1. Text of the Proposed Rule Change

(a) MEMX LLC ("MEMX" or the "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to adopt Rule 15.3 and entitle it "Collection of Exchange Fees and Other Claims and Billing Policy" that (a) requires each member of the Exchange ("Member"), and all applicants for membership, to provide one or more clearing account numbers that correspond to an account(s) at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit certain fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange; and (b) require Members to submit billing disputes within a certain time period. The Exchange has designated this proposal as non-controversial pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) thereunder.[4]

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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(f)(6)(iii).

The proposed rule change was approved by Exchange staff pursuant to authority delegated to it by the Board of Directors of the Exchange (the "Board"). Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Anders Franzon, General Counsel, (551) 370-1003.

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

a. Purpose

The Exchange proposes to adopt Rule 15.3 to (a) require each Member, and all applicants for membership, to provide one or more clearing account numbers that correspond to an account(s) at the NSCC for purposes of permitting the Exchange to debit certain fees, fines, charges, and/or other monetary sanctions or other monies due and owing to the Exchange; and (b) require Members to submit billing disputes within a certain time period.

Direct Debit Process

Paragraph (a) of the proposed Rule 15.3 requires Members, and all applicants for membership, to provide one or more clearing account numbers that correspond to an account(s) at NSCC for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges, and/or other monetary sanctions or other monies due and owing to the Exchange or other charges pursuant to Rule 15.1, including the Exchange Fee Schedule thereto; Regulatory Transaction Fees pursuant to Rule 15.1(b); dues, assessments and other charges pursuant to Rule 2.9 to the extent the Exchange were to determine to charge such fees; and fines, sanctions and other charges pursuant to Chapter

8 of the Exchange Rules[5] which are due and owing to the Exchange (collectively "Debit Amount"). The Exchange Fee Schedule specifies charges for transactions, routing and other services provided by the Exchange and certain fees that are collected by the Financial Industry Regulatory Authority ("FINRA"). Only the charges which require payment to the Exchange would be subject to direct debit. The Exchange does not currently charge fees for certain of the services listed on the Exchange Fee Schedule. The Exchange would entitle Rule 15.3 "Collection of Exchange Fees and Other Claims and Billing Policy."

As proposed, the Exchange will send a monthly electronic invoice by email to each Member, generally by the 7th business day of each month for the Debit Amount due to the Exchange for the prior month. The Exchange will also send files to NSCC each month by the 17th business day of each month to initiate the debit of the Debit Amount due to the Exchange as stated on the Member's invoice for the prior month.

The Exchange anticipates that NSCC will process the debits on the day it receives

5 This includes, among other things, fines which result from disciplinary proceedings or actions taken pursuant to Chapter 8 of the Exchange Rules, as specified in Rule 8.1(a). In addition, the Exchange notes that it also has the authority under Rules 7.1(b) to report to the Chief Regulatory Officer ("CRO") any Member who does not pay any dues, fees, assessments, charges or other amounts due to the Exchange within 90 days after the same has become payable and the CRO may, after giving reasonable notice to the Member of such arrearages, suspend the Member until payment is made. While this direct debit process should minimize failures to pay, those rules nevertheless will act as a backstop to the direct debit process. With respect to disciplinary proceedings, the Exchange would not debit any monies until such action is final. The Exchange would not consider an action final until all appeal periods have run and/or all appeal timeframes are exhausted. With respect to non-disciplinary actions, the Exchange would similarly not take action to debit a Member account until all appeal periods have run and/or all appeal timeframes are exhausted. Any uncontested disciplinary or non-disciplinary actions will be debited, and the amount due will appear on the Member's invoice prior to the actual NSCC debit.

the file or the following business day. Because Members will be provided with an invoice approximately two weeks before the debit date, Members will have adequate time to contact Exchange staff with any questions concerning the invoice. If a Member disagrees with the invoice in whole or in part, the Exchange would not commence the debit for the disputed amount until the dispute is resolved. Specifically, the Exchange will not include the disputed amount (or the entire invoice if it is not feasible to identify the disputed amounts) in the NSCC debit amount if the Member has provided written notification of the dispute to the Finance Department of the Exchange by the later of the 16th business day of the month or ten days after the date the electronic invoice was sent to the Member, and the amount in dispute is at least $10,000 or greater.

