Required fields are shown with yellow backgrounds and asterisks.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2023 - * 28

Amendment No. (req. for Amendments *)

Filing by MEMX LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
✓	☐	☐	☐	✓	☐

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
☐ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	✓ 19b-4(f)(6)

Submit with link to Prefiling or Request for Waiver option

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed rule change to adopt risk setting rules applicable to options trading.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Anders

Last Name * Franzon

Title * General Counsel

E-mail * afranzon@memx.com

Telephone * (551) 370-1003

Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, MEMX LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 09/29/2023

By Lauren Strathman (Name *)

Chief Compliance Officer (Title *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Digitally signed by Lauren Strathman
Date: 2023.09.29 15:12:53 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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Options Risk Settings (Information).do

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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Options Risk Settings (Exhibit 1).doc

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

☐ Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

☐ Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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Options Risk Settings_v3 (Exhibit 5).d

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] MEMX LLC ("MEMX" or the "Exchange") is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule to amend the Exchange's risk settings rules applicable to Options trading. 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 provided as Exhibit 1, and the text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Anders Franzon General Counsel	Ikee Gardner Counsel

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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

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

MEMX LLC
(551) 370-1003

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

a. Purpose

The purpose of the proposed rule change is to provide optional risk controls for Members[5] who participate in the Exchange's options market (such market, "MEMX Options" and such Members, "Options Members"), under proposed Interpretation and Policies .01 and .02 of Exchange Rule 21.17, and to provide clarifying language in proposed Interpretation and Policy .03 of Exchange Rule 21.17. In order to help Options Users[6] to manage their risk, the Exchange proposes to add certain risk settings on MEMX Options which the Exchange already offers to Users in its market for equity securities ("MEMX Equities"). Under the proposed Interpretation and Policies .01 and .02 of Exchange Rule 21.17, Users will have the same ability to manage their risk with respect to orders on the MEMX Options platform as Users currently have on the MEMX Equities platform (as set forth in Interpretation and Policies .01 and .02 of Exchange Rule 11.10). Lastly, the Exchange proposes to add Interpretation and Policy .03 of Exchange Rule 21.17 to clarify that the risk controls described in Exchange Rule 21.17 are meant to supplement, and not replace, a User's internal risk monitoring and management systems.

The Exchange proposes to add controls which will be exercisable and configurable by individual Users, and the thresholds of the controls may be adjusted within certain limits away from the assigned default values. The Exchange notes that

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5 See Exchange Rule 1.5(p).

6 See Exchange Rule 1.5(jj).

other national securities exchanges have similar risk settings rules in their rulebooks.[7] As previously noted, these risk settings will largely mirror the MEMX Equities settings rules in Interpretation and Policies .01 and .02 to Rule 11.10. The Exchange additionally proposes to add clarifying language in proposed Interpretation and Policy .03 of Exchange Rule 21.17.

Specifically, in proposed Interpretation and Policy .01 of Exchange Rule 21.17, the Exchange proposes to offer risk settings that will result in orders being cancelled on entry, including: (i) controls related to the maximum dollar amount for a single order and the maximum number of contracts that may be included in a single order; (ii) controls related to order types or modifiers that can be utilized as well as when the market is crossed; (iii) controls to restrict the options classes for which a User may enter orders or to restrict activity to test symbols only; (iv) controls prohibiting the entry of duplicative orders; (v) controls restricting the overall rate of order entry; and (vi) credit controls measuring both gross and net exposure that warn when approached, and when breached, prevent submission of either all new orders or Market Orders[8] only. The Exchange further proposes, in proposed Interpretation and Policy .02 of Exchange Rule 21.17, to offer (vii) risk functionality that permits a User to cancel all unexecuted orders and quotes in the MEMX Options Book, block the entry of any new orders or quotes, or both cancel all unexecuted orders and quotes and block the entry of any new orders and

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7 See, e.g., Interpretations and Policies .01 and .02(a) of Rule 11.13 of the BYX Exchange Rulebook, available at https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policies .01 and .02(a) of Rule 11.13 of the BZX Exchange Rulebook, available at https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policies .01 and .02(a) of Rule 11.10 the EDGA Exchange Rulebook, available at https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; and Interpretations and Policies .01 and .02(a) of Rule 11.10 the EDGX Exchange Rulebook, available at https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf.

