

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-93800; File No. SR-IEX-2021-17)

December 16, 2021

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Reintroduce a Market Maker Peg Order Type

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 December 14, 2021, 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, and II 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 the Exchange is filing with the Commission a proposed rule change to reintroduce a new Market Maker Peg order type, designed to simplify market maker compliance with IEX Rule 11.151 (Market Maker Obligations), and make a conforming change regarding connectivity within the Exchange System.

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.

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.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statement [sic] 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

IEX is filing this rule change proposal to reintroduce a Market Maker Peg order type. IEX previously had a Market Maker Peg order type⁶, which it retired in 2020⁷ because at the time there were no Exchange-registered market makers.⁸ As described below, IEX’s proposed new order type is almost identical to its original, Commission-approved, market maker peg order type, with the exception that the new Market Maker Peg order will have tighter quoting spreads than are required by IEX Rule 11.151.

Background

IEX Rule 11.151 (Market Maker Obligations) requires market makers for each stock in which they are registered to continuously maintain a two-sided quotation within a designated percentage of the National Best Bid (“NBB”) and National Best Offer (“NBO”),⁹ as appropriate.

⁶ See Securities Exchange Act Release No. 81482 (August 25, 2017), 82 FR 41452 (August 31, 2017) (SR-IEX-2017-22) (Approval Order).

⁷ See Securities Exchange Act Release No. 89146 (June 24, 2020), 85 FR 39251 (June 24, 2020) (SR-IEX-2020-07).

⁸ See generally IEX Rules 11.150 and 11.151.

⁹ As defined by Regulation NMS Rule 600(b)(50). 17 CFR 242.600(50); see also IEX

In addition to the market maker quoting and pricing obligations set forth in the Exchange’s rules, market makers must meet their obligations under Rule 15c3-5 under the Act (the “Market Access Rule”)¹⁰ and Regulation SHO.¹¹

The Market Access Rule requires a broker-dealer with market access, or that provides a customer or any other person with access to an exchange or alternative trading system through use of its market participant identifier or otherwise, to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity. These controls must be reasonably designed to ensure compliance with all regulatory requirements, which are defined as “all federal securities laws, rules and regulations, and rules of self-regulatory organizations, that are applicable in connection with market access.”¹²

In addition to the obligations of the Market Access Rule, broker-dealers have independent obligations that arise under Regulation SHO. Regulation SHO obligations generally include properly marking sell orders, obtaining a “locate” for short sale orders, closing out fail to deliver positions, and, where applicable, complying with the short sale price test.¹³ While there are certain exceptions to some of the requirements of Regulation SHO where a market maker is engaged in bona-fide market making activities,¹⁴ the availability of those exceptions is distinct

Rule 1.160(u).

¹⁰ 17 CFR 240.15c3-5.

¹¹ 17 CFR 242.200 through 204.

¹² See supra note 10.

¹³ See supra note 11.

¹⁴ See 17 CFR 242.203(b)(1). The Commission adopted a narrow exception to Regulation SHO’s “locate” requirement for market makers engaged in bona fide market making that may need to facilitate customer orders in a fast-moving market without being subject to the possible delays associated with complying with such requirement. See Exchange Act

and independent from whether a market maker submits an order that is a Market Maker Peg order.

Proposed Rule

The Exchange is proposing to reintroduce an optional Market Maker Peg order type, which will be identical to the previously approved order type, with the exception of the tighter quoting obligations discussed below. The Market Maker Peg order type is designed to simplify market maker compliance with the continuous quoting and pricing obligations in IEX Rule 11.151(a) in a manner consistent with compliance with the Market Access Rule and Regulation SHO. The Market Maker Peg order, as proposed, is not only almost identical to IEX's previously approved Market Maker Peg order type¹⁵, it is also substantially similar to equivalent order types offered by other market centers, including Cboe BZX Exchange, Inc. ("Cboe BZX"), Nasdaq Stock Market LLC ("Nasdaq"), and Cboe EDGX Exchange, Inc. ("Cboe EDGX").¹⁶

