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Claudia Crowley
Chief Regulatory Officer



May 19, 2017

Via E-Mail

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: SR-IEX-2017-11

Dear Mr. Fields:

Investors Exchange LLC filed the attached Amendment No. 1 to the above referenced filing on the date indicated therein.

Sincerely,

Claudia Crowley

Enclosure: Amendment No. 1 to SR-IEX-2017-11

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 15 SECURITIES AND EXCHANGE COMMISSION File No.* SR - 2017 - * 11
WASHINGTON, D.C. 20549
Form 19b-4 Amendment No. (req. for Amendments *) 1

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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 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 3C(b)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
Section 806(e)(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 *).

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 * Andres Last Name * Trujillo

Title * Regulatory Associate

E-mail * [REDACTED]

Telephone * [REDACTED] Fax [REDACTED]

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 05/19/2017 Chief Regulatory Officer

By Claudia Crowley [REDACTED]

(Name *)

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.

Partial Amendment No. 1 to SR-IEX-2017-11

Investors Exchange LLC (“IEX” or the “Exchange”) is filing this Partial Amendment No. 1 to SR-IEX-2017-11, which was originally submitted on April 13, 2017, and is available on the Exchange’s public website.¹ Pursuant to SR-IEX-2017-11, the Exchange proposed rule changes to (i) amend 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 and retitle it “Regular Market Session Opening Process for Non-IEX-Listed Securities”; and (ii) amend Rules 11.190 and 11.220 to specify the order types eligible to participate in the proposed Regular Market Session Opening Process for non-IEX listed securities (“Opening Process”) described in proposed Rule 11.231 and priority thereof.

This Partial Amendment No. 1 proposes to modify the definition of “Cross Tie Breaker” set forth in proposed Rule 11.231(c)(1)(iv) to account for an edge case scenario involving securities in Test Groups Two and Three of the Plan to Implement a Tick Size Pilot Program (the “Plan”)², and to create continuity in the Exchange’s handling of securities during the Opening Process. Furthermore, the Exchange is proposing to make several changes in the Form 19b-4 Information and Exhibit 1 to correct certain typographical errors. The Exchange believes that these proposed changes clarify and add additional detail to the proposed Opening Process, as further described below, and are consistent with the Securities Exchange Act of 1934 (the “Act”) in that they would further clarify and add additional detail to the proposed Opening Process, and eliminate

¹ See www.iextrading.com/regulation/rule-filings/

² See Plan to Implement a Tick Size Pilot Program
(<https://www.sec.gov/rules/sro/nms/2015/34-74892-exa.pdf>)

potential confusion among market participants regarding the proposed functionality.

Background

Proposed Rules

In SR-IEX-2017-11, the Exchange proposed to amend Rule 11.231 to offer an enhanced opening process for non-IEX-listed securities. Specifically, as proposed, the Exchange will attempt to perform the Opening Process in each non-IEX-listed security pursuant to 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”) or orders queued for execution in the Regular Market Session (i.e., orders on the “Cross Book”) will be executed at a single price (the “Opening Match Price”). As proposed, the Opening Process offers Users an opportunity to participate in an electronic price discovery mechanism that efficiently matches all eligible buy and sell orders in each non-IEX-listed security queued for the Opening Process along with all eligible orders resting on the Continuous Book from the Pre-Market Session at a single price. The Opening Process is designed to efficiently maximize the number of shares executed at a single price that is reflective of the broader market for the security, as described more fully below.

Under proposed Rule 11.231(c)(3), if there is a lack of an Away Protected Bid and/or Away Protected Offer (i.e., a one-sided, or zero-sided market) the Opening Match Price will be the price of the Cross Tie Breaker. If the price of the Cross Tie Breaker is below (above) the lower (upper) threshold price of the Cross Price Constraint, the Opening Match shall occur at the lower (upper) threshold price of the Cross Price

Constraint.³ Proposed Rule 11.231(c)(1)(iv) defines the term “Cross Tie Breaker” as the price of the most current Order Collar Reference Price pursuant to IEX Rule 11.190(f).⁴

Plan to Implement a Tick Size Pilot Program

On May 6, 2015, the Securities & Exchange Commission (SEC) issued an order approving the National Market System (NMS) Plan to implement a Tick Size Pilot Program by the National Securities Exchanges and FINRA.⁵ The Plan ordered the widening of quoting and trading increments for a group of Pilot Securities, which are subdivided into three Test Groups and a Control Group, each with its own requirements and exceptions relating to quoting and trading increments.⁶ Specifically, section VI of the Plan states that Pilot Securities in:

³ In a one-sided market where there is no Away Protected NBB or no Away Protected NBO, the Cross Tie Breaker is compared to the available threshold price of the Cross Price Constraint (*i.e.*, the Opening Match Price will be at or above the lower threshold price, or at or below the upper threshold price of the Cross Price Constraint, as applicable). In a zero-sided market, the Opening Match Price will be the Cross Tie Breaker.

