

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104942; File No. SR-IEX-2026-07]

## Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify IEX Rule 11.190(b)(7)

March 6, 2026.

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 February 24, 2026, 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<sup>4</sup>, and Rule 19b-4 thereunder<sup>5</sup>, IEX is filing with the Commission a proposed rule change to provide Users a new order handling option they can apply to Discretionary Limit orders they submit to the Exchange.

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.

---

<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)(1).

<sup>5</sup> 17 CFR 240.19b-4.

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 purpose of this proposed rule filing is to amend IEX Rule 11.190(b)(7) to add a new optional order handling instruction for Discretionary Limit<sup>6</sup> (“D-Limit”) orders. Currently if the System<sup>7</sup> receives a D-Limit buy (sell) order during a period of “quote instability”<sup>8</sup>, and the D-Limit order has a limit price equal to or higher (lower) than the quote instability determination price level (“CQI Price”), the price of the order will be automatically adjusted by the System to one (1) minimum price variation (“MPV”)<sup>9</sup> lower (higher) than the CQI Price.<sup>10</sup> Under this proposal, a User<sup>11</sup> would have the option of either: (i) having the order post to the Order Book<sup>12</sup> at its limit price or execute on entry against eligible resting interest on the Order Book; or (ii)

---

<sup>6</sup> See IEX Rule 11.190(b)(7).

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

<sup>8</sup> See IEX Rule 11.190(g)(1) (detailing the functionality of the crumbling quote indicator (“CQI”) which assesses a quote’s instability).

<sup>9</sup> See IEX Rule 11.210.

<sup>10</sup> See IEX Rule 11.190(b)(7)(A) and (B).

<sup>11</sup> See IEX Rule 1.160(qq). Users include both Members and Sponsored Participants, see IEX Rule 1.160(ll), but the terms “Member” and “User” are used interchangeably in this filing.

<sup>12</sup> See IEX Rule 1.160(p).

selecting an order handling instruction to allow the D-Limit order to be price adjusted as described above.<sup>13</sup> In either case, if the D-Limit order posts to the Order Book, and the System makes another quote instability determination, the order will be subject to automatic price adjustment like any other resting D-Limit buy (sell) order (i.e., if the order has a price equal to or higher (lower) than the CQI Price, it will be automatically adjusted by the System to a price one MPV lower (higher) than the CQI Price).<sup>14</sup>

### Background

A D-Limit order may be a displayed or non-displayed limit order that upon entry and when posting to the Order Book is priced to be equal to and ranked at the order's limit price, but will be automatically adjusted by the System to a price one MPV lower (higher) than the CQI Price during periods of quote instability (i.e., when the CQI is "on").<sup>15</sup>

As described above, if the CQI is "on" when the System receives a D-Limit buy (sell) order with a limit price equal to or higher (lower) than the CQI Price, the price of the order will be automatically adjusted by the System to one MPV lower (higher) than the CQI Price.<sup>16</sup> Similarly, when unexecuted shares of a D-Limit buy (sell) order are posted to the Order Book, if a quote instability determination is made and such shares are ranked and displayed (in the case of a displayed order) by the System at a price equal to or higher (lower) than the CQI Price, the price of the order will be automatically adjusted by the System to a price one MPV lower (higher) than the CQI Price.<sup>17</sup>

---

<sup>13</sup> The default order handling for incoming D-Limit orders will be option (1) as described above. Users can submit this optional order handling instruction at both the order and session level.

<sup>14</sup> See IEX Rule 11.190(b)(7)(C) and (D).

<sup>15</sup> See IEX Rule 11.190(b)(7)(A)-(D).

<sup>16</sup> See IEX Rule 11.190(b)(7)(A) and (B).

<sup>17</sup> See IEX Rule 11.190(b)(7)(C) and (D).

## Proposal

Unless otherwise instructed by the User, a D-Limit order that arrives when a quote instability determination is in effect will not be subject to a price adjustment, as described below. Specifically, an incoming D-Limit buy (sell) order with a limit price equal to or higher (lower) than the CQI Price, which arrives during a period of quote instability, would not be automatically price adjusted to one minimum price variation (MPV) lower (higher) than the CQI price, unless the User has selected that order handling instruction.

Nothing in this proposal changes the core functionality of a D-Limit order, i.e., the manner in which the System automatically price adjusts D-Limit orders; rather, the proposal is designed to give Users more control over the price at which their incoming D-Limit orders book or trade. Additionally, IEX is not proposing any changes to how a resting D-Limit order to buy (sell) priced equal to or higher (lower) than the CQI Price will be automatically adjusted in the event of a quote instability determination.

The proposed change is responsive to informal feedback from Members<sup>18</sup> seeking more flexibility in how their D-Limit orders will function on entry. Specifically, IEX understands that some Members would prefer that their D-Limit orders not automatically price adjust on entry during periods of quote instability, because such Members have entered the order with a limit price consistent with their trading objectives at that time with the preference that the order either post to the Order Book at its limit price or execute against eligible resting interest on the Order Book.

Thus, IEX designed this limited but targeted optional order handling instruction to give

---

<sup>18</sup> See IEX Rule 1.160(s). As discussed in note 11, supra, the terms “Member” and “User” are used interchangeably in this filing.

