



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103245; File No. SR-MRX-2025-12]

### **Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend MRX’s Pricing Schedule Regarding a Complex Order Market Maker Fee Discount**

June 12, 2025.

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> notice is hereby given that on May 30, 2025, Nasdaq MRX, LLC (“MRX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, 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 proposes to amend the Exchange’s Pricing Schedule at Options 7, Section 4, Complex Order Fees, to increase a complex order Market Maker<sup>3</sup> fee discount in Penny and Non-Penny Symbols, when the Market Maker trades against Priority Customer<sup>4</sup> orders that originate from an Affiliated Member<sup>5</sup> or an Affiliated Entity.<sup>6</sup>

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

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

<sup>3</sup> A “Market Maker” is a market maker as defined in Nasdaq MRX Rule Options 1, Section 1(a)(21). See Options 7, Section 1(c).

<sup>4</sup> A “Priority Customer” is a person or entity that is not a broker/dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s), as defined in Nasdaq MRX Options 1, Section 1(a)(36). Unless otherwise noted, when used in this Pricing Schedule the term “Priority Customer” includes “Retail.” See Options 7, Section 1(c).

<sup>5</sup> An “Affiliated Member” is a Member that shares at least 75% common ownership with a particular Member as reflected on the Member’s Form BD, Schedule A. See Options 7, Section 1(c).

<sup>6</sup> An “Affiliated Entity” is a relationship between an Appointed Market Maker and an Appointed OFP for purposes of qualifying for certain pricing specified in the Pricing Schedule. Market Makers and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to qualify for the next month. The Exchange will acknowledge receipt of the emails

While the changes proposed herein are effective upon filing, the Exchange has designated the proposed rule change to be operative on June 2, 2025.

The text of the proposed rule change is available on the Exchange's Website at <https://listingcenter.nasdaq.com/rulebook/mrx/rulefilings>, 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 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

MRX proposes to amend the Exchange's Pricing Schedule at Options 7, Section 4, Complex Order Fees, to increase a complex order Market Maker fee discount in Penny and Non-Penny Symbols, when the Market Maker trades against Priority Customer orders that originate from an Affiliated Member or an Affiliated Entity.

As set forth in Options 7, Section 4, the Exchange presently assesses all market participants, except Priority Customers, a \$0.35 per contract fee for Penny Symbol complex order transactions and a \$0.85 per contract fee for Non-Penny Symbol complex order transactions.<sup>7</sup> Priority Customers are assessed no fees for Penny and Non-Penny Symbol

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and specify the date the Affiliated Entity is eligible for applicable pricing, as specified in the Pricing Schedule. Each Affiliated Entity relationship will commence on the 1st of a month and may not be terminated prior to the end of any month. An Affiliated Entity relationship will automatically renew each month until or unless either party terminates earlier in writing by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Affiliated Members may not qualify as a counterparty comprising an Affiliated Entity. Each Member may qualify for only one (1) Affiliated Entity relationship at any given time. See Options 7, Section 1(c).

<sup>7</sup> With the exception of complex PIM orders, which are subject to separate pricing in Options 7, Section 3.A.

complex order transactions. Currently, the Exchange reduces Penny and Non-Penny Symbol complex order transactions to \$0.00 per contract for Market Makers that trade against Priority Customer orders that originate from an Affiliated Member or Affiliated Entity.

At this time, the Exchange proposes to amend the fee discount for Market Makers that trade against Priority Customer complex orders that originate from an Affiliated Member or Affiliated Entity from \$0.00 to \$0.10 per contract. While the Exchange's proposal reduces the discount to Market Makers that trade against Priority Customer complex orders that originate from an Affiliated Member or Affiliated Entity, the Exchange believes the proposed \$0.10 per contract discount will continue to incentivize Market Makers, Affiliated Members, and/or Affiliated Entities to direct additional Priority Customer order flow to MRX.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>8</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>9</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed changes are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take

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

<sup>9</sup> 15 U.S.C. 78f(b)(4) and (5).

its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’ . . . .”<sup>10</sup>

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”<sup>11</sup>

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of eighteen options exchanges to which market participants may direct their order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity.