8 See Exchange Rule 21.1(d)(2).

quotes; and (viii) batch cancel functionality. Each of these functionalities will be further described in the paragraphs below. Additionally, in proposed Interpretation and Policy .03 to Exchange Rule 21.17, the Exchange would provide clarifying language that the risk controls described in Exchange Rule 21.17 do not replace the User's own internal risk management systems, monitoring, and procedures and are not designed for compliance with Exchange Act Rule 15c3-5.[9]

Publication of Established Numeric Values

Current Rule 21.17 states that "all numeric values established by the Exchange pursuant to this Rule will be maintained by the Exchange in publicly available specifications and/or published in a Regulatory Circular." As the proposed Interpretations and Policies described below would be contained in Rule 21.17, that language would also apply to such Interpretations and Policies. As a result, to the extent the Exchange establishes default values for certain risk settings, as described below, such default values would be readily ascertainable by Users and such Users will be able to determine whether they wish to maintain the default values established by the Exchange or to adopt different values in accordance with their overall risk mitigation strategy. The Exchange notes that other national securities exchanges establish numeric values pursuant to the risk settings for their options platforms in publicly available specifications and regulatory circulars.[10]

Controls Related to Maximum Dollar Amount and Maximum Number of Contracts

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9 17 CFR 240.15c3–5.

10 See, e.g., Rule 21.17 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; and Rule 16.3 of the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf.

Proposed paragraph (a) of proposed Interpretation and Policy .01 of Exchange Rule 21.17 would provide for order entry controls related to (i) the maximum dollar amount for a single order, and (ii) the maximum number of contracts that may be included in a single order. These controls on maximum notional value per order and the maximum number of contracts per order would each be User-configurable up to a maximum allowable limit. The Exchange would set default values on the maximum notional value per order and maximum number of contracts per order.[11] The System[12] will reject or cancel an order that exceeds the User-configured limits or which exceeds the default value if the User has not entered any configuration for these controls. This proposed paragraph (a) would provide Options Members with the same risk control functionality on maximum notional value per order and maximum number of contracts per order as is currently provided to Members of MEMX Equities under Interpretation and Policy .01(a) and .01(b) of Exchange Rule 11.10. The Exchange notes that at least one other options exchange provides similar functionality on its trading platform.[13] The Exchange also notes that other national securities exchanges, including the Exchange, include this functionality on their equities platforms.[14] The purpose of proposed

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11 See "Publication of Established Numeric Values" above for a description of how the Exchange will notify Members of default values applicable to risk settings.

12 See Exchange Rule 1.5(gg).

13 See, e.g., Rule 6.40P-O(a)(2)(A)(i) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

14 See Interpretations and Policies .01(a) and .01(b) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policies .01a and .01(b) of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policies .01(a) and .01(b) of Rule 11.10 of the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; and Interpretations and Policies .01(a) and .01(b) of Rule 11.10 of the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policies 01(a) and .01(b) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

paragraph (a) of Interpretation and Policy .01 of Exchange Rule 21.17 is to provide the same maximum notional value risk setting functionality and maximum share risk setting functionality for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Controls Related to Order Types or Modifiers and Specific Market Conditions