Once NSCC receives the file from the Exchange, NSCC would proceed to debit the amounts indicated from the account of the Member that clears the applicable transactions ("Clearing Member", i.e., either a Member that is self-clearing or another Member that provides clearing services on behalf of the Member) and disburse such amounts to the Exchange. In the instance where the Member clears through another Member, the Exchange understands that the estimated transaction fees owed to the Exchange are typically debited by the Clearing Member on a daily basis using daily transaction detail reports provided by the Exchange to the Clearing Member in order to ensure adequate funds have been escrowed. The Exchange notes that it is proposing to permit a Member to designate one or more clearing account numbers that correspond to an account(s) at NSCC to permit Members that clear through multiple different clearing accounts to set up the billing process with the Exchange in a manner that is most efficient for internal reconciliation and billing purposes of the Member.

The Exchange believes that the proposed debiting process for Members would create an efficient method of collecting undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange. An alternative process could cause collection matters to divert staff resources away from the Exchange's regulatory and business purposes. Moreover, the Exchange believes that it is reasonable to provide for a $10,000 limitation on pre-debit billing disputes since it would be inefficient to delay a direct debit for a de minimis amount. Members will still be able to dispute billing amounts that are less than $10,000 pursuant to paragraph (b) of Rule 15.3, as described below. The Exchange notes that a comparable debiting process is used by the Investors Exchange ("IEX"), the Nasdaq Stock Market LLC ("Nasdaq"), Nasdaq BX, Inc. ("Nasdaq BX"), and Nasdaq PHLX LLC ("Nasdaq Phlx").[6]

Billing Dispute Process

In addition to, and separate from the pre-debit dispute process described above, the Exchange also proposes to adopt a billing policy, pursuant to paragraph (b) of Rule 15.3, to require all pricing disputes, with respect to fees payable to the Exchange,[7] to be submitted to the Exchange in writing[8] and accompanied by supporting documentation within sixty days of receipt of an invoice. The Exchange believes that this policy will conserve Exchange resources, which are expended when untimely billing disputes require staff to research applicable fees and order information beyond two months after the

6 See IEX Rule 15.120, Nasdaq Rule Equity 7, Section 70, Nasdaq BX Rule Equity 7, Section 111, and Nasdaq Phlx Rule Equity 7, Section 2.

7 Fees that are collected by FINRA would not be subject to the billing policy, and any disputes would need to be raised by the Member directly with FINRA.

8 The Exchange invoice will specify the e-mail address where billing disputes must be submitted.

invoice was issued. The sixty-day limitation would be applicable to all fees specified in paragraph (a) of Rule 15.3.

The Exchange expects that the proposed policy will provide a potential cost savings to the Exchange in that it would alleviate administrative burdens related to belated billing disputes, which could divert staff resources away from the Exchange's regulatory and business purposes. A similar policy is in place today at IEX, Nasdaq, Nasdaq BX, and Nasdaq Phlx.[9]

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[10] in general, and furthers the objectives of Section 6(b)(5) of the Act,[11] in particular, in that it is 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 mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. Specifically, the Exchange believes that the direct debit process will provide Members with an efficient process to pay undisputed or final fees, fines, charges and/or monetary sanctions or monies due and owing to the Exchange. Similarly, the billing policy will create an objective process and will be fair to Members. Further, both aspects of the

9 See supra note 6.

10 15 U.S.C. 78f(b).

11 15 U.S.C. 78f(b)(5).

proposal are expected to result in lower administrative costs for the Exchange.