Release No. 50103 (July 28, 2004), 69 FR 48008, 48015 (August 6, 2004) (providing guidance as to what does not constitute bona-fide market making for purposes of claiming the exception to Regulation SHO's "locate" requirement). See also Exchange Act Release No. 58775 (October 14, 2008), 73 FR 61690, 61698-9 (October 17, 2008) (providing guidance regarding what is bona-fide market making for purposes of complying with the market maker exception to Regulation SHO's "locate" requirement including without limitation whether the market maker incurs any economic or market risk with respect to the securities, continuous quotations that are at or near the market on both sides and that are communicated and represented in a way that makes them widely accessible to investors and other broker-dealers and a pattern of trading that includes both purchases and sales in roughly comparable amounts to provide liquidity to customers or other broker-dealers). Thus, market makers would not be able to rely solely on quotations priced in accordance with the Designated Percentages under proposed Rule 11.190(b)(17) for eligibility for the bona-fide market making exception to the "locate" requirement based on the criteria set forth by the Commission. It should also be noted that a determination of bona-fide market making is relevant for the purposes of a broker-dealer's close-out obligations under Rule 204 of Regulation SHO. See 17 CFR 242.204(a)(3).

¹⁵ See supra note 6.

¹⁶ See e.g., Cboe BZX Rule 11.9(c)(15), Nasdaq Rule 4702(b)(7), and Cboe EDGX

Specifically, the Market Maker Peg order would be a one-sided limit order and, similar to other peg orders available to IEX Members¹⁷, priced in reference to or “pegged” to the NBB or NBO,¹⁸ but is distinguishable in that like all other exchange market maker peg orders, it would always be displayed. In addition, a new timestamp is created for the order each time that it is automatically adjusted in accordance with the proposed rule. And Market Maker Peg orders may only be entered by a registered market maker, as defined in IEX Rule 11.150.

The Exchange believes that this order-based approach would provide an effective compliance tool to facilitate market makers’ compliance with IEX Rule 11.151(a), while also enabling compliance with the requirements of the Market Access Rule and Regulation SHO. Specifically, market makers would have control of order origination, as required by the Market Access Rule, while also allowing market makers to make marking and locate determinations prior to order entry, as required by Regulation SHO. As such, market makers using Market Maker Peg orders would be able to comply with the requirements of the Market Access Rule and Regulation SHO, as they would when placing any order, while also facilitating compliance with their Exchange market making obligations. In this regard, the Market Maker Peg order does not ensure that the market maker is satisfying the requirements of the Market Access Rule, such as maintaining a system of risk management and supervisory controls reasonably designed to manage the risk of its market access business activity¹⁹, or of Regulation SHO, including the satisfaction of the locate requirements of Regulation SHO Rule 203(b)(1) or an exception

Rule 11.8(e).

¹⁷ See IEX Rule 1.160(s).

¹⁸ See IEX Rule 11.190(a)(3).

¹⁹ See supra note 10.

thereto.²⁰ Market makers must continue to perform the necessary checks to comply with both the Market Access Rule and Regulation SHO, prior to entry of a Market Maker Peg order.

The Market Maker Peg order would be limited to registered market makers²¹ and would have its price automatically set and adjusted by the System²², both upon entry and any time thereafter, in order to comply with the Exchange's rules regarding market maker quoting and pricing obligations.²³ Specifically, upon entry or at the beginning of the Regular Market Session, as applicable, the entered bid or offer is automatically priced by the System at the Market Maker Peg Designated Percentage away from the then current NBB or NBO, as applicable, or if there is no NBB or NBO, at the Market Maker Peg Designated Percentage away from the last reported sale from the responsible single plan processor. Proposed IEX Rule 11.190(b)(17)(A) defines the "Market Maker Peg Designated Percentage" as eight (8) percentage points for all securities, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Market Maker Peg Designated Percentage shall be twenty (20) percentage points. For example, if the NBB of a security is \$10 and the Market Maker Peg Designated Percentage for the security is 8%, the displayed price of a Market Marker Peg Order to buy would be \$9.20. Market makers may submit Market Maker Peg orders to the Exchange starting at the beginning of the Pre-Market Session, but the order will not be executable or automatically priced until the beginning of the Regular Market Session and will expire at the end of the Regular Market Session.

