



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104966; File No. SR-MRX-2026-05]

### Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing of a Proposed Rule Change to Adopt New Options Rule 3B to List and Trade Outcome-Related Options

March 11, 2026.

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 March 2, 2026, Nasdaq MRX, LLC (“MRX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I and II 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 list and trade Outcome-Related Options or “OROs.”

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

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.

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

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

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange’s proposal adopts rules at new Options 3B to govern the listing and trading of cash-settled, European-style binary options<sup>3</sup> referred to as Outcome-Related Options or “OROs.” The Exchange proposes to list and trade OROs on the Nasdaq-100® Index (“NDX®”)<sup>4</sup> as “Nasdaq-100® OROs.” The Exchange also proposes to list and trade OROs on the Nasdaq-100 Micro Index® (“XND®”)<sup>5</sup> as “XND OROs.”

OROs on NDX and XND are distinguishable from NDX options and XND options. OROs would entitle the buyer to receive, or the seller to pay, a fixed amount at expiration<sup>6</sup> based on whether the settlement price of the underlying is at, above, or below a predetermined strike price at expiration. Unlike traditional NDX options and XND options, OROs will pay a fixed sum at expiration regardless of the magnitude of the difference between the settlement value and the option's exercise price.<sup>7</sup>

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<sup>3</sup> The characteristics of binary options are described in The Options Disclosure Document or ODD. See <https://www.theocc.com/getcontentasset/a151a9ae-d784-4a15-bdeb-23a029f50b70/dfc3d011-8f63-43f6-9ed8-4b444333a1d0/riskstoc.pdf>.

<sup>4</sup> The Nasdaq-100 Index is a modified market capitalization-weighted index that includes 100 of the largest non-financial companies listed on The Nasdaq Stock Market LLC, based on market capitalization. It does not contain securities of financial companies, including investment companies. Security types generally eligible for the Nasdaq-100 Index include common stocks, ordinary shares, American Depositary Receipts, and tracking stocks. Security or company types not included in the Nasdaq-100 Index are closed-end funds, convertible debentures, exchange traded funds, limited liability companies, limited partnership interests, preferred stocks, rights, shares or units of beneficial interest, warrants, units and other derivative securities. A description of the Nasdaq-100 Index is available on Nasdaq’s website at [https://indexes.nasdaqomx.com/docs/methodology\\_NDX.pdf](https://indexes.nasdaqomx.com/docs/methodology_NDX.pdf). The Nasdaq-100 Index is a broad-based index, as defined in Options 4A, Section 3. See also: [https://www.nasdaq.com/NDX\\_NDXP\\_Factsheet](https://www.nasdaq.com/NDX_NDXP_Factsheet).

<sup>5</sup> The Nasdaq-100 Micro Index or XND is designed to reflect 1/100th the value of the Nasdaq-100 Index. See [https://www.nasdaq.com/docs/2023/08/14/XND\\_FactSheet.pdf](https://www.nasdaq.com/docs/2023/08/14/XND_FactSheet.pdf).

<sup>6</sup> Rules for binary return options products currently exist on NYSE American LLC (“NYSE American”) and Cboe Exchange, Inc. (“Cboe”). See Securities Exchange Act Release Nos. 55843 (June 1, 2007), 72 FR 31636 (June 7, 2007) (Notice); 56251 (August 14, 2007), 72 FR 46523 (August 20, 2007) (Approval) (SR-Amex-2004-27); 57642 (April 9, 2008), 73 FR 20985 (April 17, 2008) (Notice); 57850 (May 22, 2008), 73 FR 31169 (May 30, 2008) (Approval) (SR-CBOE-2006-105). See also Cboe Exchange, Inc. Rules related to Binary Options as described at Rule 4.16 and NYSE American LLC Rules related to ByRDs at Section 17 of NYSE American’s Rules.

<sup>7</sup> In contrast, traditional NDX options and XND options give the holder the right, but not the obligation to buy or sell an underlying asset, in this case the Nasdaq-100 Index or the 1/100th the value of the Nasdaq-100 Index, respectively, at a specified price before or at expiration.

OROs will provide investors with the ability to transact options that pay a fixed sum at expiration on a listed exchange market subject to the benefits of a centralized forum for price discovery; pre- and post-trade transparency; standardized contract specifications; real-time surveillance; and clearing guaranteed by The Options Clearing Corporation (“OCC”).

