

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-93841; File No. SR-IEX-2021-18]

### Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the FINRA Registration Fees on the Fee Schedule

December 21, 2021.

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 December 20, 2021, 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, and Rule 19b-4 thereunder, IEX is filing with the Commission a proposed rule change pursuant to IEX Rule 15.110(a) to amend its Fee Schedule to reflect adjustments to FINRA’s Registration Fees related to the Central Registration Depository (“CRD system”), which will be collected by the Financial Industry Regulatory Authority, Inc. (“FINRA”) pursuant to IEX Rule 15.110(a). The Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing, pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>4</sup>

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

IEX is proposing, pursuant to IEX Rule 15.110(a), to amend its Fee Schedule<sup>5</sup> to reflect adjustments to FINRA’s Registration Fees related to the CRD system.<sup>6</sup> FINRA charges a single fee to register any representative or principal of a member firm in the CRD system irrespective of if the member firm is also a member of FINRA. Because FINRA separately collects the CRD system fee for any IEX Member<sup>7</sup> that is also a FINRA member,<sup>8</sup> this fee filing only applies to IEX Members who are not FINRA members.

Effective January 3, 2022, FINRA is increasing the fee it charges for each initial Form U4 filed for the registration of a representative or principal of any firm registered in the CRD system from \$100 to \$125.<sup>9</sup> Accordingly, IEX is proposing to update its Fee Schedule to reflect the new \$125 CRD system fee that will take effect starting January 3, 2022. Because these costs are borne by FINRA when a non-FINRA member uses the CRD system, FINRA will continue to collect and retain these fees for the registration of associated persons of IEX

<sup>5</sup> See <https://exchange.iex.io/resources/trading/fee-schedule/>.

<sup>6</sup> The CRD system is the central licensing and registration system for the U.S. securities industry. The CRD system enables individuals and firms seeking registration with multiple states and self-regulatory organizations to do so by submitting a single form, fingerprint card and a combined payment of fees to FINRA. Through the CRD system, FINRA maintains the qualification, employment and disciplinary histories of registered associated persons of broker-dealers.

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

<sup>8</sup> IEX Members that are also FINRA members are charged CRD system fees according to Section (4) of Schedule A to the FINRA By-Laws.

<sup>9</sup> See Securities Exchange Act Release No. 90176 (October 14, 2020), 85 FR 66592 (October 20, 2020) (SR-FINRA-2020-032) (“FINRA Fee Filing”).

Members that are not also FINRA members.

###### 2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,<sup>10</sup> of the Act in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>11</sup> in particular, in that it provides for the equitable allocation of reasonable fees and other charges among its members, and does not unfairly discriminate between customers, issuers, brokers and dealers. All similarly situated Members are subject to the same fee structure, and every Member firm must use the CRD system for registration and disclosure.

The proposed fee is reasonable because it is identical to the fee adopted by FINRA for use of the CRD system for disclosure and the registration of associated persons of FINRA members.<sup>12</sup> Thus, the Exchange’s Fee Schedule will reflect the current registration rate that will be assessed by FINRA as of January 3, 2022 for any IEX Members that are not also FINRA members. IEX also believes the proposed fee change is reasonable, because, as noted in the FINRA Fee Filing, FINRA is increasing the CRD system fees to provide enough revenue to support its regulatory mission.<sup>13</sup> Notably, FINRA has not increased CRD system fees since 2012.<sup>14</sup>

The Exchange believes that its proposal to increase the \$100 fee for each initial Form U4 filed for the registration of a representative or principal to \$125 is equitable and not unfairly discriminatory because the equivalent fees will be charged by FINRA of all users of the CRD system, whether or not they are FINRA members. Therefore, all users of the CRD system will equally bear the cost of maintaining the system.<sup>15</sup>

FINRA further noted its belief that the proposed fees are reasonable because they help to ensure the integrity of the information in the CRD system, which is important because the Commission, FINRA, other self-regulatory organizations and state securities regulators use the CRD system to make licensing and registration decisions, among other things.<sup>16</sup>

<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>12</sup> See *supra* note 9.

<sup>13</sup> See *supra* note 9.

<sup>14</sup> See *supra* note 9.

<sup>15</sup> See *supra* note 9.

<sup>16</sup> See *supra* note 9.

<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)(3)(A)(ii).

### 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. Specifically, the Exchange believes that the proposed fees will result in the same regulatory fees being charged to all Members required to report information to the CRD system and for services performed by FINRA, regardless of whether or not such Members are FINRA members.

### 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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)<sup>17</sup> of the Act.

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>18</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 (<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-2021-18 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-2021-18. 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 will also be available for inspection and copying at the IEX's principal office and on its internet website at [www.iextrading.com](http://www.iextrading.com). 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-2021-18 and should be submitted on or before January 18, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-93848; File Nos. SR-BX-2021-050; SR-BX-2021-051]

### Self-Regulatory Organizations; Nasdaq BX, Inc.; Order Approving Proposed Rule Changes Regarding the Transfer of Ownership of Nasdaq BX Equities LLC and the Merger of Nasdaq BX Equities LLC With and Into the Exchange

December 21, 2021.

#### I. Introduction

On October 22, 2021, Nasdaq BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change regarding the transfer of Nasdaq, Inc.'s ("Nasdaq HoldCo") entire ownership interest in Nasdaq BX Equities LLC ("BX Equities") to the Exchange ("Transfer Proposal"). The Transfer Proposal was published for comment in the **Federal Register** on November 9, 2021.<sup>3</sup> Also on October 22, 2021, the Exchange filed with the Commission, pursuant to Section 19(b)(1) of the Act<sup>4</sup> and Rule 19b-4 thereunder,<sup>5</sup> a proposed rule change regarding the merger of BX Equities with and into the Exchange ("Merger Proposal"). The Merger Proposal was published for comment in the **Federal Register** on November 9, 2021.<sup>6</sup> The Commission received no comment letters on the proposed rule changes. This order approves the proposed rule changes.

#### II. Description of the Proposals

The Exchange proposes, through the Transfer Proposal and the Merger Proposal, a two-step process that will first allow the Exchange to become the 100% direct owner and sole LLC member of BX Equities, and subsequently allow the merger of BX Equities with and into the Exchange ("Transactions").

##### A. Transfer Proposal

BX Equities was acquired by Nasdaq HoldCo in 2008, and was established as a facility of and controlled subsidiary

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 93514 (November 3, 2021), 86 FR 62229 ("Transfer Notice").

<sup>4</sup> 15 U.S.C. 78s(b)(1).

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

<sup>6</sup> See Securities Exchange Act Release No. 93513 (November 3, 2021), 86 FR 62222 ("Merger Notice").

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>18</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>19</sup> 17 CFR 200.30-3(a)(12).