The Exchange believes that the proposal to debit NSCC accounts is reasonable because it would ease the Member's administrative burden in paying monthly invoices, avoid overdue balances and provide efficient collection from all Members who owe monies to the Exchange. Moreover, the Exchange believes that the 10-day minimum time frame provided to Members to dispute invoices is reasonable and adequate to enable Members to identify potentially erroneous charges. In addition, the Exchange believes that the $10,000 limitation on pre-debit billing disputes is reasonable because it would be inefficient to delay a direct debit for a de minimis amount. Members will still be able to dispute billing amounts that are less than $10,000 pursuant to paragraph (b) of Rule 15.3.

Further, the Exchange believes that the requirement that billing disputes for specified fees be submitted to the Exchange within sixty days from receipt of the invoice will set objective standards, will be fair to Members, and that sixty days is ample time to review an invoice and dispute any pricing related to the transactions for that time period. It is also expected to lower the Exchange's administrative costs. An identical provision is applicable to IEX, Nasdaq, Nasdaq BX, and Nasdaq Phlx.[12]

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes its proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed debit process and billing policy would apply uniformly to all Members and will not disproportionately burden or otherwise impact any single Member.

The Exchange does not believe that the proposal will create an intermarket burden

12 See supra note 6.

on competition since the Exchange will only debit fees (other than de minimis fees below $10,000) that are undisputed by the Member and Members will have a reasonable opportunity to dispute fees both before and after the direct debit process. The Exchange also does not believe that the proposal will create an intramarket burden on competition, since the proposed direct debit process and billing policy will be applied equally to all Members. Moreover, other exchanges use a comparable process which the Exchange believes is generally familiar to Members. Consequently, the Exchange does not believe that the proposal raises any new or novel issues that have not been previously considered by the Commission in connection with direct debit and billing policies of other exchanges.[13]

Further, this proposal is expected to provide a cost savings to the Exchange in that it would alleviate administrative processes related to the collection of monies owed to the Exchange by Members. Collection matters divert staff resources away from the Exchange's regulatory and business purposes. In addition, the debiting process would mitigate against Member accounts becoming overdue.

5. 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.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

13 See supra note 6.

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)[14] of the Act and Rule 19b-4(f)(6) thereunder[15] in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the proposed Rule 15.3 would not significantly affect the protection of investors and the public interest. The proposed rule would impose a process on Members with respect to invoicing, debiting, and disputing invoices that is comparable to the process in place at the IEX, Nasdaq, Nasdaq BX and Nasdaq Phlx.[16] In addition, the Exchange does not believe that this proposal imposes any significant burden on competition because the proposed amendments do not address competitive issues but is concerned solely with the administration and governance of the Exchange, as discussed above. Accordingly, the Exchange believes that the proposed rule change is noncontroversial and satisfies the requirements of Rule 19b-(f)(6).[17]

Furthermore, Rule 19b-4(f)(6)(iii)[18] requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least

14 15 U.S.C. 78s(b)(3)(A)(iii).

15 17 CFR 240.19b-4(f)(6).

16 See supra note 6.

17 17 CFR 240.19b-4(f)(6).

18 17 CFR 240.19b-4(f)(6)(iii).

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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(ii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange respectfully requests the Commission to waive the 30-day operative delay so that the proposal may become operative upon filing. Waiver of the 30-day operative delay would allow this rule change to become operative prior to the launch of the Exchange's operation as a national securities exchange. The Exchange believes that allowing the proposal to become operative would provide a consistent process from the inception of the Exchange's operations for Members to pay undisputed or final fees, fines, charges and/or monetary sanctions or monies due and owing to the Exchange. As noted above, the the Exchange does not believe that the proposal raises any new or novel issues that have not been previously considered by the Commission in connection with direct debit and billing policies of other exchanges, and thus, believes waiver of the operative delay is appropriate in this instance.

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, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on the rules of the IEX, Nasdaq, Nasdaq BX and Nasdaq Phlx[19] and the Exchange is proposing to adopt a comparable process for Members with respect to invoicing, debiting, and disputing invoices as is currently in place at such exchanges. The Exchange notes that it is proposing to permit a Member to designate one or more clearing account numbers that correspond to an account(s) at NSCC to permit Members that clear through multiple different clearing accounts to set up the billing process with the Exchange in a manner that is most efficient for internal reconciliation and billing purposes of the Member.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 - Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5 - Text of the proposed rule change.