As proposed, new Options 3B, would be titled “Outcome-Related Options.”

### **General Provisions**

The Exchange proposes to titled Section 1 “General Provisions.” The trading of OROs will be subject to all rules applicable to options on the Exchange, including, without limitation, trading rules, listing rules and business conduct rules. The Exchange proposes new Options 3B to address rule differences that are unique to the trading of OROs while maintaining the applicability of the broader rulebook.

Pursuant to Options 3B, Section 1(a), titled “Applicability of Exchange Rules,” Options 3B Rules will apply only to Outcome-Related Options or “OROs.” Further, the trading of OROs will be subject to all other Rules applicable to the trading of options on the Exchange, including the trading rules and functionality in Options 3, unless the context otherwise requires or otherwise provided in this Options 3B.<sup>8</sup> For example, the Opening Process at Options 3, Section 8; Trading Halts at Options 3, Section 9; simple, complex and optional risk protections at Options 3, Sections 15, 16 and 28; and Market Maker appointments at Options 2, Section 3 and obligations at Option 2, Section 5 shall all apply to the trading of OROs as they apply to the trading of other options on the Exchange.

The Exchange proposes the following definitions at Options 3B, Section 1(b), titled “Definitions,” that would apply to Options 3B rules:

- The term “**contract multiplier**” as used in reference to OROs means the multiple applied to the exercise settlement value to arrive at the total exercise settlement amount per contract. The contract multiplier for OROs shall be \$100.<sup>9</sup>

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<sup>8</sup> See proposed Options 3B, Section 1(a).

<sup>9</sup> See proposed Options 3B, Section 1(b)(1).

- The term “**exercise price**” as used in reference to OROs means the value to which the settlement value of the underlying is compared to determine whether the holder of an ORO is entitled to a pay out on the option contract.<sup>10</sup>
- The term “**exercise settlement amount**” as used in reference to OROs means the amount of cash that a holder will receive upon exercise of the contract. The exercise settlement amount is \$100. The underlying is used to determine whether a binary option is in, at or out of the money.<sup>11</sup>
- The term “**OROs**” represents binary options on the underlying.<sup>12</sup>
- The term “**OROs Order**” means an order submitted in an ORO pursuant to Options 3B.<sup>13</sup>
- The term “**settlement value**” is the value of the underlying that is used to determine whether an ORO is in, at or out of the money. OROs that are “at-the-money,” “in-the-money,” or “out-of-the-money” are a function of the settlement value of the underlying in relation to the type of ORO (i.e., put or call) and the exercise price. OROs shall be paid out if the settlement value of the underlying equals, exceeds or is less than the exercise price, depending on the type of option (i.e., call or put).<sup>14</sup>
  - OROs that are call option contracts would return an exercise settlement amount if the settlement value of the underlying is at or above the exercise price at expiration (i.e., in- or at-the-money).<sup>15</sup>
  - OROs that are put option contracts would return an exercise settlement amount if the settlement value of the underlying is below the exercise price at expiration (i.e., in-the-money).<sup>16</sup>
- The term “**underlying**” means the security that the Clearing Corporation<sup>17</sup> shall utilize to determine whether an ORO is in, at or out of the money. With respect to an index, the underlying shall mean any of the securities that are the basis for the calculation of the index.<sup>18</sup>

OROs contracts would have an exercise settlement amount that is established at the creation of the option of \$100 for an OROs Order pursuant to Options 3B, Section 1(b)(3).

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<sup>10</sup> See proposed Options 3B, Section 1(b)(2).

<sup>11</sup> See proposed Options 3B, Section 1(b)(3).

<sup>12</sup> See proposed Options 3B, Section 1(b)(4).

<sup>13</sup> See proposed Options 3B, Section 1(b)(5).

<sup>14</sup> See proposed Options 3B, Section 1(b)(6).

<sup>15</sup> See proposed Options 3B, Section 1(b)(6)(a).

<sup>16</sup> See proposed Options 3B, Section 1(b)(6)(b).

<sup>17</sup> The term “Clearing Corporation” means The Options Clearing Corporation. See General 1, Section 1(a)(3).

