



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103014; File No. SR-MEMX-2025-12]

Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposal to Amend Rules 18.7 (Position Limits) and 18.9 (Exercise Limits)

May 9, 2025.

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 May 6, 2025, 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 Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 Rules 18.7 and 18.9 (Position Limits and Exercise Limits, respectively). The text of the proposed rule change is provided in Exhibit 5 and is available on the Exchange’s website at <https://info.memxtrading.com/regulation/rules-and-filings/>.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4.

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 Exchange proposes to amend Rules 18.7 (Position Limits) and 18.9 (Exercise Limits) in order to specifically describe these limits in the rule text, which more closely aligns with the rules of other options exchanges and provides additional clarity and consistency in the Exchange’s rules.⁵

Currently, Exchange Rule 18.7, Position Limits, and Rule 18.9, Exercise Limits provide that Options Members may not exceed the applicable position and exercise limits, respectively, fixed from time to time by the Exchange for any options contract traded on MEMX Options. The Exchange provided a notice to Members upon the launch of MEMX Options that provided the specific position limits applicable to options trading on the Exchange, which are those calculated and disseminated by the Options Clearing Corporation (“OCC”).⁶ The Exchange is now proposing to amend Rules 18.7 and 18.9 by codifying these specific position and exercise limits in the rule text so that the entirety of the applicable information related to position and exercise

⁵ See, e.g., Cboe Options Exchange (“Cboe”) Rule 8.30, Position Limits, and Rule 8.42, Exercise Limits; MIAX Options Exchange (“MIAX”) Rule 307, Position Limits, and Rule 309, Exercise Limits; Nasdaq ISE, LLC (“ISE”) Options 9, Section 13, Position Limits, and Section 15, Exercise Limits; BOX Options Exchange (“BOX”) Rule 3120, Position Limits, and Rule 3140, Exercise Limits.

⁶ See Regulatory Notice 23-12, available at: <https://info.memxtrading.com/wp-content/uploads/2023/09/RegNotice-23-12-Options-Position-Limits.pdf>, which informed Exchange members of the specific position limits applicable to options trading on MEMX Options, pursuant to Rule 18.7, as those position limits calculated and disseminated by the OCC, published daily and which can be found at: <https://www.theocc.com/market-data/market-data-reports/series-and-trading-data/position-limits>

limits is available in the text of the rules themselves, providing more clarity to Exchange Members. The Exchange notes that it is not proposing to make any changes to the position and exercise limits applicable to its Members, it is simply adding additional detail to the applicable rules. Further, each of the newly proposed provisions are substantively identical to the rules of other options exchanges, including Cboe, ISE, MIAX and BOX, as more fully described below. As such, the Exchange believes that the proposed changes will add clarity and uniformity to the rules related to position and exercise limits amongst options exchanges.

Position and exercise limits are designed to limit the number of options contracts traded in an underlying security that an investor, acting alone or in concert with other directly or indirectly, may control. These limits are intended to address potential manipulative schemes and adverse market impact surrounding the use of options, such as disrupting the market in the security underlying the options. The potential manipulative schemes and adverse market impact are balanced against the potential of setting the limits so low as to discourage participation in the options market. Position and exercise limits do not limit the total number of options that may be held, but rather, they limit the number of positions a single customer may hold or exercise at one time.

The current position (and exercise limit) structure which the Exchange is proposing to codify into Rules 18.7 and 18.9 incorporates five categories of limits ranging from 25,000 to 250,000 contracts, based on two criteria: (1) the securities trading volume over the prior six months and (2) the number of shares outstanding. More specifically, proposed Rule 18.7(a)⁷ provides in relevant part, that no Options Member may: (1) control an aggregate position in an options contract traded on the Exchange in excess of 25,000 or 50,000 or 75,000 or 200,000 or 250,000 options contracts (whether long or short), of the put type and the call type on the same

⁷ The Exchange is also proposing to insert the phrase “Except with the prior permission of an Exchange Official or his designee, to be confirmed in writing” at the beginning of Rules 18.7 and 18.9, in order to conform to the rules of other exchanges, including Cboe Rule 8.30 and 8.42(a), MIAX Rules 307(a) and 309(a), BOX Rule 3120(a) and 3140(a), and ISE Options 9, Sections 13(a) and 15(a).

side of the market respecting the same underlying security, combining for purposes of this position limit long positions in put options with short positions in call options, and short positions in put options with long positions in call options, or such other number of options contracts as may be fixed from time to time by the Exchange as the position limit for one or more classes or series of options; or (2) exceed the applicable position limit fixed from time to time by another exchange for an options contract not traded on the Exchange, when the Options Member is not a member of the other exchange on which the transaction was effected.

Proposed Rule 18.7(c) provides that reasonable notice shall be given for each new position limit fixed by the Exchange and proposed Rules 18.7(d)(1)-(5) specify the criteria for each position limit. For example, proposed Rule 18.7(d)(5) indicates that to be eligible for the 250,000 option contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totaled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.