IEX also proposes to define, in proposed IEX Rule 11.190(b)(17)(B), a new term,

²⁰ 17 CFR 242.203(b)(1).

²¹ See IEX Rule 11.150.

²² See IEX Rule 1.160(nn).

²³ The Market Maker Peg order is one-sided, and thus a market maker seeking to use Market Maker Peg orders to comply with the Exchange's continuous two-sided quotation requirements would need to submit both a bid and an offer using the order type.

“Market Maker Peg Defined Limit”, as nine and one half (9.5) percentage points for all securities, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Market Maker Peg Defined Limit shall be twenty-one and one half (21.5) percentage points.

Upon reaching the Market Maker Peg Defined Limit, the price of a Market Maker Peg order bid or offer will be adjusted by the System to the Market Maker Peg Designated Percentage away from the then current NBB or NBO, or, if there is no NBB or NBO, the order will, by default, be the Market Maker Peg Designated Percentage away from the last reported sale from the responsible single plan processor. In the foregoing example, if the Market Maker Peg Defined Limit is 9.5% and the NBB increased to \$10.17, such that the displayed price of the Market Maker Peg order would be more than 9.5% away, the order would be repriced to \$9.36, or 8% away from the NBB.

If a Market Maker Peg order bid or offer moves a specified number of percentage points away from the Market Maker Peg Designated Percentage towards the then current NBB or NBO, which number of percentage points will be determined and published in a circular distributed to Members from time to time, the price of such bid or offer will be adjusted by the System to the Market Maker Peg Designated Percentage away from the then current NBB or NBO, as applicable. If there is no NBB or NBO, as applicable, the order will be adjusted by the System to the Market Maker Peg Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that pricing a Market Maker Peg order at the Market Maker Peg Designated Percentage away from the then current NBB and NBO, or, if no NBB or NBO, to the Market Maker Peg Designated Percentage away from the last reported sale from the responsible single plan processor, would result in the order exceeding its limit price, the

order will be cancelled or rejected.

If, after entry, the Market Maker Peg order is priced based on the last reported sale from the single plan processor and such Market Maker Peg order is established as the NBB or NBO, the Market Maker Peg order will not be subsequently adjusted in accordance with this rule until either there is a new consolidated last sale, or a new NBB or NBO is established by a national securities exchange.

As noted above, this proposed reintroduction of the IEX Market Maker Peg order type is identical to the Market Maker Peg order type previously approved by the Commission, with the exception of the tighter quoting spreads that result from using the “Market Maker Peg Designated Percentage” and “Market Maker Peg Defined Limit” instead of the “Designated Percentage”²⁴ and “Defined Limit”²⁵ set forth in IEX’s Market Maker Obligations rule. Specifically, the Market Maker Obligations rule sets the Designated Percentage at 28% below/above the NBB/NBO, and 30% below/above the NBB/NBO at the market open and close for stocks not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. And the Market Maker Obligations rule sets the Defined Limit for those same stocks to be 29.5% below/above the NBB/NBO, and 31.5% below/above the NBB/NBO at the market open and close. For stocks that are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products; the Designated Percentage and Defined Limit would be the same as the Market Maker Peg Designated Percentage and Market Maker Peg Defined Limit, respectively. Thus, as proposed, market makers using the optional IEX Market Maker Peg order type will quote at narrower spreads than required by IEX

²⁴ See IEX Rule 11.151(a)(6).

