



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104206; File No. SR-MX2-2025-04]

Self-Regulatory Organizations; MX2 LLC; Notice of Filing and Immediate Effectiveness of a Proposal to Amend Rule 11.6 to Clarify the Handling of Orders with a Post Only Instruction

November 18, 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 September 30, 2025, MX2 LLC (“MX2” 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 proposal to amend Rule 11.6(a) to clarify the handling of orders that contain both a Post Only instruction and certain other order handling instructions maintained to facilitate compliance with Rule 610(d) of Regulation NMS. 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->

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.

and-filings/.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 Exchange Rule 11.6 to clarify the handling of orders that contain both a Post Only instruction and certain other order handling instructions maintained to facilitate compliance with Rule 610(d) of Regulation NMS (the "Locked and Crossed Markets Rule"). The Exchange is filing this proposal in order to conform its rule text with that of its affiliated Exchange, MEMX LLC ("MEMX"), which recently filed the same proposal.⁶

As background, the current rules state that an order entered with a Post Only instruction does not remove liquidity, except when the order is an order to buy or sell a security priced below \$1.00, or when executing as the taker of liquidity would be economically beneficial to the firm entering the order – i.e., if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the MX2 Book and subsequently provided liquidity, including the

⁵ The Exchange proposes to implement the proposed changes to Exchange Rules 11.3(a)-(b) on a date that will be announced via Regulatory Notice, notifying both existing and prospective Sponsoring Members and Sponsored Participants, of the new rule language and required contractual provisions.

⁶ See Securities Exchange Act Release No. 103968 (September 15, 2025), 90 FR 45069 (September 18, 2025) (SR-MEMX-2025-29).

applicable fees charged or rebates provided.⁷ Today, the Exchange’s rules state that this handling applies to Post Only orders entered with a Display-Price Sliding⁸ instruction, which is a re-pricing instruction used for compliance with the Locked and Crossed Markets Rule. Thus, an executable order entered with a Post Only instruction is eligible to remove liquidity in the circumstances described in Rule 11.6(1)(2) instead of having its ranked price or display price adjusted pursuant to those order handling instruction.

However, the Exchange will also offer a “Cancel Back” instruction that is not covered by MX2 Rule 11.6(1)(2). An order entered with a Cancel Back instruction will be immediately cancelled instead of re-priced when displaying the order at its limit price would create a violation of the Locked and Crossed Markets Rule, or if the order could not otherwise be executed or posted at its limit price.⁹ Even if Users select the Cancel Back instruction, however, orders entered with a Post Only instruction will be handled in the same manner regardless of whether the Display-Price Sliding or Cancel Back instruction is selected.¹⁰ The Exchange therefore proposes to amend MX2 Rule 11.6(1)(2) to eliminate the reference to Display-Price Sliding, given that such an instruction is not

⁷ See MX2 Rule 11.6(1)(2). To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the MX2 book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and the highest possible fee charged for such executions on the Exchange.

⁸ “Display-Price Sliding” is an order instruction requiring that where an order would be a Locking Quotation or Crossing Quotation of an external market if displayed by the System on the MX2 Book at the time of entry, will be ranked at the Locking Price in the MX2 Book and displayed by the System at one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell). See MX2 Rule 11.6(j)(1)(A).

⁹ “Cancel Back” is an instruction the User may attach to an order instructing the System to immediately cancel the order when, if displayed by the System on the MX2 Book at the time of entry, or upon return to the System after being routed away, would create a violation of Rule 610(d) of Regulation NMS or Rule 201 of Regulation SHO, or the order cannot otherwise be executed or posted by the System to the MX2 Book at its limit price. See MX2 Rule 11.6(a).

¹⁰ Rule 11.6(j)(1)(A)(iv) states: Any display-eligible order with a Post Only instruction that would be a Locking Quotation or Crossing Quotation of the Exchange upon entry will be executed as set forth in Rule 11.6(1)(2) or cancelled. In the event the NBBO changes such that an order with a Post Only instruction subject to Display-Price Sliding instruction would be ranked at a price at which it could remove displayed liquidity from the MX2 Book, the order will be executed as set forth in Rule 11.6(1)(2) or cancelled.

required for a Post Only instruction to remove liquidity under the noted circumstances.¹¹

The Exchange believes that removing the reference to this instruction in the rule would reduce potential confusion as the order handling described in the rule today applies to all orders entered with a Post Only instruction, and not a specific subset of those orders. No changes to the Exchange's trading or other systems are contemplated by this proposed change, which is instead designed to increase transparency around the Exchange's process.

