

19b–4(f)(2)<sup>42</sup> thereunder. 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR–PEARL–2020–33 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–PEARL–2020–33. 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 (<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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–PEARL–2020–33 and should be submitted on or before January 7, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>43</sup>

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

[FR Doc. 2020–27730 Filed 12–16–20; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90645; File No. SR–IEX–2020–18]

### Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing of Proposed Rule Change To Amend IEX Rule 11.510 To Reduce the Outbound Latency That Presently Applies to All Trading Messages Sent From IEX Back to Users of the Exchange

December 11, 2020.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b–4 thereunder,<sup>3</sup> notice is hereby given that, on December 9, 2020, the Investors Exchange LLC (“IEX” or the “Exchange”) 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 Act,<sup>4</sup> and Rule 19b–4 thereunder,<sup>5</sup> IEX is filing with the Commission a proposed rule change to amend IEX Rule 11.510 to reduce the outbound latency that presently applies to all trading messages sent from IEX back to Users<sup>6</sup> of the Exchange to

include only the actual geographic distance and related network connectivity, as well as to make conforming changes to the outbound latency that applies to all trading messages sent from the IEX System<sup>7</sup> to the System routing logic<sup>8</sup> with respect to routable orders. The text of the proposed rule change is available at the Exchange's website at [www.iextrading.com](http://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

The Exchange proposes to amend IEX Rule 11.510 to reduce the outbound latency that presently applies to all trading messages sent from the IEX System at its primary data center back to Users of the Exchange to include only the actual geographic distance and related network connectivity, as well as to make conforming changes to the outbound latency that applies to all trading messages sent from the IEX System to the System routing logic with respect to routable orders.

The Exchange is not proposing to make any changes to the additional latency that applies in a symmetrical manner to all inbound order messages (*i.e.*, orders, modifications or cancellations) regardless of whether such orders are to make or take liquidity. This additional latency on inbound order messages, commonly referred to as the “IEX Speedbump,” continues to be a critical part of the IEX system and is designed to protect the interests of investors, brokers, and market makers that rest orders on IEX.

As described in more detail below, the additional latencies that are currently applied to both inbound and

<sup>42</sup> 17 CFR 240.19b–4(f)(2).

<sup>43</sup> 17 CFR 200.30–3(a)(12).

<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.

<sup>6</sup> See IEX Rule 1.160(qq).

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

<sup>8</sup> See IEX Rule 2.220(a).

outbound messages between IEX and Users were put in place for completely different purposes. In contrast to the resting order protective design of the additional inbound latency, the additional outbound latency was designed simply to avoid potential information leakage about an execution on IEX that could reduce a Member's<sup>9</sup> ability to access liquidity on other markets after trading on IEX. As discussed more fully below, since the IEX exchange launch in 2016 there have been significant improvements in routing technology as well as reductions in Securities Information Processor ("SIP") market data dissemination latencies, and as a result the Exchange believes that the additional outbound latency is no longer necessary.

The Exchange also notes that no other national securities exchanges currently provide for additional latency to outbound communications. Thus, IEX does not believe that the proposed changes raise any new or novel material issues that have not already been considered by the Commission in connection with the operations of other national securities exchanges, or that Members could not readily incorporate into their trading systems.

## Background

### Connectivity Description

Currently, all Users, which include Members and Sponsored Participants,<sup>10</sup> access IEX through the Exchange-provided network interface at the IEX Point-of-Presence<sup>11</sup> or "POP," located in Secaucus, New Jersey.<sup>12</sup> After entering through the POP, a User's electronic message sent to the System traverses the IEX "coil" which is a box containing approximately 38 miles of compactly coiled optical fiber cable. After exiting the coil, the User's message travels an additional geographic or physical distance to the System, located at the Exchange's primary data center in Weehawken, New Jersey. The time required for a message to traverse the coil combined with the physical distance (and related networking) to the System equates to an equivalent 350 microseconds of latency, referred to herein as the "inbound latency."<sup>13</sup> All inbound messages (e.g., orders to buy or sell and any modification to a previously sent open order) from any

User traverse this connectivity infrastructure, including the coil, in a symmetrical manner regardless of the type of message or whether the User is seeking to buy, sell, make or take liquidity.