The Exchange’s proposal to amend the complex order fee discount for Market Makers that trade against Priority Customer complex orders that originate from an Affiliated Member or Affiliated Entity from \$0.00 to \$0.10 per contract is reasonable because while the Exchange proposes to reduce the fee discount to Market Makers that trade against Priority Customer complex orders that originate from an Affiliated Member or Affiliated Entity, the Exchange believes the discount will continue to incentivize Market Makers, Affiliated Members, and/or Affiliated Entities to direct additional Priority Customer order flow to MRX. Priority Customer

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<sup>10</sup> NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

<sup>11</sup> Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

order flow is unique in that it attracts valuable liquidity from Market Makers to the market, which in turn benefits all market participants by providing more trading opportunities. This increased activity from all market participants attracts Market Makers and in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Market Makers will continue to benefit from a reduced fee, and other market participants will benefit because they will have an opportunity to trade with the order flow that Market Makers, their Affiliated Member and/or Appointed Member bring to MRX. When a Priority Customer order is submitted to MRX, a Market Maker that wishes to interact with that order flow does not know whether that order originated from one of its Affiliated Members and/or Appointed Members. The Exchange believes this incentive will cause Market Makers to aggressively pursue order flow in order to receive the benefit of the reduced fee when the Market Maker executes a complex order contra a Priority Customer. Discounting fees in this manner rewards Market Makers that bring more order flow to the Exchange. This is the case because a Market Maker through its Affiliated Member or its Appointed Member directing additional order flow would increase the chances of a Market Maker qualifying for a reduced complex order fee of \$0.10 ( i.e., because it increases the chances that a contra-side order is entered by the Market Maker or its Affiliated Member and/or Appointed Member).

The Exchange's proposal to amend the complex order fee discount for Market Makers that trade against Priority Customer complex orders that originate from an Affiliated Member or Affiliated Entity from \$0.00 to \$0.10 per contract is equitable and not unfairly discriminatory because the discounted fee will apply uniformly to Market Makers that meet the criteria for the fee discount. With respect to the reduced fee offered to Market Makers, the Exchange notes that Priority Customers do not pay a complex order fee. Other market participants, such as a Non-

Nasdaq MRX Market Maker (FarMM),<sup>12</sup> a Firm Proprietary,<sup>13</sup> a Broker-Dealer<sup>14</sup> and a Professional Customer,<sup>15</sup> would not be entitled to the same fee reduction as a Market Maker. The Exchange notes that Market Makers, their Affiliated Members and their Appointed Members are being incentivized to direct Priority Customer order flow to MRX. Other market participants benefit from this order flow because they may interact with it. Unlike other participants, Market Makers add value to MRX through quoting obligations<sup>16</sup> and their commitment of capital. Encouraging Market Makers to add greater liquidity benefits all market participants in the quality of order interaction.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

#### Intermarket Competition

The Exchange believes its proposal remains competitive with other options markets, and will offer market participants with another choice of venue to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

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<sup>12</sup> A "Non-Nasdaq MRX Market Maker" is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange. See Options 7, Section 1(c).

<sup>13</sup> A "Firm Proprietary" order is an order submitted by a Member for its own proprietary account. See Options 7, Section 1(c).

<sup>14</sup> A "Broker-Dealer" order is an order submitted by a Member for a broker-dealer account that is not its own proprietary account. See Options 7, Section 1(c).

<sup>15</sup> A "Professional Customer" is a person or entity that is not a broker/dealer and is not a Priority Customer. See Options 7, Section 1(c).

<sup>16</sup> See MRX Options 2, Section 5.

## Intramarket Competition

The Exchange's proposal to amend the complex order fee discount for Market Makers that trade against Priority Customer complex orders that originate from an Affiliated Member or Affiliated Entity from \$0.00 to \$0.10 per contract does not impose an undue burden on competition because the discounted fee will apply uniformly to Market Makers that meet the criteria for the fee discount. With respect to the reduced fee offered to Market Makers, the Exchange notes that Priority Customers do not pay a complex order fee. Other market participants, such as a Non-Nasdaq MRX Market Maker (FarMM), a Firm Proprietary, a Broker-Dealer and a Professional Customer, would not be entitled to the same fee reduction as a Market Maker. The Exchange notes that Market Makers, their Affiliated Members and their Appointed Members are being incentivized to direct Priority Customer order flow to MRX. Other market participants benefit from this order flow because they may interact with it. Unlike other participants, Market Makers add value to MRX through quoting obligations<sup>17</sup> and their commitment of capital. Encouraging Market Makers to add greater liquidity benefits all market participants in the quality of order interaction.

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

No written comments were either solicited or 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) of the Act.<sup>18</sup> 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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action,

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<sup>17</sup> See MRX Options 2, Section 5.

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

the Commission shall institute proceedings to determine whether the proposed rule 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-MRX-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-MRX-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-MRX-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.<sup>19</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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