



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103496; File No. SR-MEMX-2025-22]

**Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 2.3, to Adopt Rule 2.12 (MEMX Execution Services as Inbound Router), to Make a Corresponding Update in Rule 2.11 (MEMX Execution Services as Outbound Router), and to Remove Obsolete Rule Text in Rule 2.4(c)**

July 18, 2025.

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 July 15, 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 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 proposal to amend Rule 2.3 to clarify that a broker or dealer must be a member of another national securities exchange or association other than MX2 LLC (“MX2”) in order become or remain a Member of the Exchange, to adopt Rule 2.12 (MEMX Execution Services LLC as Inbound Router), and

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

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

to make a relevant corresponding update in Rule 2.11 (MEMX Execution Services LLC as Outbound Router). The Exchange also proposes to remove the text of Rule 2.4(c) because this section of the Rule is now obsolete given it references a calendar year that has passed. 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/>.

## 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

On March 13, 2025, the Commission approved the application of MX2, an affiliate of the Exchange, to register as a national securities exchange.<sup>5</sup> Included in the approved rules of MX2 are: 1) MX2 Rule 2.3, which notes that a broker or dealer must be a member of another national securities exchange or association other than or in addition to MEMX in order to become or remain a Member of MX2, and 2) MX2 Rule 2.12, which governs the routing of orders by MX2's (and the Exchange's) affiliated broker-dealer, MEMX Execution Services LLC ("MEMX Execution Services") to MX2 as inbound router in its capacity as a routing facility of the Exchange. Accordingly, the Exchange is proposing: 1) to amend its Rule 2.3 to clarify that a broker or dealer must be a member of another national securities exchange or association other than or in addition

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<sup>5</sup> See Securities Exchange Act Release No. 102650 (March 13, 2025) 90 FR 12590 (March 18, 2025) (File No.10-247) (order approving application of MX2, LLC for registration as a national securities exchange).

to MX2 in order to become or remain a Member of the Exchange, and 2) to adopt the same inbound routing rule, also numbered Rule 2.12, which will govern MEMX Execution Services' status as an inbound router that sends orders to the Exchange in its capacity as a routing facility of MX2, and to make a relevant corresponding update in Rule 2.11 (MEMX Execution Services LLC as Outbound Router). Lastly, the Exchange proposes to remove the text of Rule 2.4(c) because this section of the Rule is now obsolete given it references a calendar year that has passed.

### **Amend Rule 2.3 to Reflect Existence of MX2**

As noted above, pursuant to Rule 2.3, the Exchange requires all of its Members to be a member of at least one other national securities association or national securities exchange in order to become and remain a Member of the Exchange. Given the recent approval of the Exchange's affiliate, MX2, the Exchange is now proposing to make clear that this requirement is not satisfied simply by joining MX2. Rather, as the proposed language indicates, each Member that is a registered broker or dealer must be a member of another registered national securities exchange or association other than or in addition to MX2. The Exchange notes that this language aligns with that of MX2's Rule 2.3, which indicates that each Member of MX2 must be a member of another registered national securities exchange or association other than or in addition to MEMX.

### **Adoption of Rule 2.12 and Corresponding Edit to Rule 2.11**

Also in light of the approval of MX2, the Exchange is proposing to adopt Rule 2.12, which is substantively identical to the same MX2 rule and which will govern MEMX Execution Services' status as an inbound router that sends orders to the Exchange in its capacity as a routing facility of MX2. Pursuant to proposed Rule 2.12, MEMX Execution Services' inbound routing services from MX2 to the Exchange would be subject to the following conditions and limitations:

- (1) The Exchange must enter into (1) a plan pursuant to Rule 17d-2 under the Act

with a non-affiliated self-regulatory organization (“SRO”) to relieve the Exchange of regulatory responsibilities for MEMX Execution Services with respect to rules that are common rules between the Exchange and the non-affiliated SRO, and (2) a regulatory services contract with a non-affiliated SRO to perform regulatory responsibilities for MEMX Execution Services for unique Exchange rules.