Separately, all outbound messages from IEX back to a User (e.g., confirmations of an execution that occurred on IEX), as well as messages from IEX's TOPS, DEEP and DROP data products<sup>14</sup> (collectively "Data Products"), pass through the communication infrastructure in reverse, referred to herein as the "outbound latency."<sup>15</sup>

Other incoming and outgoing messages to and from IEX are not subject to either the inbound or outbound latency. Instead, they are sent and received directly to and from the System, subject only to the latencies inherent in the geographic distances that the messages travel. These other messages include (i) incoming proprietary market data from other national securities exchanges and market data from the SIPs and (ii) outgoing messages to the SIPs (to disseminate IEX's quotation and last sale/execution information), the National Securities Clearing Corporation (to transmit executed transactions) and other national securities exchanges (to route orders for potential execution on such exchanges). In addition, all IEX Order Book<sup>16</sup> processing and order executions on the IEX Order Book occur within the System and are not subject to the inbound or outbound connectivity infrastructure.

IEX's affiliated broker-dealer, IEX Services LLC ("IEXS"), is a Member of the Exchange and is subject to the same inbound and outbound latency as other Members, as described in IEX Rules 2.220 and 11.510. If a User sends a routable order to the Exchange for potential execution on IEX, after traversing the inbound latency (including the coil) to reach the System, it is directed to the System routing logic rather than the IEX matching engine.<sup>17</sup> Upon receipt of a routable order, the System routing logic may route all or a portion of the order to the IEX Order Book or to another national securities exchange. Any such orders routed to the IEX Order Book by the System routing logic are subject to an additional 350

microsecond inbound latency between the IEX routing logic and the IEX Order Book. Similarly, the IEX routing logic may only receive IEX Data Products subject to the same 350 microsecond outbound latency as other data recipients. These additional inbound and outbound latency delays place IEXS in the same position as any Member that is a third-party routing broker in reaching the IEX Order Book, receiving outbound order messages, and receiving IEX Data Products, i.e., IEXS has no speed or informational advantage compared to other Members and data recipients.

See IEX Rule 11.510 for a complete description of the manner in which Participants<sup>18</sup> and Extranet Providers<sup>19</sup> may connect to, access, and interact with the System including the applicable latencies.

### The Critical Function of the "Speedbump"

The IEX Speedbump, which applies additional latency to inbound order messages (including modifications and cancellations), is designed to enable IEX to more effectively manage and price orders resting on its book when the market moves. This is because (as described above) orders sent to IEX are delayed by 350 microseconds in reaching IEX's matching engine but IEX does not delay its own receipt of market data from other national securities exchanges and the SIPs. This approach is designed to enable IEX's matching engine to timely process price changes and to price or execute orders on the IEX Order Book at the most accurate prices possible. As the Commission noted in approval of IEX's application to operate as a national securities exchange in 2016:

[T]he purpose of IEX's coil is to provide an intentional buffer that slows down incoming orders to allow IEX's matching engine to update the prices of resting "pegged" orders when away prices change to protect resting pegged orders from the possibility of adverse selection when the market moves to a new midpoint price. The allowable price of a "pegged" order will change whenever the best displayed price across all exchanges changes, but it takes time for IEX's system to receive other exchange data feeds and recalculate the price of each pegged order resting on its book. For various reasons, IEX's systems may not recalculate prices as fast as some of the fastest low-latency traders in the market are able to send orders accessing pegged orders resting on IEX at potentially "stale" prices. The Commission believes that the application of the POP/coil delay delays the ability of low-latency market participants to take a "stale"-priced resting pegged order

<sup>9</sup> See IEX Rule 1.160(s).

<sup>10</sup> See IEX Rule 1.160(l).

<sup>11</sup> A Point-of-Presence is the location at which customers of an exchange (or other technological system) can connect to the exchange.