Proposed paragraph (b) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide controls designed to prevent the entry of specific order types and modifiers, as well as the entry of orders when specific market conditions occur. The Exchange would provide a User-configurable on/off switch to allow or disallow the entry of specific types of orders or the entry of any orders upon the existence of certain market conditions. The default value would be to allow the entry of orders. Specifically, the Exchange at this time would provide an on/off switch for (i) orders marked as Intermarket Sweep Orders ("ISOs"), (ii) orders entered when the National Best Bid and Offer ("NBBO") is crossed, and (iii) Market Orders. With respect to controls on ISOs, the proposal would provide MEMX Options Users with the same ability to allow or disallow ISOs as is currently available to Users of MEMX Equities under Interpretation and Policy .01(c) of Exchange Rule 11.10. With respect to controls to allow or cancel incoming orders when the market is crossed, the proposal would provide MEMX Options Users with the same ability to allow or disallow incoming orders during a crossed market as is currently available to Members of MEMX Equities under Exchange Rule 11.10(a)(2). To clarify, with respect to controls on ISO orders and orders during crossed markets, proposed paragraph (b) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide the same ISO and crossed market functionalities for Users on MEMX Options, as are currently provided to Users on MEMX Equities. The Exchange notes that at least one other options exchange provides similar functionality on its trading platform.[15] The Exchange also notes that other national securities exchanges, including the Exchange, provide this functionality on their equities platforms.[16]

With respect to controls on Market Orders, the Exchange does not presently provide this functionality for MEMX Equities. The Exchange notes that other national securities exchanges provide functionality for Users to apply a risk setting that would reject market orders during continuous trading or auctions.[17] The Exchange proposes to apply the same functionality to MEMX Options. Using this functionality, a User of MEMX Options would be allowed to reject Market Orders; the default setting would be to allow Market Orders. The Exchange proposes to make the risk setting User-configurable and will not require Users to utilize the Market Order risk setting. The purpose of this proposed risk setting is designed to prevent the entry of orders that may cause undue market impact, and reduce the potential for disruptive, market-wide events.

Controls to Restrict Options Classes to Test Symbols

Proposed paragraph (c) of Interpretation and Policy .01 of Exchange Rule 21.17

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15 See, e.g., Rule 6.40P-O(a)(2)(A)(iii) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

16 See Interpretations and Policy .01(c) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policy .01(c) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policy .01(c) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; Interpretations and Policy .01(c) of Rule 11.10 the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(c) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

17 See Exchange Act Release Nos. 97988 (July 25, 2023), 88 FR 49513 (July 31, 2023)(SR-CboeEDGA-2023-012); 97986 (July 25, 2023), 88 FR 49540 (July 31, 2023) (SR-CboeBYX-2023-011); 97987 (July 25, 2023), 88 FR 49516 (July 31, 2023) (SR-CboeEDGX-2023-046); see also Nasdaq Rulebook Section 5(b), available at: https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-equity-6.

would provide controls to restrict the options classes for which a User may enter orders to test symbols only, which would apply upon order entry. The Exchange would provide a User-configurable on/off switch to restrict orders entered to test symbols only if configured by the User. The default value of such on/off switch will be to allow all options classes. The proposal would provide MEMX Options Users with the same ability to restrict options classes as is currently available to Users of MEMX Equities under Interpretation and Policy .01(d) of Exchange Rule 11.10.

The Exchange notes that at least one other options exchange provides similar functionality on its trading platform.[18] The Exchange also notes that other national securities exchanges, including the Exchange, already have controls to restrict the entry of orders in specifically identified securities on their equities platforms.[19] The purpose of proposed paragraph (c) of Interpretation and Policy .01 of Exchange Rule 21.17 is to provide Users on MEMX Options the same functionality to restrict the types of options classes which can be traded, as is currently provided to Users on MEMX Equities to restrict the types of securities which can be traded to test symbols only.

Controls to Prohibit Duplicative Orders

Proposed paragraph (d) of Interpretation and Policy .01 of Exchange Rule 21.17

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18 See, e.g., Rule 6.40P-O(a)(2)(A)(iv) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

19 See Interpretations and Policy .01(d) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policy .01(d) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policy .01(d) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; Interpretations and Policy .01(d) of Rule 11.10 the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(d) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

would provide controls to prohibit duplicative orders, which would apply upon order entry.[20] The Exchange would provide the User with the ability to set a duplicative order count and time window in seconds, subject to a maximum allowable limit of order count and time window. The Exchange would also provide default values for order count and time window in seconds, which would be the minimum values to be selected.[21] The control would be triggered when the duplicative order count is exceeded within the time window specified. When such control is triggered, the System would reject incoming orders. Order cancellations would be processed normally during the time when the control is triggered.

