SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104207; File No. SR-IEX-2025-26]

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Certain Displayed Liquidity Adding Rebate Tiers

November 18, 2025.

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 September 30, 2025, the Investors Exchange LLC ("IEX" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act"),[4] and Rule 19b-4 thereunder,[5] Investors Exchange LLC ("IEX" or "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the Exchange's fee schedule applicable to Members[6] (the

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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.

6 See IEX Rule 1.160(s).

"Fee Schedule"[7]) pursuant to IEX Rule 15.110(a) and (c) to introduce certain minimum quoting requirements for Exchange Traded Products ("ETPs") as an additional means of qualifying for two of its Displayed Liquidity Adding Rebate Tiers for executions priced at or above $1.00 per share. Changes to the Fee Schedule pursuant to this proposal are effective upon filing,[8] and will be operative on October 1, 2025.

The text of the proposed rule change is available at the Exchange's website at https://www.iexexchange.io/resources/regulation/rule-filings and at the principal office of the Exchange.

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 modify the Transaction Fees section of its Fee Schedule, pursuant to IEX Rule 15.110(a) and (c), to introduce an additional way to qualify for two of its Displayed Liquidity Adding Rebate Tiers for executions priced at or

7 See Investors Exchange Fee Schedule, available at https://www.iexexchange.io/resources/trading/fee-schedule.

8 15 U.S.C. 78s(b)(3)(A)(ii).

above $1.00. Specifically, the Exchange proposes to incorporate certain minimum quoting requirements for ETPs[9] as an additional eligibility basis for two of the rebate tiers, as described below. Notably, IEX is not proposing to change the amounts of any rebates or fees, the existing volume-based methods in which Members may qualify for rebates, or the overall tiering pricing structure in the Transaction Fees section of the Fee Schedule.

As reflected in footnote 4 in the Transaction Fees section of the Fee Schedule, the Exchange currently offers Members seven Displayed Liquidity Adding Rebate tiers. The two tiers that are the subject of this proposal are Displayed Liquidity Adding Rebate Tier 3 ("Tier 3") and Displayed Liquidity Adding Rebate Tier 4 ("Tier 4"):

- Tier 3: provides Member a rebate of $0.0014 per share for all added displayed liquidity if the Member either: adds at least 3,000,000 ADV[10] of displayed liquidity and less than 10,000,000 ADV of displayed liquidity; or trades at least 10,000,000 non-displayed ADV.
- Tier 4: provides Member a rebate of $0.0016 per share for all added displayed liquidity if the Member adds at least 10,000,000 ADV of displayed liquidity and less than 15,000,000 ADV of displayed liquidity.

The Exchange proposes to modify Tiers 3 and 4 to add an additional means of qualifying for the rebate tiers. Specifically, the Exchange proposes to extend the Tier 3 and Tier 4 pricing incentives to Members that meet certain minimum quoting requirements in at least 250 ETPs (to qualify for Tier 3) or 750 ETPs (to qualify for Tier 4). If a Member qualifies for Tiers 3 or 4 through the specified quoting requirements, the associated rebates will be applied to the Member's transactions in the same manner as

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9 The term "ETPs" includes any security traded on the Exchange, under unlisted trading privileges pursuant to Rule 19b-4(e) of the Act, as a UTP Derivative Security pursuant to IEX Rule 16.160.

10 "ADV" means average daily volume calculated as the number of shares added or removed (as applicable) that execute at or above $1.00 per share, per day. ADV is calculated on a monthly basis. See Fee Schedule, supra note 7, Definitions.

they currently are: to the Member's executions of displayed liquidity adding orders priced at or above $1.00 per share.

The proposed changes are designed to encourage Members to improve displayed liquidity and promote order flow on the Exchange by quoting at the NBB[11] or the NBO[12] in at least 250 ETPs for a significant part of the day. The Exchange believes the proposed changes will improve market quality in ETPs and more generally on the Exchange by increasing quoting competition and displayed liquidity, and potentially narrowing spreads in a targeted manner, which will benefit the Exchange and all market participants.

To reflect the additional eligibility criteria for Tier 3, IEX proposes to amend the Fee Schedule's Base Rates table to update the description and fees associated with Base Fee Code "ML" ("Add displayed liquidity"). As amended, the Base Rates table will continue to list seven base rates for Fee Code "ML," but the description of the base rate paid for a Member who adds at least 3,000,000 ADV of displayed liquidity and less than 10,000,000 ADV of displayed liquidity; or trades at least 10,000,000 non-displayed ADV will state that a Member also can qualify for that base rate if it has an "NBBO Time" (a new term discussed in detail below) of at least 50% in at least 250 ETPs. Similarly, IEX proposes to update the description of Tier 3 in Footnote 4 to the Transaction Fees section. As proposed, Footnote 4 will be amended to reflect that a Member can also qualify for Tier 3 if it has an NBBO Time of at least 50% in at least 250 ETPs.

