SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104411; File No. SR-IEX-2025-35]

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the Handling of Incoming Post Only Orders

December 16, 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 December 8, 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 Act[4], and Rule 19b-4 thereunder[5], the Exchange is filing with the Commission a proposed rule change to modify IEX Rule 11.190(b)(20) to modify the handling of Post Only orders that at time of entry would lock or cross a Protected Quotation[6] of an external market. The Exchange has designated this proposed rule change as "non-controversial" under Section 19(b)(3)(A) of the Act[7] and provided

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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(bb).

7 15 U.S.C. 78s(b)(3)(A).

the Commission with the notice required by Rule 19b-4(f)(6) thereunder.[8]

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 IEX Rule 11.190(b)(20) to provide that a Post Only order that at time of entry would lock or cross a Protected Quotation of an external market will be re-priced by the System[9] before booking, in a manner consistent with the functionality of other exchanges that offer similar order types.

IEX defines a Post Only order as a displayed, non-routable order that will not remove liquidity from the IEX Order Book[10] except in certain circumstances.[11] Specifically, an order with a Post Only instruction will only remove liquidity if it is an order to trade a security priced

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8 17 CFR 240.19b-4.

9 See IEX Rule 1.160(nn).

10 See IEX Rule 1.160(p).

11 See IEX Rule 11.190(b)(20).

below $1.00[12], or if it would receive price improvement (as measured against the less aggressive of the order's limit price or the contra-side Protected Quotation) of at least $0.01.[13]

If neither of the conditions in the preceding paragraph are met, the incoming Post Only order will post to the Order Book, unless there is a non-displayed order with a Trade Now instruction[14] that locks the price of the incoming Post Only order, in which case the resting order will “be converted to an executable order that removes liquidity against such incoming order.”[15] In that circumstance, the Post Only order would execute as a displayed liquidity adding order without having actually posted to the Order Book. All non-displayed limit orders (limit[16], reserve[17], and D-Limit[18] orders) automatically include a Trade Now instruction, and certain non-displayed pegged orders (Midpoint[19], Offset[20], Market[21], and Fixed Midpoint[22] Peg) may include a Trade Now instruction if selected by the User.

Post Only orders that were not designated by the User to cancel are also subject to display-price sliding[23], so that a Post Only order that would lock or cross a Protected Quotation of an external market will be ranked and displayed by the System at one (1) minimum price

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12 See IEX Rule 11.190(b)(20)(A).

13 See IEX Rule 11.190(b)(20)(B).

14 See IEX Rule 11.190(b)(21).

15 Id.

16 See IEX Rule 11.190(a)(1)(H).

17 See IEX Rule 11.190(b)(2)(J).

18 See IEX Rule 11.190(b)(7)(F)(xi).

19 See IEX Rule 11.190(b)(9)(K).

20 See IEX Rule 11.190(b)(13)(M).

21 See IEX Rule 11.190(b)(18)(M).

22 See IEX Rule 11.190(b)(19)(K).

23 See IEX Rule 11.190(b)(20)(C)(“If not designated by the User to cancel, any untraded quantity of a Post Only order will be subject to display-price sliding as set forth in IEX Rule 11.190(h)(1)”).

variant (“MPV”)[24] below the current NBO[25] (for bids) or one (1) MPV above the current NBB[26] (for offers). For example, under IEX’s current rules, if the NBBO for a security is $10.10 x $10.20, and IEX does not have any resting interest to sell at $10.20, an incoming Post Only order to buy with a limit price of $10.20 would be re-priced and rest on the Order Book at $10.19 (one MPV below the NBO). However, if in the above example IEX had a non-displayed order to sell at $10.20 with a Trade Now instruction resting on its Order Book, the incoming Post Only order would execute against the resting non-displayed order rather than re-price and post to the Order Book.

Based on informal feedback, IEX understands that Members who submit Post Only orders are typically employing a trading strategy that is contingent on them being able to be the provider of displayed liquidity. Consequently, they have expressed a preference that orders with a Post Only modifier remove liquidity as infrequently as possible (e.g., the order described above would re-price or cancel if it would lock the Protected Quotation of any external market). Based on this feedback, IEX is now proposing to change its Post Only rule in a manner consistent with Members’ preferences that will continue to incentive Members to provide displayed liquidity to the market and thereby contribute to public price discovery in a manner that is consistent with the Act.

Specifically, IEX proposes to amend IEX Rule 11.190(b)(20) by adding a new subparagraph (C) which will read in full:

> If not designated by the User to cancel, a Post Only order that, at time of entry, would lock or cross a Protected Quotation of an external market will be ranked and displayed by the System at one (1) MPV below the current

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24 See IEX Rule 11.210(a).

25 See IEX Rule 1.160(u).

26 See IEX Rule 1.160(u).

NBO (for bids) or one (1) MPV above the current NBB (for offers).[27]

Under this proposed rule change, Post Only orders will continue to execute on entry as the liquidity adding order if they lock a resting non-displayed order with a Trade Now instruction so long as the Post Only order does not also lock a Protected Quotation of an external market. Applying this rule change to the above example, if the NBBO for a security is \$10.10 x \$10.20, an incoming Post Only order to buy with a limit price of \$10.20 that would lock the Protected Quotation of an external market would be re-priced to \$10.19 (unless designated to cancel). However, if IEX also had a non-displayed order to sell at \$10.19 with a Trade Now instruction resting on its Order Book, the incoming Post Only order would execute against the resting non-displayed order at \$10.19 and not post to the Order Book.