19 See supra note 6.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-MEMX-2020-06]
[Insert date]

Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Rule 15.3, Collection of Exchange Fees and Other Claims and Billing Policy

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 [insert date], MEMX LLC ("MEMX" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III 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[3] 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 proposed rule change to proposed rule change to adopt Rule 15.3 and entitle it "Collection of Exchange Fees and Other Claims and Billing Policy" that (a) requires each member of the Exchange ("Member"), and all applicants for membership, to provide one or more clearing account numbers that correspond to an account(s) at the National Securities Clearing Corporation ("NSCC")

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.

for purposes of permitting the Exchange to debit certain fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange; and (b) require Members to submit billing disputes within a certain time period. The text of the proposed rule change is provided in Exhibit 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 Exchange proposes to adopt Rule 15.3 to (a) require each Member, and all applicants for membership, to provide one or more clearing account numbers that correspond to an account(s) at the NSCC for purposes of permitting the Exchange to debit certain fees, fines, charges, and/or other monetary sanctions or other monies due and owing to the Exchange; and (b) require Members to submit billing disputes within a certain time period.

Direct Debit Process

Paragraph (a) of the proposed Rule 15.3 requires Members, and all applicants for membership, to provide one or more clearing account numbers that correspond to an account(s) at NSCC for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges, and/or other monetary sanctions or other monies due and owing to the Exchange or other charges pursuant to Rule 15.1, including the Exchange Fee Schedule thereto; Regulatory Transaction Fees pursuant to Rule 15.1(b); dues, assessments and other charges pursuant to Rule 2.9 to the extent the Exchange were to determine to charge such fees; and fines, sanctions and other charges pursuant to Chapter 8 of the Exchange Rules[5] which are due and owing to the Exchange (collectively "Debit Amount"). The Exchange Fee Schedule specifies charges for transactions, routing and other services provided by the Exchange and certain fees that are collected by the Financial Industry Regulatory Authority ("FINRA"). Only the charges which require payment to the Exchange would be subject to direct debit. The Exchange does not currently charge fees for certain of the services listed on the Exchange Fee Schedule. The Exchange would entitle Rule 15.3 "Collection of Exchange Fees and Other Claims and Billing Policy."

As proposed, the Exchange will send a monthly electronic invoice by email to each Member, generally by the 7th business day of each month for the Debit Amount due

5 This includes, among other things, fines which result from disciplinary proceedings or actions taken pursuant to Chapter 8 of the Exchange Rules, as specified in Rule 8.1(a). In addition, the Exchange notes that it also has the authority under Rules 7.1(b) to report to the Chief Regulatory Officer ("CRO") any Member who does not pay any dues, fees, assessments, charges or other amounts due to the Exchange within 90 days after the same has become payable and the CRO may, after giving reasonable notice to the Member of such arrearages, suspend the Member until payment is made. While this direct debit process should minimize failures to pay, those rules nevertheless will act as a backstop to the direct debit process. With respect to disciplinary proceedings, the Exchange would not debit any monies until such action is final. The Exchange would not consider an action final until all appeal periods have run and/or all appeal timeframes are exhausted. With respect to non-disciplinary actions, the Exchange would similarly not take action to debit a Member account until all appeal periods have run and/or all appeal timeframes are exhausted. Any uncontested disciplinary or non-disciplinary actions will be debited, and the amount due will appear on the Member's invoice prior to the actual NSCC debit.

to the Exchange for the prior month. The Exchange will also send files to NSCC each month by the 17th business day of each month to initiate the debit of the Debit Amount due to the Exchange as stated on the Member's invoice for the prior month.