<sup>12</sup> Please see discussion *infra* with respect to the connectivity infrastructure applicable to routable orders.

<sup>13</sup> See IEX Rule 11.510(b)(1).

<sup>14</sup> See IEX Rule 11.330(a).

<sup>15</sup> See IEX Rule 11.510(b)(2). IEX's backup data center, in Chicago, Illinois, which only consumes market data from the SIPs, does not have any inbound or outbound POP/coil latency, see IEX Rule 11.510 Supplementary Material .01, and is therefore unaffected by this proposed rule change.

<sup>16</sup> See IEX Rule 1.160(p).

<sup>17</sup> See IEX Rule 11.230(b).

<sup>18</sup> See IEX Rule 11.130(a).

<sup>19</sup> See IEX Rule 11.130(a).

on IEX (*i.e.*, before IEX finishes its process of re-pricing the pegged order in response to changes in the NBBO) based on those market participants' ability to more effectively digest direct market data feeds and swiftly submit an order before IEX finishes its process of updating the prices of pegged orders resting on its book. (internal citations omitted)<sup>20</sup>

In addition, with IEX's recent addition of its D-Limit order type, the IEX speed bump helps IEX re-price D-Limit orders in the few seconds of the day when IEX's Crumbling Quote Indicator<sup>21</sup> detects that the national best bid or offer is likely to move in a direction adverse to the User of the order within two milliseconds.<sup>22</sup>

This application of the IEX Speedbump, and the benefits therein, are distinct and different from the additional (and symmetrical) latency imposed on outbound trading messages which was designed to slightly delay news of an execution to the participants to the execution and to IEX's Data Products. The outbound latency thus enables a market participant using a serial routing technique<sup>23</sup> that executes a trade on IEX to avoid potential information leakage when subsequently seeking to access liquidity on other markets before news of the IEX execution could affect resting liquidity on those markets<sup>24</sup> (*e.g.*, potentially resulting in cancellations or re-pricing of such liquidity). Since the time of IEX's exchange approval in 2016 there have been a myriad of technology advances, including improvements in smart-order routing techniques and a reduction in SIP latencies.<sup>25</sup> Consequently, and as discussed more fully below and in the Statutory Basis

section, IEX does not believe that the considerations that existed in 2016 necessitate continuing to impose additional latency on outbound order messages or IEX Data Products.

#### Proposal

The Exchange proposes to amend IEX Rule 11.510 to reduce the outbound latency that presently applies to all trading messages sent from IEX back to Users to the actual geographic distance and related network connectivity<sup>26</sup> between the Exchange System and the IEX POP. As proposed, all outbound communications (including execution and other order report messages, as well as TOPS, DEEP and DROP messages) would be treated in the same manner. The Exchange estimates that removal of the coiled optical fiber would reduce the outbound latency to 37 microseconds.

IEX is not proposing any changes to the additional latency applied to inbound orders, cancellations or modifications from any User, regardless of making or taking liquidity or any other factors, which will maintain the symmetry of IEX's Speedbump design for all Users. Users would still be required to connect to IEX at the POP. IEXS would continue to be subject to the existing additional inbound latency when the IEX routing logic sends an order to the IEX Order Book (a total delay of 700 microseconds for inbound routable orders) but would be subject to the reduced outbound latency in receiving execution and order messages as well as IEX Data Products in the same manner as those of other Members and data recipients. Therefore, reducing the outbound latency will have no impact on IEX's ability to provide the benefits of protection from certain trading strategies when using pegged or D-Limit orders.