In addition, IEX proposes to amend the Base Rate table such that the description of the base rate paid for Fee Code "ML" for a Member who adds at least 10,000,000

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11 See IEX Rule 1.160(u).

12 See IEX Rule 1.160(u).

ADV of displayed liquidity and less than 15,000,000 ADV of displayed liquidity will state that a Member also can qualify for that base rate if it has an NBBO Time of at least 50% in at least 750 ETPs. Similarly, IEX proposes to update the description of Tier 4 in Footnote 4 to the Transaction Fees section. As proposed, Footnote 4 will be amended to reflect that a Member can also qualify for Tier 4 if it has an NBBO Time of at least 50% in at least 750 ETPs.

As proposed, to qualify for Tier 3 or 4 rebates based on ETP quoting, a Member must enter displayed trading interest (i.e., at least one displayed order or quote of at least one round lot size[13]) at either the NBB or the NBO (the "NBBO Time" requirement) for at least 50% of time during regular market hours[14] in at least 250 ETPs (for Tier 3) or 750 ETPs (for Tier 4) on average per day during the month. To calculate NBBO Time, the Exchange will add a Member's percentage of regular market hours quoting on the NBB ("Percent Time at NBB") to that Member's percentage of regular market hours quoting on the NBO ("Percent Time at NBO").

The Exchange proposes to remove the term "Percent Time at NBBO" from the Supplemental Market Quality ("SMQ") Program section of the Fee Schedule to avoid potential confusion from using a similar term that is, in substance, different from the proposed "NBBO Time."[15] The Exchange proposes to add the following terms to the Definitions[16] in the Transaction Fees section of the Fee Schedule:

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13 See IEX Rule 11.180(a).

14 See IEX Rule 1.160(gg).

15 Concurrently with this rule filing, the Exchange is filing a proposed rule change regarding the SMQ Program that incorporates the term NBBO Time and proposes other related changes to the SMQ Program. See SR-IEX-2025-27.

16 As discussed below, the Exchange also proposes to rename the "Definitions and Information" section to "Definitions."

- "Percent Time at NBB" means the aggregate of the percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the national best bid ("NBB").

- "Percent Time at NBO" means the aggregate of the percentage of time during Regular Market Hours where a Member has a displayed order of at least one round lot at the national best offer ("NBO").

- "NBBO Time" means the Member's Percent Time at NBB plus the Member's Percent Time at NBO.

For added clarity as to how the Exchange will count a Member's time at either the NBB or NBO, the Exchange proposes to include the following example in a bullet point following the definition of NBBO Time:

- For example, for a particular security, if a Member's Percent Time at NBB is 25% and Percent Time at NBO is 15%, its NBBO Time would be 40%. Alternatively, if a Member's Percent Time at NBB is 20% and concurrently, the Member's Percent Time at NBO is also 20%, then that Member's NBBO Time would be 40%.

On a daily basis, the Exchange will calculate the number of ETPs for which each Member's NBBO Time meets the threshold criteria. At the end of the month, the Exchange will calculate the monthly average of the Member's qualified ETP quoting activity. If a Member has an NBBO Time of at least 50% in at least 250 ETPs during the month, the Member will qualify for Tier 3, and receive a $0.0014 per share rebate for all displayed liquidity adding trades that execute at or above $1.00. And if a Member has an NBBO Time of at least 50% in at least 750 ETPs during the month, the Member will qualify for Tier 4, and receive a $0.0016 per share rebate for all displayed liquidity adding trades that execute at or above $1.00. The Exchange proposes to explain this calculation by adding a new "Notes" subheading under the Definitions and Information subheading in the Transaction Fees section of the Fee Schedule, and adding the following bullet point:

> Unless otherwise specified, for any tiers that include NBBO Time as a required criteria (for example, the Displayed Liquidity Adding Rebate Tiers in footnote 4 and the Supplemental Market Quality Program), on a daily basis, the Exchange will determine the number of securities in which a Member meets the threshold value (set forth in the tier) for NBBO Time for that day. At the end of the month, the Exchange will take the average (rounded to the nearest whole number) of the number of securities in which a Member's NBBO Time was at least the threshold value set forth in the applicable tier.