The Exchange notes that at least one other options exchange provides similar functionality to prevent duplicative orders on its trading platform.[22] The Exchange notes that other national securities exchanges, including the Exchange, include controls on duplicative orders in their risk settings for their equities platforms.[23] The proposal would provide Users of MEMX Options with the same ability to prohibit duplicative orders as is currently available to Users of MEMX Equities under Interpretation and Policy .01(e) of

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20 A duplicative order is one with the same Executing Firm Identifier ("EFID"), side, price, size, and symbol.

21 See "Publication of Established Numeric Values" above for a description of how the Exchange will notify Members of default values applicable to risk settings.

22 See, e.g., Rule 6.40P-O(a)(2)(A)(v) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

23 See Interpretations and Policy .01(e) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policy .01(e) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policy .01(f) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; Interpretations and Policy .01(e) of Rule 11.10 the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(e) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

Exchange Rule 11.10. The purpose of proposed paragraph (d) of Interpretation and Policy .01 of Exchange Rule 21.17 is to provide the same functionality to prohibit duplicative orders for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Controls to Restrict the Overall Rate of Orders

Proposed paragraph (e) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide controls to restrict the overall rate of orders, which would apply upon order entry. The control would include a default value for the time increment and a default value for the number of orders entered during that time increment.[24] The Exchange would provide the User with the ability to configure an order count and time window, subject to minimum and maximum values identified by the Exchange. The control would be triggered when the order count is exceeded within the time window specified. When such control is triggered, the System would reject incoming orders. Order cancellations would be processed normally during the time when the control is triggered. The proposal would provide Users of MEMX Options with the same ability to restrict the rate of orders as is currently available to Users of MEMX Equities under Interpretation and Policy .01(f) of Exchange Rule 11.10.

The Exchange also notes that other national securities exchanges, including the Exchange, already have risk settings for their Equities platform which allow Users to restrict the rate of orders.[25] The purpose of proposed paragraph (e) of Interpretation and

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24 See "Publication of Established Numeric Values" above for a description of how the Exchange will notify Members of default values applicable to risk settings.

25 See, e.g., Interpretations and Policy .01(f) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policy .01(f) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf;

Policy .01 of Exchange Rule 21.17 is to provide the same functionality to set the maximum overall rate of orders for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Credit Controls for Gross and Net Exposure

Proposed paragraph (f) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide for credit controls on gross and net exposure, which would apply upon order entry. The default value for each such controls would be set to a maximum dollar amount.[26] Users would be able to configure the limit for each control, subject to a minimum limit amount. Users would be able to select configurable controls on daily gross notional exposure, either for (i) all orders or (ii) only Market Orders. For any bid or offer, the System will cancel or reject it if such bid or offer causes the User's daily gross notional exposure to exceed a User-configured limit. For any Market Order, the System will cancel or reject it if such Market Order causes the User's daily gross notional exposure to exceed a User-configured limit. Similarly, Users would be able to select configurable controls on daily net notional exposure, either for (i) all orders or (ii) only Market Orders. For any bid or offer, the System will cancel or reject it if such bid or offer causes the User's daily net notional exposure to exceed a User-configured limit. For any Market Order, the system will cancel or reject it if such Market Order causes the User's daily gross notional exposure to exceed a User-configured limit. In addition to blocking

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Interpretations and Policy .01(f) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; and Interpretations and Policy .01(f) of Rule 11.10 the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(f) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

26 See "Publication of Established Numeric Values" above for a description of how the Exchange will notify Members of default values applicable to risk settings.

orders for each of the controls set forth above, the System will block either all new orders or Market Orders only once an applicable setting has been breached.

