

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104343; File No. SR-IEX-2025-32]

**Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and
Immediate Effectiveness of Proposed Rule Change to Amend IEX's Fee Schedule
Concerning the Supplemental Market Quality Program**

December 8, 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 November 26, 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 Act⁴, and Rule 19b-4 thereunder⁵, the Exchange is filing with the Commission a proposed rule change to amend the Exchange’s fee schedule applicable to Members⁶ (the “Fee Schedule”⁷)

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).

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

pursuant to IEX Rule 15.110(a) and (c) to lower the barriers to qualification for the Supplemental Market Quality Program incentive payments. Changes to the Fee Schedule pursuant to this proposal are effective upon filing⁸, and will be operative beginning on December 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 amend its Fee Schedule to modify the Supplemental Market Quality Program ("SMQ" or the "Program")⁹ to lower the barriers to qualify for the incentive payments by counting qualifying activity in any eligible security when determining if a Member satisfied the Program's requirements for that month. The

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ The Exchange filed the proposed rule change establishing the SMQ on May 16, 2025. See Securities Exchange Act Release No. 103131 (May 27, 2025), 90 FR 23397 (June 2, 2025) (SR-IEX-2025-07) ("SMQ Product Filing").

Exchange also proposes to make conforming changes to the Fee Schedule to reflect the changes to the SMQ. As described below, this proposed rule change is designed to make it easier for Members to qualify for the SMQ.

Background

The Program is intended to increase displayed liquidity and promote order flow to the Exchange by offering a financial incentive (the “SMQ Incentive Payment”) for Members to enter displayed orders or quotes (i.e., displayed trading interest) priced at the NBBO¹⁰ on the Exchange for a significant portion of the day in certain securities designated by the Exchange as either SMQ Level 1 Securities or SMQ Level 2 Securities (collectively “SMQ Securities”).¹¹

To qualify for the SMQ Incentive Payment, a Member must enter displayed trading interest of at least one round lot at either the NBB, the NBO, or the NBBO, for at least 40% of the time during regular market hours in at least 100 of the SMQ Level 1 Securities or at least 20 of the SMQ Level 2 Securities (based on an average daily number) during the month. IEX defines these quoting requirements as “Percent Time at NBB”¹² and “Percent Time at NBO”¹³, which added together are called “NBBO Time.”¹⁴

¹⁰ See IEX Rule 1.160(u).

¹¹ Information about the objective criteria applied by the Exchange in determining which securities to designate as SMQ Level 1 or SMQ Level 2 Securities can be found in the rule filing that established the two SMQ tiers. See Securities Exchange Act Release No. 104221 (November 19, 2025), 90 FR 53037 (November 24, 2025) (SR-IEX-2025-27).

¹² As set forth in the Fee Schedule, “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”).

¹³ As set forth in the Fee Schedule, “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”).

¹⁴ IEX notes that if a Member enters displayed trading interest of at least one round lot at both the NBB and the NBO, each of those quotes will be counted towards the Member’s NBBO Time.

Members that qualify for the SMQ based upon their quoting activity in SMQ Level 1 Securities receive an “SMQ Incentive Payment” of \$125 per qualified security, and Members that qualify for the SMQ based upon their quoting activity in SMQ Level 2 Securities receive an “SMQ Incentive Payment” of \$400 per qualified security. As set forth in the Fee Schedule, a Member that satisfies the Program’s requirements receives an “SMQ Payout”, which is a lump sum payment determined by multiplying the applicable SMQ Incentive Payment times the number of qualified securities in which the Member had “SMQ Qualifying Activity.”¹⁵ The following examples demonstrate how a Member can earn SMQ Payouts based upon its quoting activity in either SMQ Level 1 Securities, SMQ Level 2 Securities, or both:

Example 1

- Member has NBBO Time of at least 40% in 110 SMQ Level 1 Securities and NBBO Time of at least 40% in 10 SMQ Level 2 Securities.
- Member qualifies for an SMQ Payout of \$13,750 for its quoting activity in SMQ Level 1 Securities (\$125 SMQ Incentive Payment per qualified security times 110 SMQ Level 1 Securities).
- Member does not qualify for an SMQ Payout for its quoting activity in SMQ Level 2 Securities (because it did not have SMQ Qualifying Activity for at least 20 SMQ Level 2 Securities).
- Member’s monthly SMQ Payout is \$13,750.