⁴ Rule 11.190(f)(1)(A) defines the Order Collar Reference Price as the most current of: (i) the consolidated last sale price disseminated during the Regular Market Session on the current trade date, (ii) the last trade price disseminated outside of the Regular Market Session by the SIP (Form T, as communicated by the relevant SIP) on the current trade date, which but for the Form T designation would have been considered a valid last sale price, or, (iii) if no such trades exist, the previous official closing price. If no Pre-Market Session trades have occurred that qualify to update the Order Collar Reference Price and the previous official closing price for the security is not available, in the interest of maintaining a fair and orderly market, the Exchange will prevent trading in a security pursuant to Rule 11.190(f)(1)(B) by rejecting orders beginning at the start of the Pre-Market Session, and will not conduct an Opening Match in such security. Accordingly, in such cases, the Opening Process will conclude with IEX opening the Regular Market Session without an Opening Match, and trading will begin upon receipt of the first Order Collar Reference Price for the security.

⁵ See Securities Exchange Act Release No. 34-74892, May 6, 2015. (<https://www.sec.gov/rules/sro/nms/2015/34-74892.pdf>)

⁶ See *Id.*, Exhibit A, Plan to Implement a Tick Size Pilot Program (<https://www.sec.gov/rules/sro/nms/2015/34-74892-exa.pdf>)

- The Control Group may be quoted and traded at any price increment that is currently permitted;
- Test Group One must be quoted in \$0.05 minimum increments, but may continue to trade at any price increment that is currently permitted;⁷
- Test Group Two must be quoted and traded in \$0.05 minimum increments unless they meet the requirements of certain exemptions for midpoint executions, retail investor executions, and negotiated trades; and
- Test Group Three are subject to the same quoting and trading requirements as Test Group Two, along with the applicable quoting and trading exceptions. In addition, Pilot Securities in Test Group Three are subject to a trade-at prohibition.⁸

As a Plan Participant, the Exchange is subject to the applicable requirements of the Plan, and has adopted Rule 11.340, which sets forth the obligations of the Exchange and its Members' pursuant thereto.

The Exchange has identified an edge case scenario that presents an inconsistency with the Plan and IEX Rule 11.340 should the Exchange conduct the proposed Opening Process in a Pilot Security in Test Groups Two or Three when there is a lack of an Away Protected Bid and/or Away Protected Offer for the subject security.⁹ Specifically, if the Cross Tie Breaker (i.e., the most recent Order Collar Reference Price) is set by a trade that qualified for an exception from the \$0.05 minimum trade increment requirement (i.e., a midpoint execution, a retail investor execution, or a negotiated trade), and the Cross Tie

⁷ Note, orders priced to execute at the midpoint and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05.

⁸ Note, the trade-at prohibition restricts the execution of a buy (sell) order at the price of a protected offer (bid), unless the order is executed pursuant to an exception set forth under section VI(D)(1)-(12) of the Plan.

⁹ See proposed Rule 11.231(c)(3), describing the determination of the Opening Match Price in a one-sided or zero-sided market.

Breaker is within the available Cross Price Constraint,¹⁰ the Opening Match Price would be equal to such price pursuant to proposed Rule 11.231(c)(3). Accordingly, in the case of a Pilot Security in Test Groups Two or Three,¹¹ the resultant Opening Match Price would be an impermissible increment, and would not qualify for an exception from the \$0.05 minimum trade increment.¹² Similarly, in addition to the scenario described above, in the event Cross Eligible Orders are perfectly matched and shares are left unexecuted at a range of prices (i.e., Cross Eligible Order shares to buy are equal to Cross Eligible Order shares to sell and shares are left unexecuted at a range of prices), and the Cross Tie Breaker is within the Cross Price Constraint, the Opening Match Price will be equal to the Cross Tie Breaker. Accordingly, for Pilot Securities in Test Groups 2 and 3, if the Cross Tie Breaker is set by a trade that qualified for an exception from the \$0.05 minimum trade increment requirement, the resultant Opening Match Price would be an

¹⁰ The Cross Price Constraint in an uncrossed market is generally the Protected NBBO, not including the protected quotations of the Exchange. See proposed Rule 11.231(c)(1)(iii).

