

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-81469; File No. SR-IEEX-2017-20)

August 23, 2017

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing of Proposed Rule Change to Adopt Rule 14.602 to Describe the Complimentary Products and Services to Be Made Available to All Listed Companies

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 August 10, 2017, 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) of the Securities Exchange Act of 1934 (“Exchange Act”),⁴ and Rule 19b-4 thereunder,⁵ Investors Exchange LLC (“IEX” or “Exchange”) is filing with the Commission a proposed rule change to adopt Rule 14.602 to describe the complimentary products and services to be made available to all listed companies.

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 CRF [sic] 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 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

On June 17, 2016, the Commission granted IEX's application for registration as a national securities exchange under Section 6 of the Act including approval of rules applicable to the qualification, listing and delisting of companies on the Exchange. The Exchange plans to begin a listing program in 2017 and is proposing to adopt Rule 14.602 to describe the complimentary products and services that will be offered to all listed companies in this proposed rule change.

As proposed, IEX will provide all listed companies with the same optional complimentary services through access to IEX Issuer, a market information analytics platform consisting of access to a team of market professionals and web-based content. The team of market professionals will serve as a single source of timely market intelligence, fundamental and technical trading analysis, and real-time market information to all listed companies. The web-based portion of IEX Issuer will provide similar information that will enable all listed companies to follow their stock's trading, competitors, and market activity through an online interface. In addition, IEX Issuer may, from time to time, provide information about products and services

from third-party vendors that IEX determines may be relevant to listed issuers. Provision of any products and services from a third-party vendor would need to be effected through arrangements directly between the listed issuer and the third-party vendor, without any subsidy or other involvement by the Exchange. A description of all products and services available through IEX Issuer will be provided on the Exchange's website.

All issuers listed on the Exchange will have access to services through IEX Issuer on the same basis. IEX is not proposing to offer any additional products and services to listed companies on a tiered or differentiated basis.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with Section 6 of the Act⁶ in general, and furthers the objectives of Section 6(b)(4)⁷ 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 issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with Section 6(b)(5) of the Act⁸ in that it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that it is fair and reasonable to offer optional complimentary products and services to attract and retain listings in a highly competitive market. The Exchange believes that the existing U.S. exchange listing market for operating companies is essentially a duopoly of the New York Stock Exchange ("NYSE") and Nasdaq Stock Market ("Nasdaq"), with the vast majority of operating companies listed on U.S. securities exchanges listed on those

⁶ 15 U.S.C. 78F [sic]

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78f(b)(5).

two. Both NYSE and Nasdaq offer complimentary products and services to listed companies,⁹ and the Exchange believes that some listed companies want such products and services. The Exchange expects to face significant competition from NYSE and Nasdaq as a new entrant into the exchange listing market, and believes that offering IEX Issuer will facilitate its ability to attract and retain the listing of companies that want complimentary products and services. IEX believes that to the extent IEX's listing program is successful, it will provide a competitive alternative, which will thereby benefit issuers and investors, remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with the protection of investors and the public interest.

The Exchange believes that its proposed provision of issuer products and services is fair and not unfairly discriminatory because it will offer all products and services to each listed company on the same terms and conditions without differentiation among listed companies whereby certain companies receive enhanced or more services.

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. To the contrary, and as discussed in the Statutory Basis section, IEX believes that the proposed rule change will enhance competition by facilitating IEX's listing program which will allow the Exchange to provide companies with another listing option, thereby promoting intermarket competition between exchanges in furtherance of the principles of Section 11A(a)(1) of the Act¹⁰ in that it is designed to promote fair competition between exchange markets by offering a new listing market to compete with Nasdaq and NYSE. Moreover, as a new listing venue, IEX

⁹ See Section 907.00 of the NYSE Listed Company Manual and Nasdaq Rule IM-5900-7.

¹⁰ 15 U.S.C. 78k-1(a)(1).

expects to face intense competition from existing exchanges. Consequently, the degree to which IEX's products and services offerings to listed companies could impose any burden on intermarket competition is extremely limited, and IEX does not believe that such products and services offering would impose any burden on competing venues that is not necessary or appropriate in furtherance of the purposes of the Act.

IEX also does not believe that the proposed rule change will result in any burden on intramarket competition since IEX will offer the complimentary products and services to all listed companies on the same basis without any differentiation. Consequently, IEX does not believe that the proposal will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

IEX also notes that it does not have exclusive arrangements with third-party vendors with respect to optional access to discounted products and services from third-party vendors. IEX believes that multiple third-party vendors offer similar services and listed companies will not be required to accept any discounted products and services as a condition to listing. IEX listed companies are free to purchase similar products and services from other vendors, or not to use any such products and services, instead of accepting the products and services described herein offered by the Exchange. Thus, even if IEX were to list a large number of companies, it nonetheless does not believe that the proposed rule change will adversely impact competition for such products and services.

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

Within 45 days of the date of publication of this notice in the Federal Register or within

such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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 Number SR-IEX-2017-20 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-IEX-2017-20. 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 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-2017-20 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.¹¹

Eduardo A. Aleman
Assistant Secretary

¹¹ 17 CFR 200.30-3(a)(12).