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,¹² in general, and Section 6(b)(5) of the Act,¹³ in particular, in that it is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

Specifically, the Exchange believes that the proposed rule change is consistent with the public interest and the protection of investors as it would avoid potential confusion about how an order is handled if entered with both a Post Only and Cancel Back instruction or no additional instruction at all. Today, the Exchange's rules provide that an order entered into the MX2 Book with a Post Only instruction would remove liquidity in certain circumstances, such as when economically beneficial for the firm entering the order. In addition, the rules specify that this handling applies to orders entered with a Post Only and a Display-Price Sliding instruction. The rules, however, are

¹¹ EDGX similarly filed to remove the reference to Display Price Sliding from their rule text, and allows all Post Only orders to remove liquidity if economically beneficial to the firm entering the order. See Securities Exchange Release No. 88515, (April 4, 2019), 84 FR 14427, (April 10, 2019), SR-CboeEDGX-2019-014.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

silent as to the handling applied if an order with a Post Only instruction contains a Cancel Back instruction or no additional instruction at all. The Exchange's order handling will, in fact, be the same regardless of which of these instructions are chosen by the member. As such, the Exchange believes that it is appropriate to amend MX2 Rule 11.6(1)(2) to eliminate the reference to the Display-Price Sliding instruction, thereby making clear that this handling will apply to all orders entered with a Post Only instruction and not only those that also contain a Display-Price Sliding instruction.

The Exchange believes that this order handling is appropriate regardless of whether an order entered with a Post Only instruction also contains a Display-Price Sliding, Cancel Back, or no additional instruction. Specifically, the Exchange believes that it is consistent with just and equitable principles of trade to permit an order entered with a Post Only instruction to remove liquidity when the order is an order to buy or sell a security priced below \$1.00, or when executing as the taker of liquidity would be economically beneficial to the firm entering the order. This handling is designed to ensure that orders entered with a Post Only instruction are eligible to trade in certain circumstances where the entering firm may have an interest in securing an execution on entry – i.e., as the taker of liquidity – notwithstanding the member's use of the Post Only instruction. Although the Exchange's rules currently mention order handling for the Display-Price Sliding instruction specifically, this functionality should be applied equally to any order entered with a Post Only instruction. Thus, amending the rule as proposed would provide additional transparency into a feature that will be offered by the Exchange that is potentially beneficial to members that utilize the Post Only instruction.

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. Rather, the proposed rule change would remove ambiguity in the MX2 rules.

No change to the Exchange's order handling is contemplated by this proposed rule change, which would merely clarify the handling for all orders entered with a Post Only instruction. The Exchange therefore believes that the proposed rule change would increase transparency around the operation of the Exchange to the benefit of members and investors without imposing any significant burden on competition.

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act¹⁴ and Rule 19b-4(f)(6)¹⁵ 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; or (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁶ and Rule 19b-4(f)(6)¹⁷ thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁸ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁹ the Commission may designate a shorter time if such action is consistent with protection of investors and the public interest. The Exchange has asked the

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange 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.

¹⁸ 17 CFR 240.19b-4(f)(6).

¹⁹ 17 CFR 240.19b-4(f)(6)(iii).

Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because the proposal avoids potential confusion by clarifying the current handling of all orders entered with a Post Only instruction by eliminating the reference to Display-Price Sliding in Rule 11.6 and does not introduce any novel regulatory issues. Accordingly, the Commission designates the proposed rule change to be operative upon filing.²⁰

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. Please include file number SR-MX2-2025-04 on the subject line.

²⁰ For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-MX2-2025-04. 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 filing 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-MX2-2025-04 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.²¹

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025-20527 Filed: 11/20/2025 8:45 am; Publication Date: 11/21/2025]

²¹ 17 CFR 200.30-3(a)(12).