¹¹ While the Trade-At exceptions set forth in section VI(D)(1)-(12) of the Plan include an exception for an order that is executed as part of a single-priced opening, reopening, or closing transaction by the trading center, and proposed Rule 11.231(f) properly states that the Opening Process constitutes a single-priced opening transaction, the exception does not apply to all quoting and trading obligations under the plan, but it specific to the Trade-at prohibition of section VI(D).

¹² The Exchange notes that under proposed Rule 11.231(c)(2), if both an Away Protected Bid and Away Protected Offer exists (i.e., a two-sided market), and Cross Eligible Order shares are maximized and left unexecuted at more than one price, the Opening Match shall occur at the price that minimizes the distance from the Cross Tie Breaker (i.e., the price at or higher than the most aggressive unexecuted buy order and at or lower than the most aggressive unexecuted sell order that is closest *or equal to* the Cross Tie Breaker). However, pursuant to Rule 11.340(d)(1), any order in a security of any of the Test Groups that requires a price and does not otherwise qualify for an exemption, will not be accepted if it is in a minimum price increment other than \$0.05. Accordingly, the Exchange would not have any unexecuted orders that would be equal to a Cross Tie Breaker that is in a non-nickel increment.

impermissible increment, and would not qualify for an exception from the \$0.05 minimum trade increment.

The following example illustrates the potential issues described above:

Example 1

- Away Protected NBO is \$10.05 and the Order Collar Reference Price is \$10.005 set by a qualified retail investor execution on an away venue;
- The Cross Book includes the following orders:
 - Limit order to buy 1,500 shares with a limit price of \$10.05; and
 - Limit order to sell 1,000 shares with a limit price of \$10.00.
- The Cross Tie Breaker is \$10.005 and such price is below the upper threshold of the Cross Price Constraint (i.e., \$10.05)¹³; therefore
 - 1,000 shares would execute at the Opening Match Price of \$10.005, which is an impermissible increment for Pilot Securities in Test Groups Two and Three.

Example 2

- Away Protected NBOO is \$10.00 x \$10.05 and the Order Collar Reference Price is \$10.03 set by a qualified retail investor execution on an away venue.
- The Cross Book includes the following orders:
 - Limit order to buy 1,500 shares with a limit price of \$10.05; and
 - Limit order to sell 1,500 shares with a limit price of \$10.00.
- The Continuous Book includes the following orders:
 - Limit order to buy 500 shares with a limit price of \$10.00; and
 - Limit order to sell 500 shares with a limit price of \$10.05.
- Shares are maximized and left unexecuted at each price at and between the lower and upper thresholds of the Cross Price Constraint (i.e., between \$10.00 and \$10.05, respectively).
- The Cross Tie Breaker is \$10.005 and such price is within the lower and upper thresholds of the Cross Price Constraint; therefore
 - 1,500 shares would execute at the Opening Match Price of \$10.03, which is an impermissible increment for Pilot Securities in Test Groups Two and Three.

¹³ Note, there is no lower threshold price of the Cross Price Constraint because there is no Away Protected NBB, and therefore the Cross Tie Breaker of \$10.10 is compared to the available upper threshold price of the Cross Price Constraint (\$10.05).

Proposed Amendments

In light of the foregoing, the Exchange is proposing to amend proposed Rule 11.231(c)(1)(iv), as well as the final bullet point of the seventh paragraph under the heading “Description of the Proposed Rule Change” on page 12 in the Form 19b-4 Information and page 40 of the Exhibit 1, which define and describe the “Cross Tie Breaker” as follows:

- The term “Cross Tie Breaker” shall mean the price of the most current Order Collar Reference Price pursuant to IEX Rule 11.190(f).

The Exchange is proposing to amend the language above by including the following underlined text:

- The term “Cross Tie Breaker” shall mean the price of the most current Order Collar Reference Price pursuant to IEX Rule 11.190(f), and shall be rounded to the nearest MPV or Midpoint Price calculated by the System at the start of the Opening Process.

