

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-99757; File No. SR-IEX-2024-05)

March 18, 2024

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IEX Rule 6.210 (Ex-Dividend or Ex-Right Dates)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 13, 2024, 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) under the Act,³ and Rule 19b-4 thereunder,⁴ IEX is filing with the Commission a proposed rule change to amend IEX Rule 6.210 (Ex-Dividend or Ex-Right Dates) to conform it to the Commission’s amendment to Rule 15c6-1(a) of the Act⁵ to shorten the standard settlement cycle for most broker-dealer transactions. The Exchange has designated this proposal as “non-controversial” and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁶

The text of the proposed rule change is available at the Exchange’s website at

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(1).

⁴ 17 CFR 240.19b-4.

⁵ See Securities Exchange Act Release No. 96930, Investment Advisers Act Release No. 6239 (February 15, 2023), 88 FR 13872 (March 6, 2023) (“T+1 Adopting Release”).

⁶ 17 CFR 240.19b-4(f)(6)(iii).

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 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

Effective May 28, 2024, the standard settlement cycle for most broker-dealer transactions will be shortened from two business days after the trade date ("T+2") to one business day after the trade date ("T+1").⁷ To reflect this shortened settlement cycle, IEX proposes to amend IEX Rule 6.120 (Ex-Dividend or Ex-Right Dates).

IEX Rule 6.120 currently provides that transactions in securities traded "regular" shall be "ex-dividend" or "ex-rights" as the case may be, on the first business day preceding the record date fixed by the company or the date of the closing of the transfer books.⁸ It also provides that if the record date or closing of transfer books occurs on a day other than a business day, the transaction will be ex-dividend or ex-rights on the second preceding business day.⁹

The Exchange proposes to amend IEX Rule 6.120 to shorten the time frames by one

⁷ See T+1 Adopting Release, 88 FR 13872, 13916 (amending Rule 15c6-1(a) under the Act to require settlement no later than T+1 starting on May 28, 2024).

⁸ See IEX Rule 6.210.

⁹ Id.

business day. With this change, the ex-dividend or ex-right date would be the same business day as the record date, if the record date occurs on a business day, or the first business day preceding the record date if the record date occurs on a day other than a business day. IEX notes that this rule change is substantively identical to a recent Nasdaq Phlx LLC (“Nasdaq Phlx”) rule change that amended Nasdaq Phlx Equity 11, Section 6 (Ex-dividend, Ex-rights).¹⁰

Implementation

The Exchange proposes to implement this proposed rule change on Tuesday, May 28, 2024, the compliance date specified in the Commission’s amendment to Rule 15c6-1(a) of the Act¹¹, or such later date as may be announced by the Commission, so that the operative date coincides with implementation of the T+1 standard settlement cycle industry change. IEX will announce the operative date of the proposed rule change in a trader alert.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹² in general and furthers the objectives of Section 6(b)(5)¹³ of the Act in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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 proposed rule change seeks to conform IEX’s rules with the adopted Commission rule amendment to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.¹⁴ The proposal is consistent with the Commission’s amendment to Rule 15c6-1(a)

¹⁰ See Securities Exchange Act Release No. 98955 (November 15, 2023), 88 FR 81161 (November 21, 2023) (SR-Phlx-2023-49).

¹¹ See *supra* note 7.

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ See *supra* note 5.

of the Act to require standard settlement no later than T+1. This proposal will provide IEX Members¹⁵ with regulatory certainty as to the settlement cycle that will be utilized to settle transactions executed on the Exchange.

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, as amended. The proposed rule change is not designed to address any competitive issues but rather to provide for the appropriate determination and dissemination of ex-dates, to provide certainty as to which security holder will receive the corporate action consideration. The Exchange also believes that the proposed rule change will serve to promote clarity and consistency, as noted in the Statutory Basis section, thereby reducing burdens on competition and facilitating investor protection.

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 foregoing 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.

At any time within 60 days of the filing of the proposed rule change, the Commission

¹⁵ See IEX Rule 1.160(s).

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.

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
- Send an email to rule-comments@sec.gov. Please include file number SR-IEX-2024-05 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-2024-05. 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 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 a.m. and 3 p.m. Copies of the filing also 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-2024-05 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.¹⁶

Sherry R. Haywood,

Assistant Secretary.

¹⁶ 17 CFR 200.30-3(a)(12).