In addition, based on informal feedback from Members, IEX understands that a reduction in the outbound latency would enhance Members' execution and risk management processes, including with respect to hedging and re-routing, by enabling them to receive reports of IEX executions sooner than is currently the case. Moreover, IEX believes that these benefits would apply to all Members, regardless of business model, by supporting overall execution and risk management. IEX further understands that receiving execution reports closer in time to when an execution occurred would enable Members and their

clearing firms to incorporate the financial and other exposure of an execution into their risk management systems and thereby enable enhanced monitoring and control of applicable risks. IEX believes that these execution and risk management benefits outweigh the concerns that previously existed regarding the risk to serial routing techniques. As the Commission has noted, current and commonplace routing techniques seek to have orders arrive and execute simultaneously across multiple venues and are able to capture liquidity across multiple venues simultaneously without signaling those executions to the market in a way that would impact prices or available liquidity.<sup>27</sup> As a result, IEX believes that Members and other market participants can use such routing techniques instead of serial routing techniques to avoid potential information leakage when subsequently seeking to access liquidity on other markets after an IEX execution.

IEX also believes that its Data Products would be more useful if they were not subject to the additional outbound latency so that Members can more effectively use IEX market data in their execution and risk management decisions. Additionally, IEX notes that since its exchange launch in 2016 the SIPs have materially reduced their average latencies for dissemination of quote and trade messages, as discussed above.<sup>28</sup> Thus, IEX believes that these reduced latencies enable some market participants to receive IEX market data messages from the SIPs before they can receive such messages on TOPS and DEEP. In these circumstances delaying IEX's Data Products effectively renders them of limited utility. Consequently, as proposed, IEX Data Products will also be subject to the reduced outbound latency.

Accordingly, IEX proposes to amend IEX Rule 11.510 to reflect the changes described above as well as to streamline descriptions of the communications infrastructure for inbound and outbound latency. As proposed the changes are as follows:

- Add new language to paragraph (a) to add specificity to the reference to the POP, including that it is an abbreviation for the IEX point-of-presence and that its network address is specified in the Exchange's Connectivity Manual. In addition, clarifying language is added to specify and describe the latency for inbound and outbound communications between the System and the POP, including that outbound communications from the System to the POP do not traverse the distance provided by

<sup>20</sup> See Securities Exchange Act Release No. 34–78101 (June 17, 2016), 81 FR 41141, 41155 (June 23, 2016) (“Exchange Approval Order”).

<sup>21</sup> See IEX Rule 11.190(g).

<sup>22</sup> See Securities Exchange Act Release No. 89686 (August 26, 2020), 85 FR 54438 (September 1, 2020) (approving SR–IEX–2019–15) (“D-Limit Approval Order”).

<sup>23</sup> Serial routing entails routing an order first to one exchange, and then routing whatever shares remain in the order to other exchanges.

<sup>24</sup> See Exchange Approval Order, *supra* note 20.

<sup>25</sup> The SIPs are comprised of three plans: The CTA Plan (trade data on Tapes A&B), the CQ Plan (quote data on Tapes A&B), and the UTP Plan (trade and quote data on Tape C). Since IEX's exchange launch in September 2016, the average latencies for quote messages on the SIPs has dropped from 470 μs to 19.5 μs (CQ Plan) and from 762 μs to 13.2 μs (UTP Plan); and the average latencies for trade messages on the SIPs has dropped from 320 μs to 20 μs (CTA Plan) and from 619.7 μs to 15.7 μs (UTP Plan). See “Key Operating Metrics of Tape A&B U.S. Equities Securities Information Processor (CTA SIP),” available at [https://www.ctaplan.com/publicdocs/ctaplan/CTAPLAN\\_Processor\\_Metrics\\_3Q2020.pdf](https://www.ctaplan.com/publicdocs/ctaplan/CTAPLAN_Processor_Metrics_3Q2020.pdf) and “UTP Q3 2020—September Tape C Quote Metrics” and “September Tape C Trade Metrics,” available at [https://www.utpplan.com/DOC/UTP\\_website\\_Statistics\\_Q3-2020-September.pdf](https://www.utpplan.com/DOC/UTP_website_Statistics_Q3-2020-September.pdf).

<sup>26</sup> Ordinary course network connectivity includes switches and cabling to connect the network access point at the POP to the System.

<sup>27</sup> See D-Limit Approval Order *supra* note 22 at 54441–42.

