

substance and timing of implementation.

As described above, OCC has asserted that the processes required to effect settlement on a T+1 basis would also impact OCC's current late exercise processes. Unlike the other changes, however, a T+1 settlement cycle would provide insufficient time to accommodate OCC's late exercise processes. To avoid operational challenges and inconsistencies with the Accord, OCC proposes to remove the late exercise process entirely from its rules while continuing to allow members to correct bona fide errors within daily processing deadlines. Additionally, as noted in the Notice of Filing, OCC's current late exercise processing does not support routine operations, but rather, is intended only for extenuating circumstances and may carry with it a fine.<sup>31</sup> Removal of the process for late exercise, therefore, would not disrupt OCC's routine clearance and settlement processes. OCC's proposed removal of its late exercise processes, as part of the move to a shortened settlement cycle, would, therefore, promote the prompt and accurate clearance and settlement of securities transactions by avoiding the potential delays that would be caused by allowing late exercises.

Accordingly, the changes proposed to accommodate a shortened settlement cycle are consistent with the requirements of Section 17A(b)(3)(F) of the Exchange Act.<sup>32</sup>

#### *B. Consistency With Rule 17Ad-22(e)(1) Under the Exchange Act*

Rule 17Ad-22(e)(1) under the Exchange Act requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions.<sup>33</sup> In adopting Rule 17Ad-22(e)(1), the Commission provided guidance that a covered clearing agency generally should consider in establishing and maintaining policies and procedures that address legal risk.<sup>34</sup> The Commission stated that a covered clearing agency should consider, *inter alia*, whether its contracts are consistent with relevant laws and regulations.<sup>35</sup>

On February 15, 2023, the Commission adopted a final rule to shorten the standard settlement cycle for most broker-dealer transactions from two business days after the trade date to one business day after the trade date.<sup>36</sup> As described above, the proposed changes are designed to ensure that OCC's processes and Rules and other documentation are both consistent with and accommodate a T+1 standard settlement cycle. The proposed changes are, therefore, consistent with the rules and regulations applicable to OCC, and, as a result, will provide a well-founded legal basis for OCC's continued operations after the transition to a T+1 standard settlement cycle. The proposed changes are, accordingly, consistent with the requirements of Rule 17Ad-22(e)(1) under the Exchange Act.<sup>37</sup>

#### **IV. Conclusion**

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act, and in particular, the requirements of Section 17A of the Exchange Act<sup>38</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Exchange Act,<sup>39</sup> that the proposed rule change (SR-OCC-2024-002), hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>40</sup>

**J. Matthew DeLesDernier,**  
*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

### **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-99699; File No. SR-MEMX-2024-08]**

#### **Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Exchange's Fee Schedule**

March 8, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the

"Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on February 29, 2024, MEMX LLC ("MEMX" 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 Exchange. 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**

The Exchange is filing with the Commission a proposed rule change to amend the Exchange's fee schedule applicable to Members<sup>3</sup> and non-Members<sup>4</sup> of the Exchange (the "Fee Schedule") pursuant to Exchange Rules 15.1(a) and (c) to implement a waiver of application session fees solely related to participation on the Exchange's platform for trading equity options, MEMX Options, until March 31, 2024. The Exchange proposes to implement the changes to the Fee Schedule pursuant to this proposal on March 1, 2024. The text of the proposed rule change is provided in Exhibit 5.

#### **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 Exchange 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 Exchange 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 purpose of the proposed rule change is to amend the Fee Schedule to

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

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

<sup>3</sup> See Exchange Rule 1.5(p).

<sup>4</sup> Types of market participants that obtain connectivity services from the Exchange but are not Members include service bureaus and extranets. Service bureaus offer technology-based services to other companies for a fee, including order entry services to Members, and thus, may access application sessions on behalf of one or more Members. Extranets offer physical connectivity services to Members and non-Members.

<sup>31</sup> See Notice of Filing, 89 FR at 5071.

<sup>32</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>33</sup> 17 CFR 240.17Ad-22(e)(1).

<sup>34</sup> See Securities Exchange Act Release No. 78961 (Sept. 28, 2016), 81 FR 70786, 70802 (Oct. 13, 2016) (S7-03-14).

<sup>35</sup> See *id.*

<sup>36</sup> See Securities Exchange Act Release No. 96930 (Feb. 15, 2023), 88 FR 13872 (Mar. 6, 2023) (File No. S7-05-22).

<sup>37</sup> 17 CFR 240.17Ad-22(e)(1).

<sup>38</sup> In approving this proposed rule change, the Commission has considered the proposed rules' impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>39</sup> 15 U.S.C. 78s(b)(2).

<sup>40</sup> 17 CFR 200.30-3(a)(12).

implement a waiver of application session fees solely related to participation on the Exchange's platform for trading equity options, MEMX Options, until March 31, 2024. The Exchange notes that the proposed change does not amend any existing fee or rebate for equities or options transactions, market data or connectivity fees. The sole change proposed herein is to extend the timeframe during which the Exchange will waive Options application session fees for new Members and non-Members of the Exchange, as further described below.