<sup>18</sup> See proposed Options 3B, Section 1(b)(7).

OROs would be paid out if the settlement value of the underlying equals, exceeds or is less than the exercise price, depending on the type of option (i.e., call or put).<sup>19</sup> As proposed, a call option on OROs would pay \$1.00 if the settlement price is at or above the strike price at expiration.<sup>20</sup> Conversely, a put option on OROs would pay \$1.00 per contract if the settlement price is below the strike price at expiration.<sup>21</sup> The “settlement value” for OROs shall be the price of the underlying that is used to determine whether an ORO is in, at or out of the money.<sup>22</sup> The underlying shall mean the security that the Clearing Corporation would utilize to determine whether an ORO is in, at or out of the money.<sup>23</sup> In the case of an index, the underlying shall mean any of the securities that are the basis for the calculation of the index.<sup>24</sup> An OROs Order would mean an order submitted in an ORO pursuant to Options 3B.<sup>25</sup>

### **Hours of Business**

Section 2 of Options 3B would be titled “Hours of Business.” Pursuant to proposed Options 3B, Section 1(c), the trading hours for OROs would be the same as the trading hours as set forth in Options 3, Section 1.<sup>26</sup>

### **Units of Trading and Premium**

Section 3 of Options 3B would be titled “Units of Trading and Premium.” Pursuant to proposed Options 3B, Section 3(a), bids and offers for OROs must be expressed in U.S. dollars.<sup>27</sup>

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<sup>19</sup> See proposed Options 3B, Section 1(b)(6).

<sup>20</sup> See proposed Options 3B, Section 1(b)(6)(a).

<sup>21</sup> See proposed Options 3B, Section 1(b)(6)(b).

<sup>22</sup> See proposed Options 3B, Section 1(b)(6)(b).

<sup>23</sup> See proposed Options 3B, Section 1(b)(7).

<sup>24</sup> See *id.*

<sup>25</sup> See proposed Options 3B, Section 1(b)(5).

<sup>26</sup> Options 3, Section 1(d) provides that options on a broad-based index, as defined in Options 4A, Section 2 may be traded on the Exchange until 4:15 p.m. each business day.

<sup>27</sup> See proposed Options 3B, Section 3(a).

Pursuant to proposed Options 3B, Section 3(b), OROs may have a premium range<sup>28</sup> from \$0.01 to \$1.00.<sup>29</sup>

### **Minimum Trading Increment**

Section 4 of Options 3B would be titled “Minimum Trading Increments.” Pursuant to proposed Options 3B, Section 4(a), OROs may be entered in a minimum increment of \$0.01. Today, NDX options trade in \$0.05 and \$0.10 increments pursuant to Options 3, Section 3(a). Today, XND options trade in \$0.01 increments.<sup>30</sup> The Exchange notes that Cboe Rule 5.4(c)(1) permits binary options with a minimum increment of \$0.01.<sup>31</sup>

The Exchange notes that MRX Options 4A Rules are incorporated by reference to Nasdaq ISE, LLC (“ISE”) Options 4A Rules. ISE Supplementary Material .04 to Options 3, Section 3, Minimum Trading Increments, notes that XND options trade in \$0.01 increments.<sup>32</sup> At this time, the Exchange proposes to add rule text to MRX Supplementary Material .04 to Options 3, Section 3, Minimum Trading Increments, that is identical to ISE Supplementary Material .04 to Options 3, Section 3 to make clear that XND trades in a \$0.01 increment.

### **Listings**

Section 5 of Options 3B would be titled “Listings.” Pursuant to proposed Options 3B, Section 5(a), titled “ORO Classes,” the Exchange authorizes OROs on the Nasdaq-100 Index or NDX (“Nasdaq-100 OROs”) and on the Nasdaq-100 Micro Index or XND (“XND OROs”). The listing of Nasdaq-100 OROs and XND OROs would be subject to Options 4A Rules<sup>33</sup> unless otherwise specified. Nasdaq-100 OROs and XND OROs will trade independently of and in

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<sup>28</sup> The premium is the price paid or received when entering an OROs Order.

<sup>29</sup> See proposed Options 3B, Section 3(b).

<sup>30</sup> See ISE Supplementary Material .04 to Options 3, Section 3.