As set forth above, the Exchange is proposing to round the Cross Tie Breaker to the nearest MPV or Midpoint Price calculated by the System at the start of the Opening Process. The Exchange believes that the proposed rounding approach will address the potential inconsistency set forth above. Specifically, under the modified definition of Cross Tie Breaker, the Opening Match Price in a Pilot Security in Test Groups Two or Three would occur at a permissible \$0.05 minimum increment, or at the Midpoint Price pursuant to the exception for Pilot Securities in Test Groups Two and Three set forth in section VI(C)(1) of the Plan. Furthermore, in an effort to maintain continuity between the Opening Process for all non-IEX-listed securities, and avoid introducing additional complexities to the System, the Exchange is proposing to round the Opening Match Price

for non-Pilot Securities to the nearest MPV or Midpoint Price.

The following examples are designed to illustrate the process for determining the Opening Match Price as modified above:

- Example 1
 - In a Pilot Security in Test Group 2, the Away Protected NBO is \$10.05, and the Order Collar Reference Price is \$10.005 set by a qualified retail investor execution on an away venue;
 - The Cross Book includes the following orders:
 - Limit order to buy 1,500 shares with a limit price of \$10.05; and
 - Limit order to sell 1,000 shares with a limit price of \$10.00.
 - The Cross Tie Breaker is rounded to the nearest MPV, or \$10.00 (because there is no Midpoint Price), and such price is below the upper threshold of the Cross Price Constraint (i.e., \$10.05);¹⁴ therefore
 - 1,000 shares would execute at the Opening Match Price of \$10.00.
- Example 2
 - In a Pilot Security in Test Group 2, there is no Away Protected NBBO and the Order Collar Reference Price is \$10.025;
 - The Cross Book includes the following orders:
 - Limit order to buy 1,500 shares with a limit price of \$10.05; and
 - Limit order to sell 1,000 shares with a limit price of \$10.00.
 - The Cross Tie Breaker is rounded to the nearest MPV, or \$10.05 (because there is no Midpoint Price); therefore
 - 1,000 shares would execute at the Opening Match Price of \$10.05.
- Example 3
 - In a Pilot Security in Test Group 2, the Away Protected NBBO is \$10.00 x \$10.05, the Midpoint Price is \$10.025, and the Order Collar Reference Price is \$10.03;
 - The Cross Book includes the following orders:
 - Limit order to buy 1,500 shares with a limit price of \$10.05; and
 - Limit order to sell 1,500 shares with a limit price of \$10.00.
 - The Continuous Book includes the following orders:
 - Limit order to buy 500 shares with a limit price of \$10.00; and

¹⁴ Note, there is no upper threshold price of the Cross Price Constraint because there is no Away Protected NBO, and therefore the Cross Tie Breaker of \$10.10 is compared to the available lower threshold price of the Cross Price Constraint (\$10.09).

- Limit order to sell 500 shares with a limit price of \$10.05.
 - Shares are maximized and left unexecuted at each price at and between the lower and upper thresholds of the Cross Price Constraint (i.e., between \$10.00 and \$10.05, respectively).
 - The Cross Tie Breaker is rounded to the Midpoint Price, or \$10.025 (because it is closer to the Midpoint Price than the nearest MPV of \$10.05), and such price is between the lower and upper thresholds of the Cross Price Constraint (i.e., between \$10.00 and \$10.05, respectively); therefore
 - 1,500 shares would execute at the Opening Match Price of \$10.025.
- Example 4
 - In a non-Pilot Security, the Away Protected NBB is \$10.00 and the Order Collar Reference Price is \$10.001;
 - The Cross Book includes the following orders:
 - Limit order to buy 1,500 shares with a limit price of \$10.02; and
 - Limit order to sell 1,000 shares with a limit price of \$10.00.
 - The Cross Tie Breaker is rounded to the nearest MPV, or \$10.00 (because there is no Midpoint Price), and such price is at the lower threshold of the Cross Price Constraint (i.e., \$10.00); therefore
 - 1,000 shares would execute at the Opening Match Price of \$10.00.
- Example 5
 - In a non-Pilot Security, the Away Protected NBB is \$10.02 and the Order Collar Reference Price is \$10.005;
 - The Cross Book includes the following orders:
 - Limit order to buy 1,500 shares with a limit price of \$10.02; and
 - Limit order to sell 1,000 shares with a limit price of \$10.00.
 - The Cross Tie Breaker is rounded to the nearest MPV, or \$10.01 (because there is no Midpoint Price), however, such price is below the lower threshold of the Cross Price Constraint (i.e., \$10.02); therefore
 - 1,000 shares would execute at the Opening Match Price of \$10.02.
- Example 6
 - In a non-Pilot Security, the Away Protected NBBO is \$10.00 x 10.01, the Midpoint Price is \$10.005, and the Order Collar Reference Price is \$10.005;
 - The Cross Book includes the following orders:
 - Limit order to buy 1,500 shares with a limit price of \$10.01; and
 - Limit order to sell 1,500 shares with a limit price of \$10.00.
 - The Continuous Book includes the following orders:
 - Limit order to buy 500 shares with a limit price of \$10.00; and
 - Limit order to sell 500 shares with a limit price of \$10.01.
 - Shares are maximized and left unexecuted at each price at and between the

