



Regulatory Notice 23-05

DATE: July 21, 2023
TO: Members of MEMX Options
FROM: MEMX Regulation
Re: Options Market Maker Obligations and Excused Withdrawal of Market Maker Quotations

This regulatory notice is being provided by MEMX LLC (“MEMX” or “Exchange”) to inform MEMX Members of two rules specifically applied to Options Market Makers: 1) the Continuous Quoting Obligation; and 2) the 25% / 75% Obligation.

This regulatory notice also describes the circumstances under which a MEMX Options Market Maker can request an excused withdrawal from Continuous Quoting obligations.

Options Market Maker Continuous Quoting Obligation

Rule Requirement	Rule	Description
Market Maker Continuous Quoting	22.6(d)	A Market Maker must enter continuous bids and offers in 60% of the cumulative number of seconds, or such higher percentage as the Exchange may announce in advance, for which that Market Maker’s appointed classes are open for trading, excluding any adjusted series, any intraday add-on series on the day during which such series are added for trading, any Quarterly Option Series, and any series with an expiration of greater than 270 days.
Size Associated with the Continuous Quoting Requirement	22.6(b)	A Market Maker’s bid (offer) for a series of options contracts must be accompanied by the number of contracts at the price of the bid (offer) the Market Maker is willing to buy (sell). The best bid and best offer entered by a Market Maker must have a size of at least one (1) contract.

Options Market Maker 25% / 75% Obligation

Rule Requirement	Rule	Description
Options Market Maker 25% / 75% Obligation	22.6(f)	The total number of contracts a Market Maker may execute in classes in which it has no appointment may not exceed twenty-five (25) percent of the total number of all contracts the Market Maker executes on the Exchange in any calendar quarter.

Excused Withdrawals of Market Maker Quotations

There are certain circumstances where excused withdrawals from Market Maker continuous quoting obligations are permitted.

As set forth in MEMX Rule 22.6(d)(2), if a technical failure or limitation of a system of the System prevents a Market Maker from maintaining or communicating to the Exchange timely and accurate quotes in a series, the Exchange does not consider the duration of such failure when determining whether the Market Maker has satisfied the 60% quoting standard with respect to that series.

Accordingly, a Market Maker that wishes to obtain excused withdrawal status based on technical difficulties, such as defects in the member's software or hardware systems, or connectivity problems should submit a request to **optionexcusedwithdrawals@memx.com**. The request shall provide the reason for the excused withdrawal, the list of series for which the Market Maker is seeking relief, and to the extent possible, an estimate for how long the interruption is expected to continue. MEMX Regulation may recognize excused withdrawal status for no more than five (5) business days, except for exceptional circumstances. Such extensions will be considered on a case-by-case basis upon written request by the Market Maker.

The Exchange may also consider exceptions to the continuous quoting obligation that are unrelated to technical difficulties. A Market Maker that wishes to temporarily withdraw quotations for reasons other than technical difficulties, such as illness, staffing limitations, or physical circumstances beyond the Market Maker's control, shall notify the Exchange of such withdrawal consistent with the submission guidelines set forth above. The withdrawal of quotations due to pending news or a sudden influx of orders or price changes shall not normally constitute acceptable reasons for granting excused withdrawal status unless the Exchange has initiated a trading halt for the security.

Additional Information

For questions or inquiries regarding regulatory matters regulation@memx.com.

For MEMX rule interpretations, please contact: reginterps@memx.com.