<sup>31</sup> Cboe Rule 5.4(c)(1) states that the exchange establishes the minimum increment for bids and offers on orders for binary options on a class-by-class basis, which may not be less than \$0.01.

<sup>32</sup> Specifically, ISE Supplementary Material .04 to Options 3, Section 3 states that, Options on the Nasdaq 100 Micro Index (XND) (as long as QQQ options (“QQQ”) participate in the Penny Interval Program) shall have a minimum increment of \$.01.

<sup>33</sup> As noted above, MRX incorporates ISE Options 4A Rules by reference.

addition to other standard options on NDX or XND, respectively.

Similar to NDX and XND options,<sup>34</sup> Nasdaq-100 OROs and XND OROs will be P.M.-settled.<sup>35</sup> Options 3B, Section 5(a)(1) would be titled “P.M.-Settled” and state, that the Exchange authorizes P.M.-Settled Nasdaq-100 OROs and XND OROs pursuant to Options 4A, Section 12(a)(5). As a result, exercise will result in delivery of cash on the business day following expiration.<sup>36</sup>

Similar to NDX and XND options,<sup>37</sup> Nasdaq-100 OROs and XND OROs shall be subject to the Nonstandard Expirations Program pursuant to Supplementary Material .07 to Options 4A, Section 12.<sup>38</sup> Options 3B, Section 5(a)(2) would be titled “Nonstandards Expiration Program.” The Nonstandard Expirations Program would permit Nasdaq-100 OROs and XND OROs to open for trading weekly expirations that expire on any Monday, Tuesday, Wednesday, Thursday or Friday (other than the third Friday-of-the-month or days that coincide with an EOM expiration).

Further, as proposed, similar to NDX options and XND options,<sup>39</sup> the Exchange may also list (i) Nasdaq-100 OROs whose settlement value is the price of the Nasdaq-100 Index as reported by The Nasdaq Stock Market, LLC (“Nasdaq”) at the conclusion of the Nasdaq Closing Cross pursuant to Nasdaq Equity 4, Rule 4757<sup>40</sup> (P.M.-Settled third Friday-of-the-month NDX

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<sup>34</sup> Today, the Exchange authorizes P.M.-Settled NDX and XND options pursuant to Options 4A, Section 12(a)(6)(i).

<sup>35</sup> See proposed Options 3B, Section 5(a)(1). Of note, Nasdaq-100 OROs and XND OROs would not trade A.M.-Settled. Today, NDX options trade A.M.-Settled.

<sup>36</sup> The last day of trading for P.M.-settled index options shall be the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration date. See Options 4A, Section 12(a)(6).

<sup>37</sup> Today, NDX options and XND options are subject to the Nonstandard Expirations Program as specified in Supplementary Material .07 to Options 4A, Section 12.

<sup>38</sup> See proposed Options 3B, Section 5(a)(2).

<sup>39</sup> Today, NDX options and XND options may also list options whose exercise settlement value is the closing value of the Nasdaq-100 Index on the expiration day (P.M.-settled third Friday-of-the-month NDX options series) and the Nasdaq 100 Micro Index (“XND”) whose exercise settlement value is derived from closing prices on the expiration day (“P.M.-settled”). See Options 4A, Section 12(a)(6)(i).

<sup>40</sup> The Nasdaq Closing Cross is Nasdaq’s auction process used to determine the official closing price of Nasdaq-listed securities at 4:00 p.m. Eastern Time. See Equity 4, Rule 4757. As explained in this proposal, OROs will be P.M.-Settled.

options series); and (ii) XND OROs whose settlement value is derived from the price of the Nasdaq-100 Index as reported by Nasdaq at the conclusion of the Nasdaq Closing Cross pursuant to Nasdaq Equity 4, Rule 4757 (P.M.-Settled).<sup>41</sup>

As proposed in Options 3B, Section 5(a)(3), the reporting authority for Nasdaq-100 OROs and XND OROs shall be The Nasdaq Stock Market. Options 3B, Section 5(a)(3) would be titled “Reporting Authority.”

Pursuant to proposed Options 3B, Section 5(b), titled “Permissible Series,” the Exchange approves Nasdaq-100 OROs and XND OROs for listing and trading pursuant to Options 3B. Nasdaq-100 OROs and XND OROs are a separate class from other options overlying the Nasdaq-100 Index.