²⁵ See IEX Rule 11.151(a)(7).

Rule 11.151 for stocks not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products.

IEX proposes to incorporate a tighter quoting structure for the Market Maker Peg order type in order to simplify technical complexities in the design of the order type associated with treating all stocks equally. Moreover, IEX believes that tighter displayed quoting spreads could help to increase access to displayed liquidity being posted by IEX market makers.

The Exchange notes that notwithstanding the availability of the proposed Market Maker Peg order functionality, a market maker remains responsible for entering, monitoring, and resubmitting, as applicable, quotations that meet the requirements of IEX Rule 11.151.

Furthermore, a market maker would not be required to use the Market Maker Peg order type and can instead submit its own quotes to satisfy its quoting and pricing obligations for any securities for which it is a registered market maker²⁶.

Market Maker Peg orders, like all incoming orders, will be subject to 350 microseconds of inbound latency²⁷ from the IEX point-of-presence (“POP”) before reaching the System.²⁸ Each time a Market Maker Peg order is automatically adjusted by the System in accordance with this proposed rule change (in response to a change in the NBB or NBO), the modified order instruction will be subject to 350 microseconds of latency between the Market Maker Peg order repricing logic (*i.e.*, the process by which the System determines that the price of the Market Maker Peg order should be adjusted) and the Order Book²⁹ (to be equivalent to the 350 microseconds of inbound latency for all incoming orders) and all outbound communications to

²⁶ See IEX Rule 11.151(a)(1).

²⁷ See IEX Rule 11.510(b)(1).

²⁸ See IEX Rule 11.510(a).

²⁹ See IEX Rule 1.160(p).

the market maker related to the modified order instruction will be subject to 37 microseconds of latency between the Market Maker Peg order repricing logic and the POP (to be equivalent to the 37 microseconds of outbound latency that a market maker would have to wait for order entry confirmation), pursuant to IEX Rule 11.510(c)(1).³⁰ In addition, a new timestamp is created for the order each time that it is automatically adjusted by the System in accordance with the proposed rule. This approach is designed so that a market maker using a Market Maker Peg order to facilitate compliance with the Exchange's continuous quoting and pricing obligations is in the same position as a market maker updating its own quote, whose orders and order modification instructions would be subjected to a 350-microsecond inbound latency and 37-microsecond outbound latency.

The Exchange also proposes to make a conforming change to IEX Rule 11.510(c)(1) regarding connectivity, to provide that, pursuant to IEX Rule 11.190(b)(17), each time a Market Maker Peg order is automatically adjusted by the System, all inbound communications related to the modified order instruction will be subject to a 350-microsecond latency and all outbound communications related to the modified order instruction will be subject to a 37-microsecond latency between the Market Maker Peg order repricing logic and the Order Book.

The Exchange plans to implement the proposed changes in December 2021 or January 2022, subject to the effectiveness of filing with the Commission. The Exchange will announce the implementation date of the proposed changes by Trader Alert at least 10 business days in advance of such implementation date and within 90 days of the effectiveness of this proposed rule change.

³⁰ See proposed edits to IEX Rule 11.510(c)(1).

2. Statutory Basis

IEX believes that the proposed rule change is consistent with Section 6(b) of the Act in general,³¹ and furthers the objectives of Section 6(b)(5) of the Act,³² in particular, in that it is 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. As noted above, the Exchange believes that the proposed rule is designed to simplify market maker compliance with the minimum continuous quoting and pricing obligations, as well as facilitate market maker compliance with the requirements of the Market Access Rule and Regulation SHO.

