

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-96506; File No. SR-IEX-2022-13)

December 15, 2022

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend its Fee Schedule to Reflect Adjustments to FINRA's Registration Fees Related to the Central Registration Depository

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on December 13, 2022, the Investors Exchange LLC ("IEX" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Pursuant to the provisions of Section 19(b)(1) under the Act, and Rule 19b-4 thereunder, IEX is filing with the Commission a proposed rule change pursuant to IEX Rule 15.110(a) to amend its Fee Schedule to reflect adjustments to FINRA's Registration Fees related to the Central Registration Depository, which will be collected by FINRA. The Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing, pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>4</sup>

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

The text of the proposed rule change is available at the Exchange's website at [www.iextrading.com](http://www.iextrading.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

1. Purpose

IEX is proposing, pursuant to IEX Rule 15.110(a), to amend its Fee Schedule<sup>5</sup> to reflect adjustments to FINRA's Registration Fees and Fingerprinting Fees in connection with the Central Registration Depository ("CRD system").<sup>6</sup> The FINRA fees are collected and retained by FINRA via Web CRD for the registration of employees of IEX Members who are not FINRA members. Because FINRA separately collects the CRD system fee for any IEX Member<sup>7</sup> that is also a FINRA member<sup>8</sup>, this fee filing only applies to IEX Members who are not FINRA

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<sup>5</sup> See <https://exchange.iex.io/resources/trading/fee-schedule/>.

<sup>6</sup> The CRD system is the central licensing and registration system for the U.S. securities industry. The CRD system enables individuals and firms seeking registration with multiple states and self-regulatory organizations to do so by submitting a single form, fingerprint card and a combined payment of fees to FINRA. Through the CRD system, FINRA maintains the qualification, employment and disciplinary histories of registered associated persons of broker dealers.

<sup>7</sup> See IEX Rule 1.160(s).

<sup>8</sup> IEX Members that are also FINRA members are charged CRD system fees according to

members.

Effective January 2, 2023, FINRA expects to increase (1) from \$110 to \$155 the fee it charges for the additional processing of each initial or amended Form U4, Form U5 or Form BD that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings; (2) from \$45 to \$70 the annual fee for each of the Member's registered representatives and principals for system processing; and (3) from \$15 to \$20 the fee<sup>9</sup> for processing and posting to the CRD system each set of fingerprint cards submitted electronically by the Member.<sup>10</sup> Accordingly, IEX is proposing to update the corresponding fees on its Fee Schedule to reflect the new FINRA processing fees. IEX proposes to have these new fees take effect starting January 2, 2023. Because these costs are borne by FINRA when a non-FINRA member uses the CRD system, FINRA will continue to collect and retain these fees for the registration of associated persons of IEX Members that are not also FINRA members.

## 2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,<sup>11</sup> of the Act in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>12</sup> in particular, in that it provides for the equitable allocation of reasonable fees and other charges among its members, and does not unfairly discriminate between customers, issuers,

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Section (4) of Schedule A to the FINRA By-Laws.

<sup>9</sup> This increase is in addition to a pass-through of any other charge imposed by the United States Department of Justice for processing each set of fingerprints. The FBI fingerprint charge is currently \$11.25. See Securities Exchange Act Release No. 67247 (June 25, 2012) 77 FR 38866 (June 29, 2012) (SR-FINRA-2012-030).

<sup>10</sup> See Securities Exchange Act Release No. 90176 (October 14, 2020), 85 FR 66592 (October 20, 2020) (SR-FINRA-2020-032) ("FINRA Fee Filing").

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(4) and (5).

brokers and dealers. All similarly situated Members are subject to the same fee structure, and every Member firm must use the CRD system for registration and disclosure.

The proposed fee is reasonable because it is identical to the fee adopted by FINRA for use of the Web CRD system for disclosure and the registration of associated persons of FINRA members.<sup>13</sup> Thus, the Exchange's Fee Schedule will reflect the current registration rate that will be assessed by FINRA as of January 2, 2023 for any IEX Members that are not also FINRA members. IEX also believes the proposed fee change is reasonable, because, as noted in the FINRA Fee Filing, FINRA is increasing the CRD system fees to provide enough revenue to support its regulatory mission.<sup>14</sup>

The Exchange believes that its proposal to increase (1) from \$110 to \$155 the fee it charges for the additional processing of each initial or amended Form U4, Form U5 or Form BD that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings; (2) from \$45 to \$70 the annual fee for each of the Member's registered representatives and principals for system processing; and (3) from \$15 to \$20 the fee for processing and posting to the CRD system each set of fingerprint cards submitted electronically by the Member is equitable and not unfairly discriminatory because the equivalent fees will be charged by FINRA of all users of the CRD system, whether or not they are FINRA members.<sup>15</sup> Therefore, all users of the CRD system will equally bear the cost of maintaining the system.<sup>16</sup>

FINRA further noted its belief that the proposed fees are reasonable because they help to

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<sup>13</sup> See supra note 10.

<sup>14</sup> See supra note 10.

<sup>15</sup> Because the Exchange will not be collecting or retaining these fees, therefore, the Exchange will also not be in a position to apply them in an inequitable or unfairly discriminatory manner.

<sup>16</sup> See supra note 10.

ensure the integrity of the information in the CRD system, which is important because the Commission, FINRA, other self-regulatory organizations and state securities regulators use the CRD system to make licensing and registration decisions, among other things.<sup>17</sup>

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

IEEX 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, as amended. Specifically, the Exchange believes that the proposed fees will result in the same regulatory fees being charged to all Members required to report information to the CRD system and for services performed by FINRA, regardless of whether or not such Members are FINRA members.

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)<sup>18</sup> 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)<sup>19</sup> of the Act to determine

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<sup>17</sup> See supra note 10.

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>19</sup> 15 U.S.C. 78s(b)(2)(B).

whether the proposed rule change should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);  
or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-IEX-2022-13 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-2022-13. 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](http://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-2022-13 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.<sup>20</sup>

Sherry R. Haywood,  
Assistant Secretary.

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<sup>20</sup> 17 CFR 200.30-3(a)(12).