Similar to NDX and XND options,<sup>42</sup> Nasdaq-100 OROs and XND OROs may expire at three (3)-month intervals, in consecutive weeks or in consecutive months and may list up to 12 standard (monthly) expirations.<sup>43</sup> Similar to NDX and XND options,<sup>44</sup> Nasdaq-100 OROs and XND OROs shall be European-style exercise.<sup>45</sup>

Nasdaq-100 OROs and XND OROs would be subject to the provisions of Options 4A with respect to weekly expirations provided, however, that weekly expirations would only be P.M.-Settled.<sup>46</sup> New series in weekly expirations on Nasdaq-100 OROs and XND OROs may be added up to and including on the expiration date for an expiring weekly expiration. Further, the Exchange may open for trading end of month (EOM) expirations on Nasdaq-100 OROs and XND OROs to expire on last trading day of the month. EOMs on OROs would be subject to all provisions of Options 4A, except that EOMs on Nasdaq-100 OROs and XND OROs shall only

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<sup>41</sup> See proposed Options 3B, Section 5(a)(2)(a).

<sup>42</sup> See Options 4A, Section 12(a)(3).

<sup>43</sup> See proposed Options 3B, Section 5(b)(1).

<sup>44</sup> See Options 4A, Section 12(a)(4).

<sup>45</sup> See proposed Options 3B, Section 5(b)(2).

<sup>46</sup> Today, NDX options are both A.M.-Settled and P.M.-Settled.

be P.M.-Settled. New series in EOMs on Nasdaq-100 OROs and XND OROs may be added up to and including on the expiration date for an expiring EOM. Finally, the Exchange may list long term index options series (“LEAPS”) on Nasdaq-100 OROs and XND OROs that expire from twelve (12) to sixty (60) months from the date of issuance.<sup>47</sup>

Proposed Options 3B, Section 5(c), titled “Terms,” provides the terms for submitting an ORO Order for a OROs series to the System, the submitting Member must include one of each of the following terms in the OROs Order: (1) underlying index (the contract multiplier is 100); (2) type of option (i.e., put or call); (3) expiration date; and (4) exercise price.<sup>48</sup>

Proposed Options 3B, Section 5(d), titled “Determination of Settlement Value,” provides the determination for settlement value. For Nasdaq-100 OROs, the settlement value shall be the price of the Nasdaq-100 Index as reported by Nasdaq at the conclusion of the Nasdaq Closing Cross pursuant to Nasdaq Equity 4, Rule 4757. The settlement value for XND OROs shall be a price that is derived from the price of the Nasdaq-100 Index as reported by Nasdaq at the conclusion of the Nasdaq Closing Cross pursuant to Nasdaq Equity 4, Rule 4757.

Proposed Options 3B, Section 5(e), titled “Adjustment,” provides the manner in which adjustments will be handled. OROs contracts are subject to adjustment only in accordance with and to the extent specified in the By-Laws and Rules of the Clearing Corporation. When any such adjustment has been determined, an announcement shall be made by the Exchange and shall become effective as of the time specified in such announcement.

Proposed Options 3B, Section 5(f), titled “Position Limits,” states that the position limits for OROs in Options 4A, Section 6, Position Limits for Broad-Based Index Options, shall not apply to OROs, rather the position limits for OROs shall be equal to 25,000 contracts on the same side of the market. Position limits in OROs shall not be aggregated with other options

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<sup>47</sup> See Options 4A, Section 12(b)(2) and (3).

<sup>48</sup> See proposed Options 3B, Section 5(c).

contracts for the underlying. OROs shall not be subject to the exemptions from position limits in Options 4A, Section 9, Exemptions from Position Limits.

Further, proposed Options 3B, Section 5(f)(1), titled “Reporting of Position Limits,” states that with respect to positions in OROs, the minimum position in an account which must be reported shall be 200 contracts.<sup>49</sup> Pursuant to Options 3B, Section 5(f)(1)(a), titled “Market Side,” for purposes of the position limits set forth subparagraph (f) of this Rule, long positions in put OROs and short positions in call OROs shall be considered to be on the same side of the market; and short positions in put OROs and long positions in call OROs shall be considered to be on the same side of the market.