(2) The regulatory services contract must require the Exchange to provide the non-affiliated SRO with information, in an easily accessible manner, regarding all exception reports, alerts, complaints, trading errors, cancellations, investigations, and enforcement matters (collectively “Exceptions”) in which MEMX Execution Services is identified as a participant that has potentially violated Exchange or Commission Rules, and requires that non-affiliated SRO provide a report, at least quarterly, to the Exchange quantifying all Exceptions in which MEMX Execution Services is identified as a participant that has potentially violated Exchange or Commission rules.

(3) The Exchange, on behalf of the holding company owning the Exchange and MEMX Execution Services, must establish and maintain procedures and internal controls reasonably designed to ensure that MEMX Execution Services does not develop or implement changes to its system based on non-public information obtained as a result of its affiliation with the Exchange, until such information is available generally to similarly situated members of the Exchange in connection with the provision of inbound order routing to the Exchange.

(4) The Exchange may furnish to MEMX Execution Services the same information on the same terms that the Exchange makes available in the normal course of business to any other User.

Proposed Rule 2.12(b) also notes that provided the above conditions are complied with, and provided further that MEMX Execution Services operates as an outbound router on behalf of MX2 on the same terms and conditions it does for the Exchange, and

in accordance with the rules of MX2, MEMX Execution Services may provide inbound routing services to the Exchange from MX2.

In addition to the adoption of an inbound routing rule, the Exchange proposes minor modifications to its existing rule applicable to MEMX Execution Services' status as an outbound router. Specifically, Rule 2.11 currently states that MEMX Execution Services will not engage in any business other than its outbound router function and any other activities it may engage in as approved by the Commission. The Exchange proposes to add acting as inbound router to the list of activities in which MEMX Execution Services will engage.

### **Deletion of Obsolete Rule 2.4(c)**

Lastly, the Exchange is proposing to delete section (c) under Rule 2.4, Mandatory Participation in Testing of Backup Systems. This provision specifies the Exchange's procedure for testing MEMX Options' backup systems during the calendar year 2023, which has passed, and as such, this provision is obsolete. Accordingly, the Exchange proposes to delete this provision under Rule 2.4.

## **2. Statutory Basis**

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>6</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>7</sup> 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

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

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)<sup>8</sup> 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 rule change will 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 by aligning the Exchange's rules with the same rules in the rulebook of MX2, which is affiliated with the Exchange. Specifically, the adoption of Rule 2.3 provides clarity to Members regarding the requirement that each Member that is a registered broker or dealer must be a member of another registered national securities exchange or association other than or in addition to MX2. With respect to the adoption of Rule 2.12 and the associated added reference in Rule 2.11, the proposed rule change will allow the Exchange to receive inbound routed orders from MEMX Execution Services acting in its capacity as a facility of MX2 in a manner consistent with prior approvals and established protections. The proposed deletion of Rule 2.4(c) is to help avoid any potential confusion resulting from retaining outdated provisions in the Exchange's rulebook. For these reasons, the Exchange believes such amendments would enable the Exchange to be so organized as to have the capacity to carry out the purposes of the Act and to comply with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange, promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market, and protect investors and the public interest.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes are not designed to address any competitive issues, but rather to update the Exchange's rules in light of the recent approval of MX2's application for registration as a national securities exchange, including clarification under Rule 2.3 that a Member must be registered with another national securities exchange other than MX2 in order to retain its membership or become a Member the Exchange, as well as the adoption of relevant rule text regarding the routing of orders from MX2 via MEMX Execution Services. As noted above, MX2 has the same rules in place, and those rules ensure that MEMX Execution Services cannot use any information that it may have because of its affiliation with the Exchange to its advantage, thus preventing an unfair burden on competition.

The Exchange does not believe that the proposed rule change to delete obsolete rule text in Rule 2.4 imposes any burden on competition, as it is a non-substantive change concerned solely with the removal of rule text that is no longer applicable.

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 Act<sup>9</sup> and Rule 19b-4(f)(6)<sup>10</sup> thereunder. Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>11</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>12</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 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 will 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 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-2025-22 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-2025-22. This file number should be included on the subject line if email is used. To help the Commission

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give 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. The Exchange has satisfied this requirement.



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 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-2025-22 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>13</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*

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