As proposed, the NBBO Time calculation will exclude days with system disruptions that last for more than 60 minutes and days with scheduled early closes when determining the numerator and the denominator. An Exchange system disruption may occur, for example, where a certain group of securities traded on the Exchange is unavailable for trading due to an Exchange system issue. Similarly, the Exchange may be able to perform certain functions with respect to accepting and processing orders, but may have a failure in another significant process, such as routing to other market centers, that would lead Members that rely on such process to avoid utilizing the Exchange until the Exchange's entire system was operational. The Exchange believes that these types of Exchange system disruptions could preclude Members from participating on the Exchange to the same extent that they might have otherwise participated on such days, and thus, the Exchange believes it is appropriate to exclude such days when determining a Member's NBBO Time to avoid penalizing Members that might otherwise have met the applicable rebate tier requirements. For similar reasons, the Exchange believes it is appropriate to exclude trading days with scheduled early closes, because the shorter trading days are likely to result in a lower daily quoting activity for each Member. The Exchange notes that excluding system disruption days and trading days with scheduled early closes is consistent with the methodologies used by other exchanges that offer incentive payments for quoting activity on the Exchange.[17]

The Exchange will allow Members to aggregate their NBBO Time with other Members with which they are affiliated,[18] if Members provide prior notice to the Exchange. As proposed, to the extent that two or more affiliated companies maintain separate memberships with the Exchange and can demonstrate their affiliation by showing they control, are controlled by, or are under common control with each other, the Exchange would permit such Members to aggregate their NBBO Time. Members will be responsible for having proper internal documentation in their books and records substantiating that the two or more Members seeking to aggregate their NBBO Time are affiliates of one another. IEX notes that this grouping of Member affiliates is consistent with how IEX allows Member affiliates to group their trading activity to qualify for IEX's Displayed Liquidity Adding Rebate Tiers and for the SMQ Program.

As described above, the Exchange proposes to introduce a new "Notes" subheading under the "Definitions and Information" subheading of the Transaction Fees section of the Fee Schedule to incorporate the exclusions described above and other relevant information. Specifically, the Exchange proposes to revise the "Definitions and Information" subheading to separate it into two distinct subheadings, "Definitions" and "Notes." The Exchange proposes moving the first and fourth bullet points that currently appear under the definition of "ADV," to below the new "Notes" subheading. These bullet points describe the exclusions the Exchange currently applies to determining a

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17 See Securities Exchange Act Release No. 94929 (May 17, 2022), 87 FR 31269, at 31270 (May 23, 2022) (SR-PEARL-2022-21) (rule filing establishing a Market Quality program based on minimum quoting requirements across a specified number of securities with similar exclusions).

18 As defined in Rule 12b-2 under the Act, 17 CFR 240.12b-2.

Member's ADV and are identical to the exclusions that the Exchange will apply to determining a Member's NBBO Time, as described above. The Exchange thus proposes to make conforming language to make clear that the exclusions apply to the calculation of ADV, as well as the calculations of Percent Time at NBB and Percent Time at NBO.

Additionally, the Exchange proposes to move the bullet describing the manner in which Members may aggregate their ADV with other Members from the Definitions subheading to the Notes subheading, and updating the text to reflect that the aggregation with affiliates is available for purposes of calculating ADV, as well as for calculating Percent Time at NBB and Percent Time at NBO. Thus, the first three bullets of the Notes section will read as follows:

- The Exchange excludes from its calculation of ADV, Percent Time at NBB, and Percent Time at NBO:
    - Any trading day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Market Hours; and
    - Any day with a scheduled early market close.
- The Exchange excludes from its calculation of Percent Time at NBB and Percent Time at NBO any portion of Regular Market Hours when a security is subject to a trading halt or pause.
- With prior notice to the Exchange, a Member may aggregate ADV, Percent Time at NBB, and Percent Time at NBO with other Members with which the Member is affiliated pursuant to Rule 12b-2 under the Act.

These proposed ETP quoting incentives will be open to all Members and will not impose any two-sided quotation obligations on any Member seeking to qualify for Tiers 3 and 4. In fact, as described above, the quoting incentives reward Members for time spent quoting at either the NBB or the NBO by adding the Percent Time at NBB to the Percent Time at NBO to calculate the NBBO Time. Accordingly, these additional criteria for qualifying for rebates under Tiers 3 and 4 are designed to attract liquidity from any firm that is willing to provide liquidity at the NBB or NBO in any ETPs.

The Exchange notes that the proposed ETP quoting incentives are similar to MEMX's Displayed Liquidity Incentive Tiers, which pay rebates to Members that quote at least 25% or 50% of trading hours in an average of at least 500 or 1,000 securities during the month.[19] The ETP quoting incentives proposed herein are also similar to the Exchange's Supplemental Market Quality ("SMQ") Program which pays an incentive fee to Members that meet specified thresholds for certain minimum quoting requirements in the "SMQ Securities" designated by the Exchange.[20] Furthermore, this model of offering quote-based rebates is consistent with similar rebates offered by competitor exchanges.[21]

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)[22] of the Act in general, and furthers the objectives of Sections 6(b)(4)[23] of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange believes that the proposed fee change is reasonable, fair and equitable, and non-discriminatory.