Example 2

- Member has NBBO Time of at least 40% in 90 SMQ Level 1 Securities and NBBO Time of at least 40% in 22 SMQ Level 2 Securities.
- Member qualifies for an SMQ Payout of \$8,800 for its quoting activity in SMQ Level 2 Securities (\$400 SMQ Incentive Payment per qualified

¹⁵ As set forth in the Fee Schedule, “SMQ Qualifying Activity” is calculated at the end of the month by taking the average (rounded to the nearest whole number) of the number of SMQ Level 1 and/or Level 2 Securities for which the Member’s NBBO Time was at least the threshold value set forth in the SMQ Calculation Tables below.

security times 22 SMQ Level 2 Securities).

- Member does not qualify for an SMQ Payout for its quoting activity in SMQ Level 1 Securities (because it did not have SMQ Qualifying Activity for at least 100 SMQ Level 1 Securities).
- Member's monthly SMQ Payout is \$8,800.

Example 3

- Member has NBBO Time of at least 40% in 110 SMQ Level 1 Securities and NBBO Time of at least 40% in 22 SMQ Level 2 Securities.
- Member qualifies for an SMQ Payout of \$13,750 for its quoting activity in SMQ Level 1 Securities (\$125 SMQ Incentive Payment per qualified security times 110 SMQ Level 1 Securities).
- Member qualifies for an SMQ Payout of \$8,800 for its quoting activity in SMQ Level 2 Securities (\$400 SMQ Incentive Payment per qualified security times 22 SMQ Level 2 Securities).
- Member's monthly SMQ Payout is \$22,550.

However, if a Member does not meet the quoting threshold for either SMQ Level 1 or Level 2 Securities, the Member will not receive an SMQ Payout for that month, as demonstrated in the following example:

Example 4

- Member has NBBO Time of at least 40% in 90 SMQ Level 1 Securities and in 15 SMQ Level 2 Securities.
- Member does not qualify for an SMQ Payout for its quoting activity in SMQ Level 1 Securities (because it did not have SMQ Qualifying Activity for at least 100 SMQ Level 1 Securities)
- Member does not qualify for an SMQ Payout for its quoting activity in SMQ Level 2 Securities (because it did not have SMQ Qualifying Activity for at least 20 SMQ Level 2 Securities).
- Member does not receive an SMQ Payout for that month.

Proposal

IEX proposes to lower the barriers for qualifying for the SMQ by counting a

Member's quoting activity in either SMQ Level 1 or SMQ Level 2 Securities towards that Member's SMQ Qualifying Activity for the month. As proposed, a Member could qualify for the SMQ Payout by entering displayed trading interest of at least one round lot at either the NBB, the NBO, or the NBBO, for at least 40% of the time during regular market hours in 100 or more SMQ Level 1 or Level 2 Securities. Thus, the Member described in Example 4 would now qualify for an SMQ Payout as follows:

Example 4-A

- Member has NBBO Time of at least 40% in 90 SMQ Level 1 Securities and in 15 SMQ Level 2 Securities.
- Member satisfies the Program's requirements, because it had SMQ Qualifying Activity in 105 SMQ Securities (counting Level 1 and Level 2 together), which exceeds the Program requirement to have SMQ Qualifying Activity in at least 100 SMQ Securities.
- Member qualifies for an SMQ Payout of \$11,250 for its quoting activity in SMQ Level 1 Securities (\$125 SMQ Incentive Payment per qualified security times 90 SMQ Level 1 Securities).
- Member qualifies for an SMQ Payout of \$6,000 for its quoting activity in SMQ Level 2 Securities (\$400 SMQ Incentive Payment per qualified security times 15 SMQ Level 2 Securities).
- Member's monthly SMQ Payout is \$17,250.

IEX makes this proposal to further incentivize Members to enter displayed interest in SMQ Level 2 Securities, which, by design, are more difficult securities in which to meet the quoting requirements for the Program.¹⁶ As a result, IEX expects there will typically be many more securities on the SMQ Level 1 list than on the SMQ Level 2 list, which means Members have more opportunities to qualify for the SMQ based upon quoting activity in SMQ Level 1 Securities.¹⁷ Thus, a Member that enters qualified

¹⁶ See supra note 11.

¹⁷ For example, since October 1, 2025, IEX has designated 650 securities as SMQ Level 1 Securities

displayed trading interest in at least 100 of the 650 SMQ Level 1 Securities will both receive SMQ Incentive Payments for that quoting activity and for any qualifying quoting activity in SMQ Level 2 Securities.