The Exchange anticipates that NSCC will process the debits on the day it receives the file or the following business day. Because Members will be provided with an invoice approximately two weeks before the debit date, Members will have adequate time to contact Exchange staff with any questions concerning the invoice. If a Member disagrees with the invoice in whole or in part, the Exchange would not commence the debit for the disputed amount until the dispute is resolved. Specifically, the Exchange will not include the disputed amount (or the entire invoice if it is not feasible to identify the disputed amounts) in the NSCC debit amount if the Member has provided written notification of the dispute to the Finance Department of the Exchange by the later of the 16th business day of the month or ten days after the date the electronic invoice was sent to the Member, and the amount in dispute is at least $10,000 or greater.

Once NSCC receives the file from the Exchange, NSCC would proceed to debit the amounts indicated from the account of the Member that clears the applicable transactions ("Clearing Member", i.e., either a Member that is self-clearing or another Member that provides clearing services on behalf of the Member) and disburse such amounts to the Exchange. In the instance where the Member clears through another Member, the Exchange understands that the estimated transaction fees owed to the Exchange are typically debited by the Clearing Member on a daily basis using daily transaction detail reports provided by the Exchange to the Clearing Member in order to ensure adequate funds have been escrowed. The Exchange notes that it is proposing to permit a Member to designate one or more clearing account numbers that correspond to an account(s) at NSCC to permit Members that clear through multiple different clearing accounts to set up the billing process with the Exchange in a manner that is most efficient for internal reconciliation and billing purposes of the Member.

The Exchange believes that the proposed debiting process for Members would create an efficient method of collecting undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange. An alternative process could cause collection matters to divert staff resources away from the Exchange's regulatory and business purposes. Moreover, the Exchange believes that it is reasonable to provide for a $10,000 limitation on pre-debit billing disputes since it would be inefficient to delay a direct debit for a de minimis amount. Members will still be able to dispute billing amounts that are less than $10,000 pursuant to paragraph (b) of Rule 15.3, as described below. The Exchange notes that a comparable debiting process is used by the Investors Exchange ("IEX"), the Nasdaq Stock Market LLC ("Nasdaq"), Nasdaq BX, Inc. ("Nasdaq BX"), and Nasdaq PHLX LLC ("Nasdaq Phlx").[6]

Billing Dispute Process

In addition to, and separate from the pre-debit dispute process described above, the Exchange also proposes to adopt a billing policy, pursuant to paragraph (b) of Rule 15.3, to require all pricing disputes, with respect to fees payable to the Exchange,[7] to be

6 See IEX Rule 15.120, Nasdaq Rule Equity 7, Section 70, Nasdaq BX Rule Equity 7, Section 111, and Nasdaq Phlx Rule Equity 7, Section 2.

7 Fees that are collected by FINRA would not be subject to the billing policy, and any disputes would need to be raised by the Member directly with FINRA.

submitted to the Exchange in writing[8] and accompanied by supporting documentation within sixty days of receipt of an invoice. The Exchange believes that this policy will conserve Exchange resources, which are expended when untimely billing disputes require staff to research applicable fees and order information beyond two months after the invoice was issued. The sixty-day limitation would be applicable to all fees specified in paragraph (a) of Rule 15.3.

The Exchange expects that the proposed policy will provide a potential cost savings to the Exchange in that it would alleviate administrative burdens related to belated billing disputes, which could divert staff resources away from the Exchange's regulatory and business purposes. A similar policy is in place today at IEX, Nasdaq, Nasdaq BX, and Nasdaq Phlx.[9]

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[10] in general, and furthers the objectives of Section 6(b)(5) of the Act,[11] in particular, in that it is 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 mechanism of a free and open market and a national

8 The Exchange invoice will specify the e-mail address where billing disputes must be submitted.

9 See supra note 6.

10 15 U.S.C. 78f(b).

11 15 U.S.C. 78f(b)(5).

market system, and, in general to protect investors and the public interest. Specifically, the Exchange believes that the direct debit process will provide Members with an efficient process to pay undisputed or final fees, fines, charges and/or monetary sanctions or monies due and owing to the Exchange. Similarly, the billing policy will create an objective process and will be fair to Members. Further, both aspects of the proposal are expected to result in lower administrative costs for the Exchange.

