

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission Equity Market Structure Advisory Committee will hold a public meeting on Tuesday, August 2, 2016, in the Multipurpose Room, LL-006 at the Commission's headquarters, 100 F Street NE., Washington, DC

The meeting will begin at 9:30 a.m. (EDT) and will be open to the public. Seating will be on a first-come, first-served basis. Doors will be open at 9:00 a.m. Visitors will be subject to security checks. The meeting will be webcast on the Commission's Web site at www.sec.gov.

On July 13, 2016, the Commission published notice of the Committee meeting (Release No. 34-78308), indicating that the meeting is open to the public and inviting the public to submit written comments to the Committee. This Sunshine Act notice is being issued because a majority of the Commission may attend the meeting.

The agenda for the meeting will focus on updates and potential recommendations from the four subcommittees.

For further information, please contact Brent J. Fields from the Office of the Secretary at (202) 551-5400.

Dated: July 26, 2016.

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78417]

Order Granting Application of Investors' Exchange LLC for a Limited Exemption from Exchange Act Rule 10b-10(a)(2)(i)(A) pursuant to Rule 10b-10(f)

July 26, 2016.

I. Introduction

By letter dated July 19, 2016 ("the Application"), Investors' Exchange LLC ("IEX" or the "Exchange") requests a limited exemption from the requirements of Rule 10b-10(a)(2)(i)(A) under the Securities Exchange Act of 1934 ("Exchange Act") on behalf of

Members¹ that execute trades on the Exchange for their customers. As discussed in the Application, IEX will operate a fully automated electronic order book with a continuous, automated matching function that will provide for strict price-display-time priority execution ("Trading System").² The order book and the Exchange's rules provide for post trade anonymity through settlement for trades executed through IEX.³

II. Background⁴

a. The Exchange

IEX is registered as a national securities exchange under Section 6 of the Exchange Act.⁵ The Members of the Exchange consist of those broker-dealers admitted to Membership and entitled to enter orders in, and receive executions through, the Exchange's order book or otherwise.

The Exchange will operate an order book for orders with a continuous, automated matching function, in compliance with the Exchange's rules and Regulation NMS under the Act.⁶ Liquidity will be derived from orders to buy and orders to sell submitted to the Exchange electronically by its Members from remote locations.

The order book and the Exchange's rules will provide for strict price-display-time priority execution. Under IEX Rule 11.220, orders will be prioritized on a strict price-display-time basis, first by price, then by display (with displayed orders and displayed portions of orders having precedence over non-displayed orders and non-displayed portions of orders at a given price) and then by time. Incoming orders are first matched for execution

¹ Unless otherwise defined in this order, defined terms used have the same meaning as described in the Exchange Rules.

² See IEX Rule 11.220. IEX represents that the Exchange's rules do not provide for any special order type that would be an exception to the strict price-display-time priority handling of orders as set forth in IEX Rule 11.220.

³ As explained in the Application, the Exchange does not request an exemption from Rule 10b-10(a)(2)(i)(A) for when it reveals the identity of a Member or a Member's clearing firm: (i) For regulatory purposes or to comply with an order of a court or arbitrator; or (ii) when a Registered Clearing Agency (such as the National Securities Clearing Corporation) ceases to act for a Member or the Member's clearing firm, and determines not to guarantee the settlement of the Member's trades. See IEX Rule 11.250(d)(2).

⁴ Background information is derived from the Application.

⁵ See In the Matter of the Application of: Investors' Exchange, LLC for Registration as a National Securities Exchange; Findings, Opinion, and Order of the Commission, Exchange Act Release No. 78101 (June 17, 2016), 81 FR 41141 (June 23, 2016).

⁶ See 17 CFR 242.600 *et seq.*

against orders in the IEX order book. Orders that cannot be executed are eligible for routing to away trading centers, if consistent with the terms of the orders.⁷ All trades will be executed through the Exchange's Trading System on an anonymous basis. The transaction reports produced by the Trading System will indicate the details of transactions executed in the Trading System but shall not reveal the contra party identities. Transactions executed in the Trading System will also be cleared and settled anonymously.⁸

The order book's matching system algorithm permits orders originated by an IEX Member to execute against other orders from the same participant on the same basis as orders from other Members. In the order book's handling of displayed orders, which is based on strict price-display-time priority, a Member could receive an execution against itself, and under the Exchange's Rules, the Member would not know that it was the contra-side of the trade at the time of execution.

a. Rule 10b-10

Rule 10b-10 under the Exchange Act generally requires broker-dealers effecting a customer transaction in securities (other than U.S. savings bonds or municipal securities)⁹ to provide a written notification to its customer, at or before completion of a securities transaction, that discloses information specific to the transaction. In particular, under Rule 10b-10(a)(2)(i)(A), when a broker-dealer acts as agent for a customer, for some other person, or for both a customer and some other person, the broker-dealer must disclose "[t]he name of the person from whom the security was purchased, or to whom it was sold, for such customer or the fact that the information will be furnished upon written request of such customer" (the "Contra-Party Identity Requirement").

III. Relief Sought

As explained in the Application, trades are executed with total anonymity on IEX, where the identity of the actual contra-party is not revealed

⁷ See IEX Rule 11.230. The Exchange understands that the exemptive relief would not apply to any situation in which the Trading System routes an order to an away trading center for execution, as such executions would be governed by the rules of the away trading center.

⁸ Except for the conditions set forth in IEX Rule 11.250(d)(2). See *supra* note 3.

⁹ Municipal securities are subject to the transaction confirmations requirements under Rule C-15 of the Municipal Securities Rulemaking Board.