Specifically, the Exchange believes that simplifying compliance with this rule will remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest, because it will provide a simplified means by which market makers may offer liquidity, using a tighter quoting spread than the market maker obligations require, even in circumstances where they are not willing to quote at the inside market. As a result, in circumstances where liquidity available at displayed prices closer to the inside than the price of a Market Maker Peg order is exhausted during an aggressive market-wide sweep, the Market Maker Peg order may nevertheless be available to support executions at prices that are at least within the applicable Market Maker Peg Designated Percentage or Market Maker Peg Defined Limit. Moreover, the methodology for repricing

³¹ 15 U.S.C. 78f.

³² 15 U.S.C. 78f(b)(5).

Market Maker Peg orders is consistent with the requirements of the Act because it is designed to ensure that the displayed price of the order is at least within the applicable Market Maker Peg Designated Percentage or Market Maker Peg Defined Limit, as applicable.

The proposed rule change also is designed to support the principles of Section 11A(a)(1) of the Act³³ in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that offering the Market Maker Peg order to market makers exclusively is consistent with fair competition among brokers and dealers in that market makers have chosen to subject themselves to the obligations of IEX Rule 11.151, and the benefit conferred on such market participants by this order type is commensurate with such obligations. Furthermore, all Members are eligible to apply for registration as a market maker under Rule 11.150 on a fair and equal basis.

The Exchange also believes that it is fair and reasonable for all inbound communications related to the repricing of a Market Maker Peg order to be subject to 350 microseconds of latency and for all outbound communications related to the repricing of a Market Maker Peg order to be subject to 37 microseconds of latency, each between the Market Maker Peg repricing logic and the Order Book. As noted in the Purpose section, this approach is designed so that a market maker using a Market Maker Peg order to facilitate compliance with the Exchange's continuous quoting and pricing obligations is in the same position as a market maker updating its own quote, whose order instructions would be subject to 350 microseconds of inbound latency and 37 microseconds of outbound latency. Similarly, price adjustments to Market Maker Peg orders will experience the same latency as other displayed limit orders entered on the Exchange.

Accordingly, the Exchange believes that it is consistent with the public interest and the

³³ 15 U.S.C. 78k-1.

protection of investors to reprice Market Maker Peg orders subject to a 350-microsecond latency for all inbound communications related to the modified order instruction and a 37-microsecond latency for all outbound communications related to the modified order instruction in the interest of ensuring that market makers using the Market Maker Peg order type will not have any unfair advantage over market makers that update their own quotes, as well as with other market participants using displayed orders.

Furthermore, the Exchange believes that it is consistent with the public interest and the protection of investors to apply a new timestamp to a Market Maker Peg order each time it is repriced so that a Market Maker Peg order does not achieve execution priority superior to a displayed order entered at that price earlier in time. Accordingly, market makers will not have any unfair advantage over a market maker updating its own quote, or other market participants using displayed orders on the Exchange.

Additionally, the Exchange believes that the proposed conforming rule change to IEX Rule 11.510(c)(1) is consistent with the protection of investors and the public interest in that it is designed to provide clarity to market participants regarding Market Maker Peg order repricing methodology.

Finally, IEX notes that the Commission previously approved an almost identical market maker peg order type.³⁴ As described in the Purpose section, the one difference between this proposed Market Maker Peg order type and IEX's previous market maker peg order type is that this order type will apply the same Market Maker Peg Designated Percentage and Market Maker Peg Defined Limit to all stocks, irrespective of if they are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products . IEX believes this

³⁴ See supra note 6.

modification is consistent with the protection of investors and helps perfect the mechanism of a free and open market because this proposal will result in Market Maker Peg orders resting on the Order Book quoting at the tighter limit that is only required for certain securities. IEX believes these tighter quote spreads would be of particular benefit to investors during times of high market volatility by making it more likely that a security will avoid so-called “stub quotes” that are so far away from the NBB or NBO that the quote is unlikely to be executed. Additionally, IEX notes that the proposed application of the tighter quote spreads to all Market Maker Peg orders will simplify the technical complexities in the design and functioning of the order type. Furthermore, IEX notes that the proposed Market Maker Peg order is an optional order type that may be used by any registered market maker to facilitate its compliance with their obligations but that market makers are free to manage their own quotes subject to the applicable quoting and pricing requirements of IEX Rule 11.151.