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19 See MEMX Fee Schedule, https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/.

20 See SR-IEX-2025-27 for certain changes the Exchange is proposing to make to the SMQ.

21 See, e.g., MIAX Pearl's Market Quality Tiers, available at https://www.miaxglobal.com/sites/default/files/fee_schedule-files/MIAX_Pearl_Equities_Fee_Schedule_08012025.pdf, which provide enhanced rebates for executions of Added Displayed Volume for members who meet certain minimum quoting requirements in a specified number of securities; and Cboe BZX's Liquidity Management Program, available at https://www.cboe.com/us/equities/membership/fee_schedule/bzx/, which provides additional rebates for executions of liquidity-adding displayed orders in Tape B securities priced at or above $1.00 per share for members that, in addition to other requirements, quote at the NBBO during regular trading hours in a specific number of securities designated as "LMP Securities."

22 15 U.S.C. 78f.

23 15 U.S.C. 78f(b)(4).

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. IEX has concluded that, in the context of current regulatory requirements governing access fees and rebates, it is able to more effectively compete with other exchanges for order flow by offering Members an additional means of qualifying for higher rebate incentives. Based upon informal discussions with market participants, IEX believes that Members and other market participants may be more willing to send displayed orders in ETPs to IEX if the proposed fee changes are adopted.

As noted in the Purpose section, the proposed ETP quoting criteria for qualifying for rebates in Tiers 3 and 4 are designed to increase quoting competition and displayed liquidity, potentially narrowing spreads in a targeted manner, which will benefit the Exchange and all market participants. Accordingly, IEX has designed the proposed changes to Tiers 3 and 4 to allow Members an additional way to qualify for those particular rebate tiers on displayed liquidity-adding transactions. As noted in the Purpose section, the proposed changes to Tiers 3 and 4 are an expansion of the current criteria to qualify for Displayed Liquidity Adding Rebate Tiers 3 and 4.

With these proposed changes, IEX's rebates are still designed to attract and incentivize displayed orders as well as order flow seeking to trade with such displayed orders. Moreover, increases in displayed liquidity would contribute to the public price discovery process which would benefit all market participants and protect investors and the public interest.

As discussed above, 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, the proposed additional criteria for qualifying for Tiers 3 and 4 are designed to keep IEX's displayed trading prices competitive with those of other exchanges. The proposed additional criteria for qualifying for rebates in Tiers 3 and 4 are comparable to the criteria applied by competing exchanges, and thus IEX does not believe that the proposal raises any new or novel issues not already considered by the Commission in the context of other exchanges' fees.[24]

Additionally, IEX believes that the proposed formatting changes and conforming edits to the Definitions and Information subheading in the Transaction Fees section of the Fee Schedule, including consolidating definitions currently found in the Transaction Fees and SMQ sections of the Fee Schedule into the new Notes subheading of the Transaction Fees section, are consistent with the Act because they will provide additional clarity for Members on transaction fees, consistent with Section 6(b)(1)[25] of the Act. These proposed changes are designed to reduce any potential confusion for market participants using IEX's Fee Schedule and to provide clarity and consistency between the Fee Schedule and the Rule Book. Further, IEX believes these changes would contribute to reasonably ensuring that the requirements of the Displayed Liquidity Adding Rebate Tiers and the SMQ Program, as well as any other activity-based incentive or rebate described in the Fee Schedule, are clear, accurate, and consistent with the Rule Book.

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

IEX does not believe that the proposed rule change will result in any burden on

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[24] See supra notes 19 and 21.

[25] 15 U.S.C. 78f(b)(1).

competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule changes 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 readily favor competing venues if fee schedules at other venues are viewed as more favorable. Consequently, the Exchange believes that the degree to which IEX fees could impose any burden on competition is extremely limited and does not believe that such fees would burden competition between Members or competing venues. Moreover, as noted in the Statutory Basis section, the Exchange does not believe that the proposed changes raise any new or novel issues not already considered by the Commission.

The Exchange does not believe that the proposed rule changes will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different rebates are assessed on Members, these rebate tiers are not based on the type of Member entering the quotes, but rather on the Member's own quoting activity. Further, the proposed rule changes continue to be intended to encourage market participants to bring increased order flow to the Exchange, which benefits all market participants.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section

19(b)(3)(A)(ii)[26] 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)[27] of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-IEX-2025-26 on the subject line.

Paper Comments:

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

All submissions should refer to file number SR-IEX-2025-26. This file number

[26] 15 U.S.C. 78s(b)(3)(A)(ii).

[27] 15 U.S.C. 78s(b)(2)(B).

should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (https://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-IEX-2025-26 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[28]

Sherry R. Haywood,

Assistant Secretary.

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[28] 17 CFR 200.30-3(a)(12).