<sup>28</sup> See *supra* note 25.

coiled optical fiber and are subject to an equivalent 37 microseconds of latency due to traversing the geographic distribution and network connectivity between the System at the primary data center and the network access point of the POP. Conforming changes would be made to existing rule text to refer to inbound communications separately from outbound communications and replace the word “with” with “to” to be descriptive of the one-way communications referenced. Conforming changes to subparagraph (a)(1) would reflect that the Connectivity Manual was referenced and abbreviated previously. Subparagraph (a)(2) would be revised to replace the phrase “traverse the POP” with more descriptive language “traverse the connectivity infrastructure between the System and the POP.”

- Paragraph (b) would be amended to replace the current heading, “IEX POP Connectivity” with “IEX Connectivity Infrastructure” which is more descriptive of the content of the paragraph. In addition, references to “inbound POP latency” and “outbound POP latency” would each delete the word “POP” to align with the clarifying changes to paragraph (a). Further, new language would be added to reference that connectivity between the System routing logic and the Order Book and the manner in which the System routing logic may receive IEX’s Data Products are described in paragraph (c).

- Subparagraphs (b)(1) and (b)(2) would each also be amended to refer to the Exchange’s connectivity infrastructure rather than the POP in describing the design goals of the inbound and outbound latency. Subparagraph (b)(2) would also be amended to specify the outbound latency and to update references to the types of messages included in the parenthetical examples.

- Paragraph (c)(1) would be amended to make conforming terminology changes to those proposed for paragraph (b). In addition, new language would be added to clarify and describe how the changes to the outbound latency apply to the System routing logic.

- Paragraph (c)(2) would be amended to make conforming terminology changes to those proposed for paragraph (b). In addition, new language would be added to specify that the System routing logic may only receive IEX Data Products subject to 37 microseconds of outbound latency, equivalent to the outbound latency applicable to all other data recipients.

- Paragraph (c)(3) would be amended to make conforming terminology changes to those proposed for paragraph (b) and to delete an extra space in a cross-reference to IEX Rule 11.240(d).

- Supplementary Material .02 would be amended to make conforming terminology changes (including deleting the term “POP” from the heading) to those proposed for paragraph (b), to reference the latency for the outbound latency, and to include the inbound and outbound latencies for routable orders in the description of which latencies are impacted by force majeure events.

- Supplementary Material .03 would be amended to clarify when the outbound versus inbound latency applies to routable orders.

## Implementation

The Exchange plans to implement the proposed rule change in two steps. In the first step, the Exchange would reduce the outbound latency between the System and the POP from 350 to 37 microseconds, but would retain the existing outbound latency between the System and the System routing logic. In the second step, the Exchange would reduce the outbound latency between the System and the System routing logic from 350 to 37 microseconds. The purpose of the two-step implementation is to enable the IEX technology team to focus on each part separately, thereby mitigating potential risks, in a manner consistent with standard technology best practices. IEX is choosing to reduce the outbound latency to the System routing logic in the second step to avoid giving the System routing logic any preference over other Users. The Exchange expects that there will be several days between the two steps of the implementation and will provide at least ten (10) days’ notice to Members and market participants of the implementation timeline.<sup>29</sup>

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>30</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>31</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 enhance IEX Members’ execution and risk management efforts. As described in the Purpose section, IEX believes that a reduction in the outbound latency would enhance Members’ execution and risk management processes, including

<sup>29</sup> After step one and before step two, all outbound communications between the System and the System routing logic will continue to be subject to an equivalent 350 microseconds of latency. Outgoing messages (*i.e.*, responses) from the System routing logic to Users (with respect to routable orders sent to IEX) would be subject to the proposed reduced outbound latency of 37 microseconds. Further, IEXS would be able to receive IEX Data Products subject to the same 37 microseconds of latency as other Members and data recipients.

<sup>30</sup> 15 U.S.C. 78f(b).