MEMX currently has a waiver in place, the "Options Connectivity Fee Waiver", which is set to expire on February 29, 2024.<sup>5</sup> Under the current Options Connectivity Fee Waiver, fees charged to Members and Non-Members for physical connectivity to MEMX Options<sup>6</sup> and for application sessions (otherwise known as "logical ports") utilized in connection with participation on MEMX Options would not be assessed until March 1, 2024. Specifically, the physical connectivity fees are \$6,000 per month for a physical connection in the data center where the Exchange primarily operates under normal market conditions ("Primary Data Center"), and \$3,000 per month for a physical connection at the geographically diverse data center, which is operated for backup and disaster recovery purposes ("Secondary Data Center"), and the application session fees are \$450 per month for an application session used for order entry ("Order Entry Port") and \$450 per month for an application session for receipt of drop copies ("Drop Copy Port"), to the extent such ports are in the Primary Data Center.

The Exchange believes that the existing Options Connectivity Waiver has been effective in incentivizing options market participants to join MEMX Options. MEMX Options launched in September of 2023, and has been conducting a staged rollout of options available for trading on the Exchange since that time. The Exchange's rollout completed on February 27, 2024, and given the impending expiration of the Options Connectivity Fee Waiver, the Exchange

is proposing to implement a new waiver, in which it will waive application session fees (but not physical connectivity fees) until March 31, 2024 (the "Options Application Session Fee Waiver").

Under the proposed Options Application Session Fee Waiver, applicable Options application session fees of \$450 per month for each Order Entry Port and Drop Copy Port in the Exchange's Primary Data Center will be assessed to Members and non-Members beginning April 1, 2024. The Exchange believes that it is appropriate to continue to waive application session fees solely used for Options for an additional month due to the recent completion of the phased underlying symbol rollout. Given the fact that application sessions are generally added and removed on a more fluid basis, the Exchange wishes to offer new participants on the Exchange more time to determine the appropriate amount of application sessions required to conduct their business on the Exchange.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>7</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>8</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes it is reasonable to waive application session fees solely related to participation on MEMX Options for new and existing Members and non-Members of the Exchange because the proposal continues to provide an incentive for options trading firms to apply for Exchange membership. Further, the Exchange has determined that a waiver of application session fees only is appropriate because in general, the number of physical connections used by Members and non-Members fluctuates less than the number of application sessions, which are added or discontinued on a more frequent basis depending on the participant's business model. Given that the Exchange has very recently completed the final phase of the underlying symbol rollout on MEMX Options, the Exchange would like to provide additional time for participants to determine the appropriate amount of application sessions necessary for their

options trading free of charge. The Exchange believes that providing this opportunity for a limited period of time enables it to improve its overall competitiveness and strengthen its market quality for all market participants.

In addition, the Exchange believes that the proposed Options Application Session Fee Waiver is equitable and not unfairly discriminatory in that it will apply uniformly to all Members and non-Members of the Exchange.

## B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposal will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed change would encourage market participants who have not already done so to join the Exchange, in addition to providing existing participants additional time to potentially modify their number of application sessions in order to optimize their activities on MEMX Options. As a result, the Exchange believes that the Options Application Session Fee Waiver will enhance the competitiveness of MEMX Options as a new exchange. For these reasons, the Exchange believes that the proposal furthers the Commission's goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."<sup>9</sup>

## Intramarket Competition

As discussed above, the Exchange believes that the proposal would encourage new participants to apply for Exchange membership, thereby enhancing liquidity and market quality on the Exchange, as well as enhancing the attractiveness of the Exchange as a trading venue, which the Exchange believes, in turn, would continue to encourage market participants to direct additional order flow to the Exchange.

The Exchange does not believe that the proposed changes would impose any burden on intramarket competition because such changes will incentivize new participants to join the Exchange and provide an added benefit to Members and non-Members already connected to MEMX Options. For the foregoing reasons, the Exchange believes the proposed changes would not impose

<sup>5</sup> See SR-MEMX-2024-05, available at: <https://info.memxtrading.com/sr-memx-2024-05-proposed-change-to-amend-the-exchanges-fee-schedule/>.

<sup>6</sup> Physical connections may be used to access both MEMX equities and options platforms, as such, the Exchange internally verifies whether new connections are being used solely for Options connections in order to determine whether such connection qualifies for the Options Connectivity Fee Waiver.

<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>9</sup> Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

#### Intermarket Competition

As described above, the proposed Options Application Session Fee Waiver will allow current Members and non-Members added flexibility and time in determining the appropriate number of application sessions they wish to purchase in order to participate on the Exchange. Accordingly, the Exchange believes the proposal would not burden, but rather promote, intermarket competition by enabling it to better compete with other options exchanges following the recent completion of the final phased rollout on MEMX Options.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

The Exchange neither solicited nor received comments on the proposed rule change.

### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>10</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>11</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

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>12</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 (<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-MEMX-2024-08 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-MEMX-2024-08. 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-MEMX-2024-08 and should be submitted on or before April 4, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-99700; File No. SR-MEMX-2024-09]

### **Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 21.17(e)**

March 8, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on February 29, 2024, MEMX LLC ("MEMX" 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 Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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**

The Exchange is filing with the Commission a proposed rule change to amend Exchange Rule 21.17(e) to modify the manner in which the Exchange's System will handle Market Orders received in an option series after it is open for trading with a National Best Bid ("NBB") of zero. The text of the proposed rule change is provided in Exhibit 5.

#### **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 Exchange 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 Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

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

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

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

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

<sup>12</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>13</sup> 17 CFR 200.30-3(a)(12).