Members the flexibility to elect to enter D-Limit orders that will not be automatically price-adjusted on entry when that better suits their trading objectives.<sup>19</sup> To effect this proposed change, IEX proposes to modify IEX Rules 11.190(b)(7)(A) (describing the treatment of buy orders on entry) and 11.190(b)(7)(B) (describing the treatment of sell orders on entry) by adding language to each of these paragraphs stating that the price adjustment functionality only will apply to a D-Limit order on entry if the buy (sell) order has a limit price that is equal to or higher (lower) than the CQI Price, “and the order was submitted with an optional instruction to allow for price adjustment on entry.” IEX is proposing no other changes to the D-Limit order type.

### Implementation

The Exchange will announce the implementation date of the proposed rule change by Trading 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,<sup>20</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>21</sup> 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 protection of investors and the public interest because it is designed to provide more flexibility

---

<sup>19</sup> See supra note 13.

<sup>20</sup> 15 U.S.C. 78f(b).

<sup>21</sup> 15 U.S.C. 78f(b)(5).

and opportunities for Members to add both displayed and non-displayed liquidity to the Exchange. As noted in the Purpose section, the proposed rule change is responsive to informal feedback from some Members that they do not necessarily wish to have their D-Limit orders be price adjusted on entry if they arrive at the Exchange while the CQI is “on.” In response to this feedback, IEX proposes to allow Users the option of either having a D-Limit order be subject to price adjustment on entry during a period of quote instability or to only be subject to price adjustment once the order is posted to the Order Book (and if the CQI is “on”).

By providing additional functionality to enable Members to more effectively manage D-Limit orders, IEX believes that the proposed rule change will promote more use of D-Limit orders, thereby attracting additional liquidity to the Exchange, while remaining consistent with the purpose of the order type<sup>22</sup>. To the extent it is successful in attracting additional liquidity to the Exchange, this rule proposal will benefit all market participants, thereby supporting 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.

The Exchange further believes that the proposed rule change is consistent with the Act because it would be available to all Members on a fair, equal and nondiscriminatory basis regardless of their technological sophistication. Moreover, the proposal is designed to incentivize the entry of additional D-Limit orders by providing flexibility to support Members’ ability to manage such orders. To the extent that this flexibility incentivizes additional D-Limit orders, all market participants will benefit.

The Exchange also believes that the proposed rule change is consistent with the

---

<sup>22</sup> See Securities Exchange Act Release No. 89686 (August 26, 2020), 85 FR 54438 (September 1, 2020) (SR-IEX-2019-15).

protection of investors and the public interest because the circumstances under which a D-Limit order will be price adjusted are narrowly tailored, transparent, and predictable, as described in the Purpose section.

The proposed functionality would merely allow a Member to have its D-Limit order on entry treated in the same manner as a regular limit order would be treated on IEX or other exchanges.<sup>23</sup>

Accordingly, based on the foregoing, the Exchange does not believe that the proposed rule change raises any novel issues not already considered by the Commission.

**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 providing additional optional order handling instructions for D-Limit users. As discussed in the Purpose section, the proposal is designed to incentivize the entry of additional liquidity providing orders on IEX by providing flexibility to Members entering D-Limit orders with respect to the pricing of such orders on entry. Further, IEX believes this proposal will enhance opportunities for price discovery and increase the overall displayed (and non-displayed) liquidity profile on the Exchange, to the benefit of all market participants.

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

---

<sup>23</sup> See, e.g., IEX Rule 11.190(a)(1); MEMX Rule 11.8(b); NYSE Rule 7.31(a)(2); Cboe BZX Rule 11.9(a)(1).

purposes of the Act. All Members would be eligible to use the new optional order handling instructions for their D-Limit orders or to have their D-Limit orders continue to be subject to price adjustment on entry.

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)<sup>24</sup> of the Act and Rule 19b-4(f)(6)<sup>25</sup> 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 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<sup>26</sup> because it would not significantly affect the protection of investors or the public interest. Rather, the proposed rule change is designed to benefit investors and the public interest by providing enhanced flexibility to Members' management of their D-Limit orders if such orders arrive during a period of quote instability, as described in the Purpose and Statutory Basis sections.

IEX notes (as discussed in the Statutory Basis section) that both the D-Limit order type and the standard IEX limit order type were approved by the Commission, and this proposed rule

---

<sup>24</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>25</sup> 17 CFR 240.19b-4(f)(6).

<sup>26</sup> 17 CFR 240.19b-4(f)(6).

change merely allows Users to decide if a D-Limit order that arrives during a period of quote instability should be posted to the order book or execute against resting interest on the Order Book at the order's limit price, in the same manner as a regular limit order. Accordingly, the Exchange believes that the proposed rule change is noncontroversial and satisfies the requirements of Rule 19b-4(f)(6).<sup>27</sup>

Furthermore, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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. The Exchange has satisfied this requirement.

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>28</sup> 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

---

<sup>27</sup> 17 CFR 240.19b-4(f)(6).

<sup>28</sup> 15 U.S.C. 78s(b)(2)(B).

(<https://www.sec.gov/rules/sro.shtml>); or

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-IEX-2026-07 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-2026-07. 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-2026-07 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.<sup>29</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

---

<sup>29</sup> 17 CFR 200.30-3(a)(12).