<sup>31</sup> 15 U.S.C. 78f(b)(5).

with respect to hedging and re-routing, by enabling them to receive reports of IEX executions sooner than is currently the case. IEX further believes that this reduction in outbound latency will enable Members and their clearing firms to incorporate the financial and other exposure related to IEX executions into their risk management systems and thereby enable enhanced monitoring and control of applicable risks. Moreover, IEX believes that these benefits would apply to all Members, regardless of the details or nature of a Member’s business, by supporting overall execution and risk management. Further, IEX believes that these execution and risk management benefits outweigh the concerns that previously existed regarding the risk to serial routing techniques. As discussed in the Purpose section, and as the Commission has noted, current and commonplace routing techniques seek to have orders arrive and execute simultaneously across multiple venues and are able to capture liquidity across multiple venues simultaneously without signaling those executions to the market in a way that would impact prices or available liquidity.<sup>32</sup> As a result, IEX believes that Members and other market participants can use such routing techniques instead of serial routing techniques to avoid potential information leakage when subsequently seeking to access liquidity on other markets after an IEX execution.

Similarly, and as discussed in the Purpose section, IEX believes that its Data Products will be more useful for execution and risk management purposes if they are disseminated closer in time to the applicable execution or quote change. IEX believes that this is particularly true with the recent material reduction in SIP latencies, as detailed in the Purpose section.

Further, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because it will apply to all Members in the same manner. All outbound communications will be subject to the same reduction in latency on a fair and nondiscriminatory basis. Significantly, and as discussed in the Purpose section, execution and other order messages from the System to Users will be subject to the same latency as IEX’s Data Products so that the parties to an execution do not receive information regarding the execution prior to other market participants. Although the existing delay in dissemination of its Data Products was designed to enable an order sender to avoid the potential for information

<sup>32</sup> See *supra* note 27.

leakage when accessing liquidity on other markets (as discussed in the Purpose section), the Exchange believes this purpose is clearly outweighed by the potential execution and risk management benefits to market participants in receiving market data and execution reports more quickly, and the concomitant benefit to efficient markets. Moreover, as discussed in the Purpose section, the Exchange believes that market participants routinely utilize routing strategies and techniques to avoid potential information leakage, by routing in a manner so that child orders arrive at multiple markets near-simultaneously and that the technology to do so is well established and has evolved since IEX was approved as an exchange in 2016.<sup>33</sup>

Additionally, the Exchange notes that IEXS, its routing broker, will continue to be on a level playing field compared to all other Members, as it will be subject to the same outbound latency reduction, except for the few days between stages one and two of the proposed implementation. With respect to these few days, the Exchange notes that the Act generally does not prohibit an exchange from treating its affiliated routing broker in a manner that is less preferential than other Members. Moreover, use of IEXS by other Members is optional and any Member that does not want to use IEXS may use other routers to route orders to away trading centers.<sup>34</sup>

The Exchange also notes that no other national securities exchanges currently provide for additional latency to outbound communications. Thus, IEX does not believe that the proposed changes raise any new or novel material issues that have not already been considered by the Commission in connection with the operations of other national securities exchanges. Moreover, because the Exchange does not believe that the proposed rule change is novel, it believes that IEX Members will be readily able to accommodate the reduced outbound latency into their trading systems.

Finally, and for clarification purposes, IEX is not proposing any changes to the additional latency applied to inbound orders, cancellations, and modifications or to those communications and processes that are not subject to the inbound or outbound latency, which continue to be critical to the protection of pegged and D-Limit orders, as described above.

#### *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. To the contrary, the proposal is designed to enable enhancement of Members' execution and risk management processes, as described in the Purpose and Statutory Basis sections.

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 because other exchanges offer similar functionality. Moreover, the proposed rule change would benefit other exchanges because it would enable them to receive IEX's Data Products sooner than is currently the case which could correspondingly enable them to update pegged orders more quickly. Similarly, as with other Exchange Members, their outbound routing brokers would receive order messages from IEX sooner than is currently the case and could more quickly incorporate such information into any further routing decisions.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition because it will apply to all Members in the same manner, except for the few days between stages one and two of the proposed implementation. With respect to these few days, as noted in the Statutory Basis section, the Exchange notes that the Act generally does not prohibit an exchange from treating its affiliated routing broker in a manner that is less preferential than other Members. Moreover, use of IEXS by other Members is optional and any Member that does not want to use IEXS may use other routers to route orders to away trading centers.

