



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103157; File No. 010-00248]

### **In the Matter of the Application of Dream Exchange Holdings, Inc. for Registration as a National Securities Exchange; Order Instituting Proceedings to Determine Whether to Grant or Deny an Application for Registration as a National Securities Exchange under Section 6 of the Securities Exchange Act of 1934**

May 30, 2025.

#### I. Introduction

On February 14, 2025, Dream Exchange Holdings, Inc. (“DreamEx”) filed with the Securities and Exchange Commission (“Commission”) a Form 1 application (“Form 1”) under the Securities Exchange Act of 1934 (“Act”), seeking registration as a national securities exchange under Section 6 of the Act.<sup>1</sup> Notice of the application was published for comment in the Federal Register on March 3, 2025.<sup>2</sup> The Commission has not received any comments on the Form 1.

Section 19(a)(1) of the Act<sup>3</sup> requires the Commission, within ninety days of the date of publication of notice of an application for registration as a national securities exchange, or such longer period as to which the applicant consents, to, by order, grant such registration<sup>4</sup> or institute proceedings to determine whether such registration should be denied.<sup>5</sup> This order is instituting proceedings under Section 19(a)(1)(B) of the Act<sup>6</sup> to determine whether DreamEx’s application

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<sup>1</sup> 15 U.S.C. 78f.

<sup>2</sup> See Securities Exchange Act Release No. 102484 (Feb. 25, 2025), 90 FR 11078.

<sup>3</sup> 15 U.S.C. 78s(a)(1).

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

<sup>5</sup> 15 U.S.C. 78a(a)(1)(B).

<sup>6</sup> 15 U.S.C. 78s(a)(1)(B).

for registration as a national securities exchange should be granted or denied, and provides notice of the grounds for denial under consideration by the Commission, as set forth below.

## II. Overview of DreamEx's Trading System

DreamEx proposes to operate a fully automated electronic trading platform for the trading of NMS stocks with a continuous automated matching function. DreamEx would not maintain a physical trading floor. Liquidity would be derived from orders to buy and orders to sell submitted to DreamEx electronically by its registered broker-dealer members from remote locations. DreamEx proposes to have one class of membership open to registered broker-dealers and also proposes to allow members to register under DreamEx rules as market makers on DreamEx and be subject to certain specified requirements and obligations set forth in DreamEx's proposed rules. DreamEx would be a subsidiary of its parent companies: DX Capital Partners, LLC, which would own 50.1% of the common stock of DreamEx; Dream Exchange LLC, which would own 49.9% of the common stock of DreamEx; and Dream Exchange Preferred Holdings LLC, which would own 100% of the preferred stock of DreamEx. DreamEx's proposed rulebook is Exhibit B to DreamEx's Form 1, and the governing documents for DreamEx and its parent companies can be found in Exhibit A and C, respectively.<sup>7</sup>

DreamEx proposes to enter into a technology services agreement with MEMX Technologies, LLC ("MEMX Technologies") to license the technology underlying the DreamEx trading platform ("Agreement").<sup>8</sup> DreamEx would not own the trading technology and systems ("System") developed by MEMX Technologies.

Generally, the Agreement would govern (1) the delivery and licensing of certain software and hardware for operation of the System, (2) the development and testing of software necessary for connectivity to DreamEx and/or third-party developed functions and certain other software

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<sup>7</sup> DreamEx's Form 1, including all its exhibits, is available at: <https://www.sec.gov/rules-regulations/other-commission-orders-notices-information/dream-exchange-form-1>.

<sup>8</sup> MEMX Technologies is affiliated with MEMX LLC ("MEMX Exchange"), a registered national securities exchange. MEMX Exchange is not a party to the Agreement. See Exhibit E to DreamEx's Form 1 (discussing the proposed Agreement in greater detail).

necessary to support trading on DreamEx, and (3) the provision of certain operational and support services related to the System.<sup>9</sup> DreamEx states that the service levels to be provided under the Agreement would ensure that it can meet its Regulation Systems Compliance and Integrity (“Regulation SCI”) obligations.<sup>10</sup> A more detailed description of the manner of operation of DreamEx’s proposed System can be found in Exhibit E to DreamEx’s Form 1.

III. Proceedings to Determine Whether to Grant or Deny the Application and Grounds for Potential Denial Under Consideration

As required by Section 19(a)(1)(B) of the Act,<sup>11</sup> the Commission is hereby providing notice of grounds for denial under consideration, as set forth below. Institution of such proceedings is appropriate at this time in view of the issues raised by the application. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved.

Under Section 19(a)(1) of the Act, the Commission shall grant an application for registration as a national securities exchange if the Commission finds that the requirements of the Act and the rules and regulations thereunder with respect to the applicant are satisfied. The Commission shall deny such application for registration if it does not make such a finding.<sup>12</sup> Under Section 6(b) of the Act, an exchange shall not be registered as a national securities exchange unless the Commission determines that it has satisfied the relevant requirements of the Act.<sup>13</sup> In particular, Section 6(b)(1) of the Act requires that the Commission determine that an exchange is so organized and has the capacity to carry out the purposes of the Act.<sup>14</sup> In addition, under Section 6(b)(3) of the Act, the Commission must determine that the rules of the exchange assure a fair representation of its members in the selection of its directors and administration of

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<sup>9</sup> See Exhibit E to DreamEx’s Form 1 at 3.

<sup>10</sup> See *id.* at 4.

<sup>11</sup> 15 U.S.C. 78s(a)(1)(B).

<sup>12</sup> 15 U.S.C. 78s(a)(1).

<sup>13</sup> 15 U.S.C. 78f.

<sup>14</sup> 15 U.S.C. 78f(b)(1).

its affairs and provide that one or more directors shall be representative of issuers and investors and not be associated with a member of the exchange, broker or dealer.<sup>15</sup> Section 6(b)(5) of the Act requires that the rules of the exchange be designed, among other things, 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 mechanisms of a free and open market and a national market system, and in general to protect investors and the public interest.<sup>16</sup> Finally, under Section 6(b)(8) of the Act, the Commission must determine that the rules of the exchange do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of Act.<sup>17</sup> The Commission requests comment on all aspects of DreamEx's Form 1, including

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

<sup>16</sup> 15 U.S.C. 78f(b)(5).

<sup>17</sup> 15 U.S.C. 78f(b)(8).

comment on any specific Exhibits,<sup>18</sup> as well as any information or data that would help the Commission's review of DreamEx's Form 1.

#### IV. Request for Written Comment

The Commission requests that interested persons provide written views and data with respect to DreamEx's Form 1 and any relevant issues. 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 No. 010-002448 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 No. 010-00248. 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/other>). Copies of the submission, all subsequent amendments, all written statements with respect to DreamEx's Form 1 filed with the Commission, and all written communications relating to the application 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. Do not include personal

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<sup>18</sup> See supra note 7.

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 No. 010–00248 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

By the Commission.

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

[FR Doc. 2025-10173 Filed: 6/3/2025 8:45 am; Publication Date: 6/4/2025]