Proposed Options 3B, Section 5(g), titled “Exercise Limits,” the exercise limits specified in Options 4A, Section 10, Exercise Limits, shall not apply to OROs. OROs will automatically be exercised at expiration if the settlement value of the underlying is equal to or greater than the exercise price of call OROs or less than the exercise price in the case of put OROs. Further, OROs are not subject to the rules in: (i) Options 6B, Exercises and Deliveries; and (ii) Options 9, Section 10, Other Restrictions on Options Transactions and Exercise, as that Section 10 relates to exercises.

### **Types of Orders; Order and Quote Protocols**

Options 3B, Section 6 shall be titled “Types of Orders; Order and Quote Protocols.” The Exchange may determine to make any eligible order types and times-in-force, respectively, in Options 3, Section 7, Types of Orders and Order and Quote Protocols, available on a class or System basis to be submitted as OROs Orders. Eligible OROs Orders shall include all order types in Options 3, Section 7 except for: (1) Market Orders at Options 3, Section 7(a); (2) Stop Orders at Options 3, Section 7(d); and (3) Stop Limit Orders at Options 3, Section 7(e).

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<sup>49</sup> See proposed Options 3B, Section 5(f)(1).

Pursuant to Options 3B, Section 6(b), all order and quote protocols in Supplementary Material .03 to Options 3, Section 7 are available for OROs.

Pursuant to Options 3B, Section 6(c), OROs Orders may be submitted in both simple and complex order books. OROs Orders may be entered as complex orders as specified in Options 3, Section 14, except that a Stock-Complex Order as defined in Options 3, Section 14(a)(3) is not permitted. OROs Orders may be submitted into any of the auction mechanisms specified in Options 3, Sections 11 (Auction Mechanisms) or 13 (Price Improvement Mechanism for Crossing Transactions). OROs Orders may be submitted as a Crossing Orders, as specified in Options 3, Section 12, except that OROs Orders may not be submitted as a Qualified Contingent Cross Order or a Complex Qualified Contingent Cross Order subject to Options 3, Section 12(c) and (d), respectively.

### **Obvious Errors**

Options 3B, Section 7, shall be titled “Obvious Error.” Pursuant to Options 3B, Section 7(a), for purposes of OROs Orders, the Obvious Error provisions in Options 3, Section 20, Nullification and Adjustment of Options Transactions including Obvious Errors, shall apply except that with respect to Options 3, Section 20(c), the adjusted price (including any applicable adjustment under subparagraph (c)(4)(A) for Non-Customer transactions) shall not exceed the applicable exercise settlement amount for OROs, which is \$1.

### *Suitability and Risk Disclosures*

Market participants that elect to transact in OROs should receive a copy of the ODD from their broker-dealer.<sup>50</sup> The ODD explains the risks inherent in options trading and binary options.<sup>51</sup> Broker-dealers must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer.<sup>52</sup>

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<sup>50</sup> See FINRA Rule 2360(b)(16)(A).

<sup>51</sup> See *supra* note 3.

<sup>52</sup> See FINRA Rule 2111.

Suitability rules are intended to distinguish the trading of customers with those of professional traders who are likely to have distinct risk/reward profiles, risk tolerance and capital.

### *Surveillance*

Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to OROs that it applies to the Exchange's other options products.<sup>53</sup> Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. Further, the Exchange has a Regulatory Services Agreement ("RSA") with the Financial Industry Regulatory Authority ("FINRA"). Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading OROs.

### *Capacity*

The Exchange represents that it has the necessary systems capacity to support trading OROs. Further, the Exchange believes that the Options Price Reporting Authority or "OPRA" has the necessary systems capacity to handle the additional traffic associated with the listing of OROs series. Because the proposal is limited to one class, the Exchange believes any additional traffic that may be generated from the introduction of Nasdaq-100 OROs and XND OROs will be manageable.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of

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<sup>53</sup> The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, ping-pong, phishing).

the Act,<sup>54</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>55</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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.