The Exchange believes that the proposal to debit NSCC accounts is reasonable because it would ease the Member's administrative burden in paying monthly invoices, avoid overdue balances and provide efficient collection from all Members who owe monies to the Exchange. Moreover, the Exchange believes that the 10-day minimum time frame provided to Members to dispute invoices is reasonable and adequate to enable Members to identify potentially erroneous charges. In addition, the Exchange believes that the $10,000 limitation on pre-debit billing disputes is reasonable because it would be inefficient to delay a direct debit for a de minimis amount. Members will still be able to dispute billing amounts that are less than $10,000 pursuant to paragraph (b) of Rule 15.3.

Further, the Exchange believes that the requirement that billing disputes for specified fees be submitted to the Exchange within sixty days from receipt of the invoice will set objective standards, will be fair to Members, and that sixty days is ample time to review an invoice and dispute any pricing related to the transactions for that time period. It is also expected to lower the Exchange's administrative costs. An identical provision is applicable to IEX, Nasdaq, Nasdaq BX, and Nasdaq Phlx.[12]

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

12 See supra note 6.

The Exchange believes its proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed debit process and billing policy would apply uniformly to all Members and will not disproportionately burden or otherwise impact any single Member.

The Exchange does not believe that the proposal will create an intermarket burden on competition since the Exchange will only debit fees (other than de minimis fees below $10,000) that are undisputed by the Member and Members will have a reasonable opportunity to dispute fees both before and after the direct debit process. The Exchange also does not believe that the proposal will create an intramarket burden on competition, since the proposed direct debit process and billing policy will be applied equally to all Members. Moreover, other exchanges use a comparable process which the Exchange believes is generally familiar to Members. Consequently, the Exchange does not believe that the proposal raises any new or novel issues that have not been previously considered by the Commission in connection with direct debit and billing policies of other exchanges.[13]

Further, this proposal is expected to provide a cost savings to the Exchange in that it would alleviate administrative processes related to the collection of monies owed to the Exchange by Members. Collection matters divert staff resources away from the Exchange's regulatory and business purposes. In addition, the debiting process would mitigate against Member accounts becoming overdue.

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

[13] See supra note 6.

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

Because the foregoing proposed rule change does not:

A. significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. 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 Act[14] and Rule 19b-4(f)(6)[15] thereunder. 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 (http://www.sec.gov/rules/sro.shtml); or

14 15 U.S.C. 78s(b)(3)(A).

15 17 CFR 240.19b-4.

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MEMX-2020-06 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-2020-06. This file number should be included on the subject line if e-mail 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 (http://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, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MEMX-2020-06 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

16 17 CFR 200.30-3(a)(12).

Exhibit 5

Proposed new language is underlined; Proposed deletions are in [brackets].

CHAPTER 15. DUES, FEES, ASSESSMENTS AND OTHER CHARGES, EFFECTIVE DATE

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Rule 15.3. Collection of Exchange Fees and Other Claims and Billing Policy

(a) Each Member, and all applicants for registration as such, shall be required to provide one or more clearing account numbers that correspond to an account(s) at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges pursuant to Rule 15.1, including the Exchange Fee Schedule thereto; Regulatory Transaction Fees pursuant to Rule 15.1(b); dues, assessments and other charges pursuant to Rule 2.9 to the extent the Exchange were to determine to charge such fees; and fines, sanctions and other charges pursuant to Chapter 8 of the Exchange Rules which are due and owing to the Exchange. If a Member disputes an invoice, the Exchange will not include the disputed amount in the debit if the Member has provided written notification of the dispute to the Finance Department of the Exchange by the later of the 16th business day of the month or ten (10) days after the date the electronic invoice was sent to the Member, and the amount in dispute is at least $10,000 or greater.

(b) All pricing disputes concerning fees, which are listed in paragraph (a), which are billed by the Exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation. All pricing disputes must be submitted no later than sixty (60) days after receipt of a billing invoice.

Interpretations and Policies

.01 Fees Collected by FINRA.

The Exchange will not debit fees due to FINRA pursuant to Exchange Rule 15.1(a), which are collected and retained by FINRA.

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