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

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposal will enhance the Exchange’s competitiveness by providing market makers on IEX with a tool designed to facilitate quoting and offering liquidity even in circumstances where they are not willing to quote at the inside market. Based on informal discussion with market participants that serve as market makers on other trading centers, the Exchange believes that this functionality will be appealing to potential market makers, and therefore will make it more likely that market participants will choose to become registered market makers on the Exchange. This may, in turn, increase the extent of liquidity available on IEX and increase its ability to compete with other execution venues to attract orders that are seeking liquidity. The Exchange further notes that the Market Maker Peg

order, as proposed, is substantially similar to equivalent order types offered by other market centers, including Cboe BZX, Nasdaq, and Cboe EDGX, and therefore will not impair market participants or other market centers from competing, but would in fact allow the Exchange to compete with existing functionality offered by competing market centers.³⁵ Moreover, there is no barrier to other exchanges adopting the same repricing functionality subject to the Commission rule filing process pursuant to Section 19(b) of the Act.

With regard to intra-market competition, the Exchange does not believe that the method of repricing Market Maker Peg orders will result in any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, as described in the Statutory Basis section, the proposed Market Maker Peg order type is an optional order type that would be available to IEX market makers that is designed so that market makers using Market Maker Peg orders will not be subject to any competitive advantage compared to market makers updating their own quotes, or other market participants using displayed orders. Furthermore, as discussed in the Statutory Basis section, the Exchange believes that offering the Market Maker Peg order to market makers exclusively is consistent with fair competition among brokers and dealers in that market makers have chosen to subject themselves to the obligations of IEX Rule 11.151, and the benefit conferred on such market participants by this order type is commensurate with the obligations. Furthermore, all Members are eligible to apply for registration as a market maker under IEX Rule 11.150 on a fair and equal basis.

³⁵ See supra note 16.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act³⁶ and Rule 19b-4(f)(6) thereunder.³⁷

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act³⁸ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)³⁹ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay. The proposed rule change provides for the reintroduction of a Market Maker Peg Order type on the Exchange. The Exchange believes that waiver of the operative delay is consistent with the protection of investors and the public interest because IEX is restoring an order type previously available on IEX, which is substantially similar to order types offered on several other exchanges (discussed above), with the only difference being that

³⁶ 15 U.S.C. 78s(b)(3)(A).

³⁷ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

³⁸ 17 CFR 240.19b-4(f)(6).

³⁹ 17 CFR 240.19b-4(f)(6)(iii).

this version of the Market Maker Peg order will apply the tighter market maker quoting requirement to all securities and will not apply wider limits for stocks in the Russell 1000® Index and a pilot list of Exchange Traded Products. IEX believes that allowing market makers to begin using the Market Maker Peg order type immediately upon effectiveness of this rule change will potentially increase liquidity on IEX to the benefit all investors, which will serve the public interest. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest because the proposed rule change does not raise any novel issues, adopts the narrower limits for all securities and thus will result in prices closer to the NBB or NBO (as applicable) compared to the prior version of this order type, and may help increase displayed liquidity on IEX during periods of volatility. Therefore, the Commission hereby waives the operative delay and designates the proposal as operative upon filing.⁴⁰

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 purpose of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)⁴¹ of the Act to determine whether the proposed rule change should be approved or disapproved.

⁴⁰ For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁴¹ 15 U.S.C. 78s(b)(2)(B).

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 e-mail to rule-comments@sec.gov. Please include File Number SR-IEX-2021-17 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-2021-17. This file number should be included on the subject line if e-mail 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 (<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 Room, 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-2021-17 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.⁴²

J. Matthew DeLesDernier
Assistant Secretary

⁴² 17 CFR 200.30-3(a)(12).