To make this change, IEX proposes to remove the SMQ Level 2 Calculation Table from the Fee Schedule and to revise the SMQ Level 1 Calculation Table so that it applies to all SMQ Qualifying Activity. As proposed, the table will now read as follows:

SMQ Calculation Table

SMQ Qualifying Activity: Average daily number of SMQ Securities with an NBBO Time of at least 40%	SMQ Incentive Payment
0-99	\$0 per qualified security per month
100 or more SMQ Securities*	\$125 per qualified SMQ Level 1 Security per month \$400 per qualified SMQ Level 2 Security per month

* SMQ Payouts will be made for all qualified securities if Member had SMQ Qualifying Activity in at least 100 SMQ Securities during the month.

IEX also proposes to make the following conforming changes to the SMQ section of the Fee Schedule:

- In the bullet describing “SMQ Qualifying Activity”, remove the references to “Level 1 and/or Level 2” and revise “Calculation Tables” to read “SMQ Calculation Table”.
- In the bullet describing “SMQ Payout” remove the “s” from “Calculation Tables” to reflect that there is now only one Calculation Table and revise the final sentence by adding “for the qualified securities in which the Member had SMQ Qualifying Activity” to the end.

Finally, as noted in the SMQ Product Filing, the SMQ Program is similar to quote incentive programs at other national securities exchanges.¹⁸

and 100 securities as SMQ Level 2 securities. See SMQ Security List, <https://www.iexexchange.io/resources/trading/supplemental-market-quality-program>.

¹⁸ See SMQ Product Filing, *supra* note 9, 90 FR at 23400 (comparing the SMQ to the Enhanced

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)¹⁹ of the Act in general, and furthers the objectives of Sections 6(b)(4)²⁰ 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 is not designed to permit unfair discrimination.

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 believes that it will be able to more effectively compete with other exchanges for order flow by lowering the barriers to qualify for the SMQ. IEX believes that Members and other market participants may be more willing to send displayed trading interest to IEX if the proposed rule change is adopted.

IEX believes that an increase in displayed liquidity and order flow to the Exchange will, in turn, improve the quality of the IEX market and increase its attractiveness to existing and prospective participants. In addition, the proposal is equitable and not designed to permit unfair discrimination as the proposal would equitably allocate SMQ Payouts among Members by paying Members based on their total quoting activity in SMQ Level 1 Securities and SMQ Level 2 Securities in any given month.

Market Quality Program offered by Nasdaq BX, the Market Quality program offered by MIAX PEARL, and Cboe EDGA's NBBO Setter Program); see also LTSE's Liquidity Incentive Program, available at <https://ltse.com/trading/fee-schedules>.

¹⁹ 15 U.S.C. 78f.

²⁰ 15 U.S.C. 78f(b)(4).

As noted in the Purpose section, the Exchange believes the proposed incentive payments in the SMQ will incentivize Members to direct additional displayed liquidity-providing orders to the Exchange in SMQ Securities, thereby promoting price discovery and market quality in the SMQ Securities and more generally on the Exchange, and, further, that the resulting increased displayed liquidity and narrower spreads will benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, enhancing quoting competition across all exchanges, and promoting market transparency.

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. The SMQ is comparable to quote incentive programs at other 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.²¹ To the extent this proposed fee change is successful in incentivizing the entry and execution of displayed trading interest on IEX, such greater liquidity will benefit all market participants by increasing price discovery and price formation as well as market quality and execution opportunities.

Finally, the Exchange believes that the proposed conforming changes to the Fee Schedule are consistent with the requirements above. These proposed changes are designed to reduce any potential confusion for market participants using IEX's Fee Schedule and to provide clarity, accuracy, and consistency between the Fee Schedule and the Rule Book. Further, IEX believes these changes would contribute to reasonably

²¹ See supra note 18.

ensuring that the requirements of the SMQ Program, and 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 competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change 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 change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different Members may qualify for different amounts of SMQ Payouts, these payments are not based on the type of Member entering the displayed trading interest, but rather on the amount of displayed trading interest in a wide range of eligible securities that each Member submits to the Exchange. Further, the proposed fee changes are intended to incentivize 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)²² 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)²³ 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

²² 15 U.S.C. 78s(b)(3)(A)(ii).

²³ 15 U.S.C. 78s(b)(2)(B).

- Send an email to rule-comments@sec.gov. Please include File Number SR-IEX-2025-32 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-2025-32. This file number 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-2025-32 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.²⁴

Sherry R. Haywood,
Assistant Secretary.

²⁴ 17 CFR 200.30-3(a)(12).