#### *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 the 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-IEX-2020-18 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-2020-18. 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 (<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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-IEX-2020-18 and should

<sup>33</sup> See *supra* note 22 at 54441.

<sup>34</sup> See IEX Rule 2.220(a)(3).

be submitted on or before January 7, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>35</sup>

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

[FR Doc. 2020–27726 Filed 12–16–20; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meetings

**TIME AND DATE:** Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94–409, the Securities and Exchange Commission will hold an Open Meeting on Monday, December 21, 2020 at 10:00 a.m.

**PLACE:** The meeting will be held via remote means and/or at the Commission's headquarters, 100 F Street NE, Washington, DC 20549.

**STATUS:** This meeting will begin at 10:00 a.m. (ET) and will be open to the public via audio webcast only on the Commission's website at [www.sec.gov](http://www.sec.gov).

#### MATTERS TO BE CONSIDERED:

1. The Commission will consider whether to authorize the execution of a Memorandum of Understanding and related documents with the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”) concerning consultation, cooperation and the exchange of information related to the supervision and oversight of certain cross-border over-the-counter derivatives entities in connection with the use of substituted compliance by such entities.

2. The Commission will consider whether to issue an Order, pursuant to Exchange Act Rule 3a71–6, granting conditional substituted compliance in connection with certain Exchange Act requirements related to risk control (but not including nonbank capital and margin requirements), internal supervision and compliance, counterparty protection, and books and records, in response to an application by BaFin.

3. The Commission will consider whether to issue a Notice, pursuant to Exchange Act Rule 0–13, seeking public comment on an application made by a foreign financial regulatory authority, pursuant to Exchange Act Rule 3a71–6, for a substituted compliance determination, and on a proposed order providing for the conditional

availability of substituted compliance in connection with the application.

4. The Commission will consider whether to approve a proposed rule change by New York Stock Exchange LLC to amend Chapter One of the Listed Company Manual to modify the provisions relating to direct listings.

#### CONTACT PERSON FOR MORE INFORMATION:

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact Vanessa A. Countryman, Office of the Secretary, at (202) 551–5400.

Dated: December 14, 2020.

**Vanessa A. Countryman,**  
*Secretary.*

[FR Doc. 2020–27866 Filed 12–15–20; 11:15 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

**[Investment Company Act Release No. 34138; 812–14951]**

### KKR Income Opportunities Fund, et al.

December 11, 2020.

**AGENCY:** Securities and Exchange Commission (“Commission”).

**ACTION:** Notice.

Notice of application for an order under sections 17(d) and 57(i) of the Investment Company Act of 1940 (the “Act”) and rule 17d–1 under the Act to permit certain joint transactions otherwise prohibited by sections 17(d) and 57(a)(4) of the Act and rule 17d–1 under the Act.

**Summary of Application:** Applicants request an order to permit certain business development companies and closed-end management investment companies to co-invest in portfolio companies with each other and with certain affiliated investment funds and accounts.

**Applicants:** KKR INCOME OPPORTUNITIES FUND (“KIO”), KKR CREDIT OPPORTUNITIES PORTFOLIO (“KCOP”), KKR CREDIT ADVISORS (US) LLC (“KKR Credit”), KKR CREDIT ADVISORS (HONG KONG) LIMITED, KKR STRATEGIC CAPITAL MANAGEMENT LLC, KKR FI ADVISORS LLC, KKR FINANCIAL ADVISORS LLC, KKR FINANCIAL ADVISORS II, LLC, KKR CS ADVISORS I LLC, KKR MEZZANINE I ADVISORS LLC, KKR FI ADVISORS CAYMAN LTD., KAM ADVISORS LLC, KAM FUND ADVISORS LLC, KKR CREDIT FUND ADVISORS LLC, KKR ASSET MANAGEMENT, LTD., KKR CREDIT ADVISORS (IRELAND) UNLIMITED COMPANY, KKR CREDIT ADVISORS

