SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-80331; File No. SR-IEX-2017-08)

March 29, 2017

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Correct Typographical Errors in SR-IEX-2017-06

Pursuant to Section 19(b)(1)\(^1\) of the Securities Exchange Act of 1934\(^2\) and Rule 19b-4 thereunder,\(^3\) notice is hereby given that, on March 17, 2017, the Investors Exchange LLC filed with the Securities and Exchange Commission (“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 Securities Exchange Act of 1934 (“Act”),\(^4\) and Rule 19b-4 thereunder,\(^5\) Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Commission a proposed rule change to correct several typographical errors in Rule 11.190(g)(1)(A) and in the Purpose Section of SR-IEX-2017-06 describing the changes to IEX Rule 11.190(g)(1)(A) proposed therein. The Exchange has designated this proposal as non-controversial and has satisfied the requirements of Rule 19b-4(f)(6)(iii) under the Act.\(^6\)

\(^3\) 17 CFR 240.19b-4.
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.

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 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

The Exchange recently filed with the Commission an immediately effective proposed rule change to amend Rule 11.190(g) to modify the quote instability coefficients and quote instability threshold included in the quote instability calculation specified in subparagraph (g)(1) of Rule 11.190 for purposes of determining whether a crumbling quote exists. The rule filing was published on the Commission website on March 10, 2017.\(^7\) Thereafter the Exchange identified that the formula contained in Rule 11.190(g)(1)(A) (the “formula”) contains several minor typographical errors. First, the numerical references to the Quote Stability Coefficients contained in the formula were each represented as regular text rather than as subscript, as they are specified in subparagraph (a) of Rule 11.190(g)(1)(A). Second, the Quote Stability Variables NC and FC are incorrectly represented as NC-1 and FC-1 respectively in the formula. Exhibit 5

to this filing corrects both of these typographical errors. In addition, Exhibit 5 to SR-IEX-2017-06 contains inconsistent notations on text marked for deletion and retention whereby the same phrase is marked for deletion and also marked as retained and relocated in the following subparagraph. Specifically, the phrase “the quote instability factor result from the quote stability calculation is greater than the defined quote instability threshold” is not clearly shown as relocated. Exhibit 5 to this rule filing corrects this typographical error by showing the text of the relocated phrase as new text, notwithstanding that it was previously contained in the text of Rule 1.190(g)(1)(A) [sic] as amended by SR-IEX-2017-06.

In addition, the Purpose Section of the filing contains two sets of typographical errors which the Exchange proposes to correct with this filing. First, numbered paragraph 1, beginning on page 8, which describes one aspect of the proposed amendments to Rule 11.190(g) inadvertently omits the Nasdaq Stock Market in the list of exchanges for which protected quotations are included in the Crumbling Quote determination described in subparagraph (1) of Rule 11.190(g). This paragraph also uses the word “protection” rather than “protected” in the second sentence. The proposed rule text in Exhibit 5 to the rule filing is correct in this respect. Accordingly, IEX proposes to restate the relevant portion of the Purpose Section to read as follows:

“1. Rule 11.190(g) states that the Exchange utilizes real time relative quoting activity of Protected Quotations, not including IEX protected quotations, in the quote instability calculation. As proposed, the Exchange is proposing to include the protected quotations of the following exchanges in the quote instability calculation: New York Stock Exchange, NYSE Arca, Nasdaq Stock Market, Nasdaq BX, Bats BZX Exchange, Bats BYX Exchange, Bats EDGX Exchange, and Bats EDGA Exchange. In connection with
our analysis of market data, as described above, the Exchange considered several
different permutations of which exchanges to include in the model. The research
identified that using the Protected Quotations of these specific eight exchanges in the
aggregate resulted in the greatest predictive power of all permutations of exchanges
assessed for determining a crumbling quote.”

Second, the description in the Purpose Section of the filing in the first and third sentences
of numbered paragraph 3 on page 10, which reference the quote stability variables to be retired,
iccorrectly format $N_{-1}$ and $F_{-1}$ in regular text, when the numeral 1 and preceding minus sign in
each should be subscript. Accordingly, IEX proposes to restate the first three sentences of the
paragraph to read as follows:

“The Exchange proposes to revise the quote stability variables currently specified in
subparagraph (1)(D)(i)(b) of Rule 11.190(g) by adding seven (7) new variables (NC, FC,
Delta, EPos, ENeg, EPosPrev, and ENegPrev) and retiring four (4) variables ($N_{-1}$, $F_{-1}$, E,
and D). Specifically, based on our analysis of market data, as described above, the
Exchange identified that considering the maximum change over the course of the
previous millisecond up to the most recent Protected NBBO change was a more accurate
indicator of a crumbling quote than simply looking at the absolute state of the market one
millisecond previously. The replacement of $N_{-1}$, $F_{-1}$, and D with NC, FC, and Delta,
respectively, reflects this finding.” (internal footnote omitted)

2. Statutory Basis

IEX believes that the proposed rule change is consistent with Section 6(b) of the Act\(^8\) in
general, and furthers the objectives of Section 6(b)(5) of the Act,\(^9\) in particular, in that it is

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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. Specifically, the correction of inadvertent typographical errors in IEX Rule 11.190(g)(1)(A) and in SR-IEX-2017-06 describing the changes to IEX Rule 11.190(g)(1)(A) proposed therein will serve the goals of the Act by having rule text accurately reflect system functionality and avoid the potential for market participant confusion.

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 believes that the proposed correction does not impact competition in any respect since it is designed to correct typographical errors.

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 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

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Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act\textsuperscript{10} and Rule 19b-4(f)(6) thereunder.\textsuperscript{11}

A proposed rule change filed under Rule 19b-4(f)(6)\textsuperscript{12} normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),\textsuperscript{13} the Commission may 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, noting that the proposal would correct typographical errors in SR-IEX-2017-06, and stating that waiver would allow the Exchange to implement these corrections upon effectiveness of the proposal and avoid potential confusion that otherwise might occur. 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 would correct a number of typographical errors contained in IEX’s recent SR-IEX-2017-06 filing, but would not result in any substantive changes to that proposal. Waiver of the operative delay will allow IEX to correct these errors without delay, which should reduce the potential for confusion regarding the operation of IEX’s quote instability calculation referenced in IEX Rule 11.190. Therefore,  

\textsuperscript{10} 15 U.S.C 78s(b)(3)(A).
\textsuperscript{11} 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), IEX provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the 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.
\textsuperscript{12} 17 CFR 240.19b-4(f)(6).
\textsuperscript{13} 17 CFR 240.19b-4(f)(6)(iii).
the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.\textsuperscript{14}

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 to determine whether the proposed rule 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. Please include File SR-IEX-2017-08 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-2017-08. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

\textsuperscript{14} For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).
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 also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-IEX-2017-08 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.\(^{15}\)

Eduardo A. Aleman
Assistant Secretary

\(^{15}\) 17 CFR 200.30-3(a)(12).