lower and upper thresholds of the Cross Price Constraint (i.e., between \$10.00 and \$10.01, respectively).

- The Cross Tie Breaker is equal to the Midpoint Price of \$10.005, and such price is between the lower and upper thresholds of the Cross Price Constraint (i.e., between \$10.00 and \$10.01, respectively); therefore
 - 1,500 shares would execute at the Opening Match Price of \$10.005.

In addition, the modification set forth above, the Exchange is proposing to make several changes in the Form 19b-4 Information and Exhibit 1 to correct certain typographical errors. Specifically:

- The penultimate sentence of the eighth paragraph under the heading “Description of the Proposed Rule Change” on page 12 in the Form 19b-4 Information and reproduced on page 41 of the Exhibit 1 is erroneously underlined. The Exchange proposes to remove such underlining, without any modifications to the substantive text.
- Examples 2 and 3 on pages 13 and 14 in the Form 19b-4 Information and reproduced on pages 41 and 42 of the Exhibit 1, which are designed to illustrate the process for determining the Opening Match Price in a two-sided market, make incorrect references to “auction”, rather than “cross”. Accordingly, the Exchange proposes to replace the word “auction” with “cross”, as well as certain necessary grammatical modifications in order to clarify that the examples relate to the proposed Opening Process for non-IEX-Listed securities. The Exchange believes that the proposed amendments are designed to avoid confusion amongst market participants regarding the proposed functionality for the Opening Process for non-IEX-Listed securities, and the proposed Opening Auction for IEX-listed securities pursuant to proposed Rule 11.350(c).¹⁵

The modified examples would read as follows:¹⁶

- Example 2
 - The Cross Book contains the following orders:
 - Limit order to buy 1,500 shares with a limit price of

¹⁵ See proposed Rule 11.350(c)(2)(C) in SR-IEX-2017-10 available at <https://www.iextrading.com/regulation/rule-filings/>.

¹⁶ Proposed language as modified is underlined; proposed deletions are in brackets.

consistent with the Securities Exchange Act of 1934 (the “Act”) in that they would further clarify and add additional detail to the proposed Opening Process, and eliminate potential confusion among market participants regarding the proposed functionality. Furthermore, the Exchange believes the proposed amendment is consistent with the protection of investors and the public interest in that it addresses a potential inconsistency between the Opening Process, and Exchange Rules and the Plan. Furthermore, the Exchange believes that applying the proposed rounding methodology for purposes of determining the Opening Match Price is consistent with the protection of investors and the public interest because such prices reflect the broader market for the security.

Moreover, the Opening Match Price, regardless of rounding, remains restricted by the Cross Price Constraint, which is generally the prices at or between the Away Protected NBB and Away Protected NBO. Accordingly, the proposed Opening Process, including the proposed rounding process, remains designed to respect the fact that much of the liquidity seeking execution at the start of Regular Market Hours is aggregated at the primary market center. Therefore, as noted in SR-IEX-2017-11, including the quotations of the primary market (along with those of all other protected markets) for purposes of constraining the Opening Match Price is designed to provide the greatest opportunity to match buy and sell orders at a price that is reflective of the market for the security, in furtherance of the perfection of a free and open market and a national market system, and consistent with the protection of investors and the public interest.

Lastly, the Exchange believes that the proposed amendments to the Form 19b-4 Information and the Exhibit 1 to correct the tyographical errors set forth above are designed to avoid confusion amongst market participants regarding the proposed

functionality for the Opening Process for non-IEX-Listed securities, and the proposed Opening Auction for IEX-listed securities pursuant to proposed Rule 11.350(c).¹⁸

¹⁸ See proposed Rule 11.350(c)(2)(C) in SR-IEX-2017-10 available at <https://www.iextrading.com/regulation/rule-filings/>.