0003]FREE	0.30% of TDV
TI	Remove non-displayed liquidity	$0.0009	0.30% of TDV

Base Fee Codes	Description	Executions at or above $1.00	Executions below $1.00
TL	Remove displayed liquidity	$0.0006	0.30% of TDV
X	Opening process for non-listed securities ("Opening Process")	$0.0009	0.30% of TDV
O, C, H, P	Auction Match Fee	$0.0003	0.30% of TDV
Alpha	Routing and removing liquidity (all routing options)	Cost + $0.0001	

Fee Code Modifiers:

Additional Fee Codes	Description	Fee
S	Internalization Fee: Member executes against resting liquidity [provided]added by such Member	[FREE]See Relevant Fee Code Combinations Below
D	Discounted Single-Price Cross Fee: displayed interest resting on the Continuous Book executes in a cross or auction	FREE
R[1]	Retail Order Fee: Retail order removes liquidity	FREE
A	Retail Liquidity Provider Order Fee: Member adds liquidity against a Retail order with a Retail Liquidity Provider order	FREE

Fee Code Combinations and Associated Fees:

Fee Codes	Description	Fee
MI	Adds [or removes]non-displayed liquidity	$0.0009
ML	Adds [or removes]displayed liquidity	[$0.0003]FREE
TI	Removes non-displayed liquidity	$0.0009
TL	Removes displayed liquidity	$0.0006
MIS	Member [executes against]adds resting non-displayed liquidity [provided by such Member]that executes against the Member's removing interest	FREE
MLS	Member adds resting displayed liquidity that executes against the Member's removing interest	FREE
TIS	Member removes resting non-displayed liquidity added by such Member	FREE

Fee Codes	Description	Fee
<u>TLS</u>	<u>Member removes resting displayed liquidity added by such Member</u>	<u>$0.0006</u>
<u>TIR</u>[1]	Retail order removes non-displayed liquidity	FREE
<u>MIA</u>	Retail Liquidity Provider order adds non-displayed liquidity <u>that executes</u> against a Retail order	FREE
[LS	Member executes against resting displayed liquidity provided by such Member	FREE]
<u>TLR</u>[1]	Retail order removes displayed liquidity	FREE
<u>TISR</u>[1]	Retail order removes non-displayed liquidity [provided]<u>added</u> by such Member	FREE
<u>MISA</u>	Retail Liquidity Provider order adds non-displayed liquidity to a Retail order [provided]<u>added</u> by such Member	FREE
<u>TLSR</u>[1]	Retail order removes displayed liquidity [provided]<u>added</u> by such Member	FREE
X	Opening Process for Non-Listed Securities ("Opening Process")	$0.0009
XD	Displayed interest resting on the Continuous Book executes in the Opening Process	FREE
O	Opening Auction, IEX-listed security	$0.0003
OD	Displayed interest resting on the Continuous Book executes in the Opening Auction	FREE
C	Closing Auction, IEX-listed security	$0.0003
CD	Displayed interest resting on the Continuous Book executes in the Closing Auction	FREE
H	Halt or Volatility Auction, IEX-listed security	$0.0003
P	IPO Auction, IEX-listed security	$0.0003

Footnotes – No change.

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