OROs will provide investors with the ability to transact options that pay a fixed sum at expiration on a listed exchange market subject to the benefits of a centralized forum for price discovery; pre- and post-trade transparency; standardized contract specifications; real-time surveillance; and the centralized clearing guaranteed by OCC, thereby promoting just and equitable principles of trade. Further, the introduction of OROs will provide advantages to the investing public that are not provided for by other options overlying the Nasdaq-100 Index. OROs offer investors a relatively low risk security where the risk reduction results from knowing the maximum risk exposure when the contract is written. While there may be variations in the exercise settlement amount, the maximum exercise settlement amount is set at listing, and the maximum risk therefore is limited and known at listing. Also, as proposed, the trading of OROs will be subject to all other Rules applicable to the trading of options on the Exchange, including, without limitation, the trading rules, listing rules and business conduct rules, unless the context otherwise requires or otherwise provided in Options 3B.<sup>56</sup>

The Exchange proposes a minimum increment of \$0.01 for Nasdaq-100 OROs and XND OROs. Today, NDX options trade in \$0.05 and \$0.10 increments<sup>57</sup> and XND options trade in \$0.01 increments.<sup>58</sup> The Exchange believes that the proposed minimum increment, which is

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<sup>54</sup> 15 U.S.C. 78f(b).

<sup>55</sup> 15 U.S.C. 78f(b)(5).

<sup>56</sup> See proposed Options 3B, Section 1(a). For example, the Opening Process at Options 3, Section 8; Trading Halts at Options 3, Section 9; simple, complex and optional risk protections at Options 3, Sections 15, 16 and 28; and Market Maker appointments at Options 2, Section 3 and obligations at Option 2, Section 5 shall all apply to the trading of OROs as they apply to the trading of other options on the Exchange.

<sup>57</sup> See Options 3, Section 3(a).

<sup>58</sup> See ISE Supplementary Material .04 to Options 3, Section 3.

identical to Cboe's increment for binary options,<sup>59</sup> will permit these options to trade in intervals similar to other index products in the industry. Further, adding rule text at MRX Supplementary Material .04 to Options 3, Section 3 that is identical to ISE Supplementary Material .04 to Options 3, Section 3 is consistent with the Act because it will make clear that XND trades in a \$0.01 increment.<sup>60</sup>

The remainder of the proposed rules permit trading in Nasdaq-100 OROs and XND OROs in a manner similar to the trading of NDX options and XND options, respectively. Similar to NDX options and XND options,<sup>61</sup> Nasdaq-100 OROs and XND OROs will be P.M.-settled.<sup>62</sup> Similar to NDX options and XND options,<sup>63</sup> Nasdaq-100 OROs and XND OROs would be subject to the Nonstandard Expirations Program as specified in Supplementary Material .07 to Options 4A, Section 12.<sup>64</sup> Similar to NDX options,<sup>65</sup> the Exchange may also list Nasdaq-100 OROs whose settlement value is the price of the Nasdaq-100 Index as reported by Nasdaq at the conclusion of the Nasdaq Closing Cross pursuant to Nasdaq Equity 4, Rule 4757 (P.M.-settled third Friday-of-the-month).<sup>66</sup> Similar to XND options, the Exchange may also list XND OROs whose settlement value price is derived from the price of the Nasdaq-100 Index as reported by Nasdaq at the conclusion of the Nasdaq Closing Cross pursuant to Nasdaq Equity 4,

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<sup>59</sup> Cboe Rule 5.4(c)(1) states that the exchange establishes the minimum increment for bids and offers on orders for binary options on a class-by-class basis, which may not be less than \$0.01.

<sup>60</sup> Proposed MRX Supplementary Material .04 to Options 3, Section 3 would state that, Options on the Nasdaq 100 Micro Index (XND) (as long as QQQ options ("QQQ") participate in the Penny Interval Program) shall have a minimum increment of \$.01.

<sup>61</sup> Today, the Exchange authorizes P.M.-Settled NDX options and XND options pursuant to Options 4A, Section 12(a)(6).

<sup>62</sup> See proposed Options 3B, Section 5(a)(1).

<sup>63</sup> Today, NDX options and XND options are subject to the Nonstandard Expirations Program as specified in Supplementary Material .07 to Options 4A, Section 12.

<sup>64</sup> See proposed Options 3B, Section 5(a)(2).