Proposed Rule 18.7(e) contains standard language regarding the Exchange's bi-annual review of the status of underlying securities to determine which limit should apply. Proposed Rule 18.7(f) defines the situations in which a Member would be considered to “control” a position for purposes of compliance with the rule. Lastly, the Exchange is proposing to adopt Interpretations and Policies to Rule 18.7. Interpretation and Policy .01 contains a table denoting the specific position limits that apply to 21 underlying securities, including, for example, the Invesco QQQ Trust Series 1 (“QQQ”) and the iShares Russell 2000 ETF (“IWM”), notwithstanding the criteria specified in Rule 18.7(d). Again, this provision is identical to other options exchanges,⁸ and codifies into Rule 18.7 what the Exchange currently relies upon with

⁸ To the extent other options exchanges have received Commission approval to list and trade options on certain securities that the Exchange has not yet done so, there are additional position limits identified in the corresponding tables of those other exchanges. *See, e.g.*, MIAX Rule 307, Interpretation and Policy .01 which contains the same position limits proposed in the Exchange's table with the addition of four securities, the Fidelity Ethereum Fund, Bitwise Ethereum Fund, Grayscale Ethereum Trust, and the

respect to options position limits on these specific securities. Interpretation and Policy .02 indicates that positions in Short Term Option Series, Monthly Options Series, and Quarterly Options Series shall be aggregated with positions in options contracts on the same underlying security.⁹

With respect to Rule 18.9, Exercise Limits, the Exchange is proposing to make the same changes conforming the rule to that of other options exchanges, which include among other additions: (1) replacing the general language in 18.9(a)(1) which states that no Options Member shall have “...exceeded the applicable exercise limit fixed from time to time by the Exchange for any options contract traded on MEMX Options” with the more specific language: “...have exercised within any five (5) consecutive business days aggregate long positions in any class of options traded on the Exchange in excess of 25,000, or 50,000 or 75,000 or 200,000 or 250,000 option contracts or such other number of option contracts as may be fixed from time to time by the Exchange as the exercise limit for that class of options; (2) proposed Rule 18.9(b) indicating that reasonable notice shall be given of each new exercise limit fixed by the Exchange by posting notice thereof by the Exchange;¹⁰ (3) proposed Rule 18.9(c) indicating that Limits shall be determined in the manner described in Rule 18.7; and (4), proposed Rule 18.9, Interpretation and Policy .01 which provides the applicable exercise limits for the same 20 securities identified in the table in proposed Rule 18.7, Interpretation and Policy .01.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules

Grayscale Ethereum Mini Trust, all recently approved to list and trade options upon in April 2025. See Securities Exchange Act Release No. 102821 (April 11, 2025), 90 FR 16339 (April 17, 2025) (SR-MIAX-2025-20), and Securities Exchange Act Release No. 102846 (April 11, 2025), 90 FR 16272 (April 17, 2025) (SR-MIAX-2025-21). The Exchange is in the process of completing similar proposals to list and trade options on the same securities and will similarly propose to amend the table in Rule 18.7, Interpretation and Policy .01 related to the position and exercise limits of options on these securities in connection with that rule filing.

⁹ This provision is identical to Cboe Rule 8.30, Interpretation and Policy .09.

¹⁰ The Exchange is also proposing to make a minor, non-substantive change to current Rule 18.9(b), which will be re-named Rule 18.9(d), by replacing the word “Market Maker” with “Member”, in order to conform to the rules of other options exchanges. See, e.g., ISE Options 9, Section 15(c) and MIAX Rule 309(d).

and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹¹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹² requirements that the rules of an exchange be 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹³ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposed modification of Rules 18.7 and 18.9 to list the specific position and exercise limits applicable to Options Members would better align the Exchange's rules with other options exchanges, thereby protecting investors by providing more clarity and consistency with respect to position and exercise limits that are standard to all options exchanges. The Exchange further believes that the proposed change would remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors and the public interest, and add clarity, transparency and consistency to the Exchange's rules. The Exchange believes that market participants would benefit from the increased clarity, thereby reducing potential confusion. In addition, the proposed changes would align Rule 2.4 [sic] with the equivalent rules of other options exchanges, including Cboe, BOX, ISE and MIAX,¹⁴ as described above.

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

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ Id.

¹⁴ See supra note 5.

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. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act as the proposed rule changes provide greater clarity regarding the position and exercise limits applicable to Options Members as the limits are effectively not changing under this proposal, they are simply being codified in the rules. Further, the rules of the Exchange apply equally to all Members of the Exchange and all Members of the Exchange are required to adhere to the position and exercise limits established by the Exchange's rules.

The Exchange does not believe that the proposal to amend Rules 18.7 and 18.9 will impose any burden on intermarket competition as the proposal is not competitive in nature, it is designed to codify specific position and exercise limits within the Exchange's rules which are identical to that of other options exchanges, creating uniformity amongst options exchanges with respect to rules related to position and exercise limits.

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 proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act¹⁵ and Rule 19b-4(f)(6)¹⁶ thereunder. The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6).

the public interest. Additionally, the Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

A proposed rule change filed under Rule 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹⁷ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay period so that the Exchange may conform to the rules of other exchanges without delay since the proposed changes are not novel or unique. The proposal will provide clarity with respect to rules related to position and exercise limits to market participants and does not raise any novel issues. For these reasons, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest and designates the proposed rule change to be operative upon filing with the Commission.¹⁸

At any time within 60 days of the filing of this 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.¹⁹ If the Commission takes such action, the Commission shall institute proceedings 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

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

¹⁸ For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁹ 15 U.S.C. 78s(b)(3)(C).

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-MEMX-2025-12 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-2025-12. 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-2025-12 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.²⁰

Stephanie J. Fouse,

Assistant Secretary.

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²⁰ 17 CFR 200.30-3(a)(12).