(EMEA) LLP, KKR CREDIT ADVISORS (SINGAPORE) PTE. LTD., KKR CAPITAL MARKETS HOLDINGS L.P., KKR CAPITAL MARKETS LLC, KKR CAPITAL MARKETS LIMITED, KKR CAPITAL MARKETS ASIA LIMITED, MCS CAPITAL MARKETS LLC, KKR CAPITAL MARKETS PARTNERS LLP, KKR CAPITAL MARKETS INDIA PRIVATE LIMITED, KKR CAPITAL MARKETS (IRELAND) LIMITED, KKR CAPITAL MARKETS JAPAN LIMITED, KKR RTV MANAGER LLC, KKR LOAN ADMINISTRATION SERVICES LLC, KKR CORPORATE LENDING LLC, KKR CORPORATE LENDING (CAYMAN) LIMITED, KKR CORPORATE LENDING (UK) LLC, MERCHANT CAPITAL SOLUTIONS LLC, MCS CORPORATE LENDING LLC, KKR ALTERNATIVE ASSETS LLC, KKR ALTERNATIVE ASSETS L.P., KKR ALTERNATIVE ASSETS LIMITED, KKR CORPORATE LENDING (CA) LLC, KKR CORPORATE LENDING (TN) LLC, KKR FINANCIAL HOLDINGS, INC., KKR FINANCIAL HOLDINGS, LTD., KKR FINANCIAL HOLDINGS II, LLC, KKR FINANCIAL HOLDINGS II, LTD., KKR FINANCIAL HOLDINGS III, LLC, KKR FINANCIAL HOLDINGS III, LTD., KKR FINANCIAL CLO HOLDINGS, LLC, KKR FINANCIAL CLO HOLDINGS II, LLC, KKR TRS HOLDINGS, LTD., KKR STRATEGIC CAPITAL INSTITUTIONAL FUND, LTD., KKR DEBT INVESTORS II (2006) IRELAND L.P., KKR DI 2006 LP, KKR EUROPEAN SPECIAL OPPORTUNITIES LIMITED, 8 CAPITAL PARTNERS L.P., KKR FINANCIAL CLO 2007–1, LTD., KKR FINANCIAL CLO 2012–1, LTD., KKR FINANCIAL CLO 2013–1, LTD., KKR FINANCIAL CLO 2013–2, LTD., KKR CLO 9 LTD., KKR CLO 10 LTD., KKR CLO 11 LTD., KKR CLO 12 LTD., KKR CLO 13 LTD., KKR CLO 14 LTD., KKR CLO 15 LTD., KKR CLO 16 LTD., KKR CLO 17 LTD., KKR CLO 18 LTD., KKR CLO 19 LTD., KKR CLO 20 LTD., KKR CLO 21 LTD., KKR CLO 22 LTD., KKR CLO 23 LTD., KKR CLO 24 LTD., KKR CLO 25 LTD., KKR CLO 26 LTD., KKR CLO 27 LTD., KKR CLO 28 LTD., KKR CLO 29 LTD., KKR CLO 30 LTD., KKR CLO 31 LTD., KKR CORPORATE CREDIT PARTNERS L.P., KKR MEZZANINE PARTNERS I L.P., KKR MEZZANINE PARTNERS I SIDE-BY-SIDE L.P., KKR-KEATS CAPITAL PARTNERS L.P., KKR-MILTON CAPITAL PARTNERS L.P., KKR-MILTON CAPITAL PARTNERS II L.P., KKR LENDING PARTNERS L.P., KKR LENDING PARTNERS II L.P., KKR-VRS CREDIT PARTNERS L.P., KKR PIP INVESTMENTS L.P., KKR SPECIAL SITUATIONS (DOMESTIC) FUND L.P.,

<sup>35</sup> 17 CFR 200.30–3(a)(12).