IEX also proposes to renumber the current subparagraphs (C)-(F) of IEX Rule 11.190(b)(20) to be subparagraphs (D)-(G).

IEX also notes that this proposed change to Post Only order functionality is consistent with how similar order types are handled by other exchanges. For example, the Nasdaq Stock Market LLC ("Nasdaq"), handles incoming post only orders that would lock or cross a Protected Quotation in the same manner as IEX now proposes to handle them; specifically, it would either cancel or re-price (depending on the order's instructions) the order to one MPV lower (higher) than the NBO (NBB) for bids (offers).[28] And the New York Stock Exchange ("NYSE"), would either cancel or re-price (depending on the order's instructions) an incoming post only orders (called an "ALO Order") that would lock or cross a Protected Quotation to a price that is one

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27 See proposed IEX Rule 11.190(b)(20)(C).

28 See Nasdaq Equity 4, Rule 4702(b)(4)(A).

MPV lower (higher) than the NBO (NBB) for bids (offers).[29]

Implementation

The Exchange will announce the implementation date of the proposed changes by Trader Alert at least ten days in advance of such implementation date and within 90 days of effectiveness of this proposed rule change.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act[30], in general, and furthers the objectives of Section 6(b)(5)[31], 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, and 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.

Specifically, the Exchange believes that the proposed rule change is consistent with the public interest and protection of investors as it would better align IEX's Post Only order type handling with Members' preferences in a manner that will encourage Members to submit more Post Only orders to the exchange, thereby removing impediments to and perfecting the mechanism of a free and open market.

Additionally, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest, because it is designed to encourage Members to

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29 See NYSE Rule 7.31(e)(2)(B)(ii). NYSE would re-price the "display price" but not the "working price" which in this context is analogous to how IEX will retain the order's limit price even after it is re-priced.

30 15 U.S.C. 78f(b).

31 15 U.S.C. 78f(b)(5).

add displayed liquidity on the Exchange. As discussed above, this proposed rule change would better align IEX's Post Only order functionality with the expectations and trading strategies of IEX's Members seeking to add liquidity to the Exchange. This in turn is designed to encourage the posting of more displayed liquidity on the Exchange, and to the extent that such an incentive is successful in increasing the overall liquidity pool available at IEX, all market participants, including takers of liquidity, will benefit. Thus, IEX believes this proposal supports the purposes of the Act 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.

In addition, as noted in the Purpose section, this proposed rule change would align IEX's Post Only order functionality with that of Nasdaq and NYSE.[32] Thus, IEX does not believe that the proposed change raises any new or novel material issues that have not already been considered by the Commission in connection with existing order types offered by other national securities exchanges, which supports the purposes of the Act 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.

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

The Exchange does not believe that the proposed rule change will impose 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. To the contrary, the proposal is designed to enhance IEX's competitiveness with other markets by further incentivizing the posting of displayed liquidity on the Exchange. As noted

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32 See supra notes 28 and 29.

above, the Exchange believes the proposed rule change would generally align order handling on IEX with trading functionality on other equity exchanges and thus would promote competition among exchanges by offering Members similar functionality and order handling to those available on other exchanges. The Exchange also believes that, to the extent the proposed change would increase opportunities for the posting of displayed orders to IEX's Order Book, the proposed change would promote competition by making the Exchange a more attractive venue for order flow and enhance market quality for all market participants. Moreover, competing exchanges have adopted and can continue to adopt the same functionality contained in this proposal, subject to the SEC rule change process, as discussed in the Purpose section.

The Exchange also 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. All Members are eligible to submit Post Only orders. Moreover, the proposal would provide potential benefits to all Members to the extent that allowing Post Only orders incentivizes the provision of more displayed liquidity on IEX.

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 Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A)[33] of the Act and Rule 19b-4(f)(6)[34] thereunder. Because the 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

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33 15 U.S.C. 78s(b)(3)(A).

34 17 CFR 240.19b-4(f)(6).

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 Act and Rule 19b-4(f)(6) thereunder.

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4[35] because it would not significantly affect the protection of investors or the public interest. Rather, the proposed rule change neither significantly affects the protection of investors or the public interest, nor does it impose any burden on competition because it would merely adjust the functionality of Post Only orders so that it better aligns with the functionality with how Post Only orders work on other exchanges such as Nasdaq and NYSE, as discussed in the Purpose and Statutory Basis sections, and does not raise any new or novel material issues that have not already been considered by the Commission. Accordingly, IEX has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act[36] and paragraph (f)(6) of Rule 19b-4 thereunder.[37]

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)[38] 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

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35 17 CFR 240.19b-4(f)(6).

36 15 U.S.C. 78s(b)(3)(A).

37 17 CFR 240.19b-4(f)(6).

38 15 U.S.C. 78s(b)(2)(B).

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-2025-35 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-2025-35. 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-2025-35 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.[39]

Sherry R. Haywood,

Assistant Secretary.

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[39] 17 CFR 200.30-3(a)(12).