<sup>65</sup> Today, NDX options and XND options may also list options whose exercise settlement value is the closing value of the Nasdaq-100 Index on the expiration day (P.M.-settled third Friday-of-the-month NDX options series) and the Nasdaq 100 Micro Index ("XND") whose exercise settlement value is derived from closing prices on the expiration day ("P.M.-settled"). See Options 4A, Section 12(a)(6)(i).

<sup>66</sup> See proposed Options 3B, Section 5(a)(2)(a).

Rule 4757. Similar to NDX options and XND options,<sup>67</sup> Nasdaq-100 OROs and XND OROs may expire at three (3)-month intervals, in consecutive weeks or in consecutive months and may list up to 12 standard (monthly) expirations.<sup>68</sup>

The Exchange's proposed position limit for the OROs of 25,000 contracts on the same side<sup>69</sup> promotes just and equitable principles of trade. The proposed position limit of 25,000 contracts reasonably balances the promotion of a free and open market for these securities with minimization of incentives for market manipulation. A position limit of 25,000 contracts is the lowest position limit available in the options industry. The proposed position limit is conservative given the size and liquidity of Nasdaq-100 Index constituents, thereby substantially reducing the feasibility of price distortion. Further the price of each constituent in the Nasdaq-100 Index is independently formed, therefore there is no single price input that determines the index, rather the various market prices are aggregated. Finally, the Nasdaq-100 reflects continuous market pricing of constituents. As proposed the closing price is based on the Nasdaq Closing Cross, a robust auction mechanism with significant volume and oversight and the highest-volume trading event of the day for securities comprising the Nasdaq-100 Index. Therefore, the proposed position limit is consistent with the Act as it addresses concerns related to manipulation and protection of investors because the position limit is extremely conservative and more than appropriate.

The proposed adjustments to OROs with respect to the Obvious Error provisions<sup>70</sup> are designed to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, as the proposal

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<sup>67</sup> See Options 4A, Section 12(a)(3).

<sup>68</sup> See proposed Options 3B, Section 5(b)(1).

<sup>69</sup> Position limits in OROs would not be aggregated with other options contracts where the overlying is the Nasdaq-100 Index. OROs shall not be subject to the exemptions from position limits in Options 4A, Section 9.

<sup>70</sup> See Options 3B, Section 7.

would ensure that OROs Orders that are deemed Obvious Errors are appropriately adjusted given the nature of these contracts.

Further, market participants that elect to transact in OROs should receive a copy of the ODD from their broker-dealer.<sup>71</sup> The ODD explains the risks inherent in options trading and binary options.<sup>72</sup> Broker-dealers must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer.<sup>73</sup> Suitability rules are intended to distinguish the trading of customers with those of professional traders who are likely to have distinct risk/reward profiles, risk tolerance and capital. These measures are all designed to protect investors and the public interest.

Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to OROs that apply to the Exchange's other options products.<sup>74</sup> Additionally, the Exchange is a member of ISG under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition, the Exchange has an RSA with the FINRA. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading OROs.

Finally, the Exchange represents that it has the necessary systems capacity to support trading OROs. Further, the Exchange believes that OPRA has the necessary systems capacity to handle the additional traffic associated with the listing of OROs series. Because the proposal is

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<sup>71</sup> See FINRA Rule 2360(b)(16)(A).

<sup>72</sup> See *supra* note 3.

<sup>73</sup> See FINRA Rule 2111.

<sup>74</sup> The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, pinging, phishing).

limited to one class, the Exchange believes any additional traffic that may be generated from the introduction of Nasdaq-100 OROs and XND OROs will be manageable.

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 Exchange's proposal to list Nasdaq-100 OROs and XND OROs does not impose an undue burden on intra-market competition as any Member may transact OROs.

The Exchange's proposal to list Nasdaq-100 OROs and XND OROs does not impose an undue burden on inter-market competition as competitors have rules for similar products.<sup>75</sup>

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. by order approve or disapprove such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be 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:

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<sup>75</sup> See Cboe Rule 4.16. See also NYSE American related to ByRDs at Section 17 of NYSE American's Rules.

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-2026-05 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-2026-05. 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-MRX-2026-05 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>76</sup>

**Vanessa A. Countryman,**  
*Secretary.*

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<sup>76</sup> 17 CFR 200.30-3(a)(12).