This proposal would provide Users of MEMX Options with the same ability to set configurable controls on daily net notional and daily gross notional exposure, for all orders or for Market Orders, as is currently available to Users of MEMX Equities under Interpretation and Policy .01(g) of Exchange Rule 11.10. The Exchange notes that other national securities exchanges, including the Exchange, already provide functionality to set configurable controls on daily net notional exposure and daily gross notional exposure that apply on order entry.[27]

The Exchange believes that credit controls on daily net notional and daily gross notional exposure are of importance in the options markets. The purpose of proposed paragraph (f) of Interpretation and Policy .01 of Exchange Rule 21.17 is to provide the same functionality to set configurable controls on daily net notional exposure and daily gross notional exposure for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Controls for Block and Cancel Functionality

Proposed paragraph (a) of Interpretation and Policy .02 of Exchange Rule 21.17 would provide functionality to (i) cancel all unexecuted orders and quotes in the MEMX

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[27] See, e.g., Interpretations and Policy .01(h) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policy .01(h) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policy .01(h) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; and Interpretations and Policy .01(h) of Rule 11.10 the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(h) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

Options Book, (ii) block the entry of any new orders and quotes, or (iii) both cancel all unexecuted orders and quotes in the MEMX Options Book and block the entry of any new orders and quotes. Additionally, in addition to functionality (i), (ii), and (iii) described in this paragraph, the Exchange will provide functionality to (iv) automatically cancel a User's orders to the extent the User loses its connection to the Exchange. This proposal would provide Users of MEMX Options with the same block and cancel functionality as is currently available to Users of MEMX Equities under Interpretation and Policy .02(a) of Exchange Rule 11.10. The Exchange notes that at least one other options exchange provides similar functionality on its trading platform.[28] The purpose of proposed paragraph (a) of Interpretation and Policy .02 of Exchange Rule 21.17 is to provide the same functionality to block new orders, cancel open orders, block new orders and cancel open orders, and cancel orders if a User loses connection to the Exchange for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Controls for Mass Cancellation of Trading Interest Functionality

Finally, the Exchange proposes paragraph (b) of Interpretation and Policy .02 of Exchange Rule 21.17, which would provide functionality to Users of MEMX Options for the mass cancellation of trading interest (i.e., "batch cancel" functionality). Users would be able to cancel any orders in any series of options by requesting the Exchange to affect such cancellation as per the instructions of the User. A User initiating such a request may also request that the Exchange block new inbound orders in any series of options. The block will remain in effect until the User requests the Exchange remove the block. Proposed paragraph (b) of Interpretation and Policy .02 of Exchange Rule 21.17 would

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[28] See Rule 6.40P-O(e)(3) and 6.40P-O(e)(4) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

provide the same batch cancel functionality to Users of MEMX Options as is available to Users of MEMX Equities under Interpretation and Policy .02(b) of Exchange Rule 11.10. The Exchange notes that at least one other options exchange provides similar functionality on its trading platform.[29] The purpose of this proposed paragraph (b) is to provide the same batch cancel functionality to Users of MEMX Options as is currently provided to Users of MEMX Equities.

The purpose of these risk settings is to provide MEMX Options Users with functionality to assist in risk management, which will protect both the User as well as the Exchange from entering potentially erroneous orders that could have potential market impact. The Exchange proposes to make these risk settings available to all Users and will not require Users to use any of the risk settings provided. The Exchange will not provide any preferential treatment to Users based upon their use of any, all, or none of the risk settings.

Clarifying Language On Risk Controls

Pursuant to Rule 15c3-5 under the Act,[30] a broker-dealer with market access must perform appropriate due diligence to assure that its controls are reasonably designed to be effective, and otherwise consistent with the rule.[31] Use of the Exchange's proposed risk settings for MEMX Options will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules

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29 See, e.g., Nasdaq Options Market Rulebook Chapter 3, Section 19, available at: https://listingcenter.nasdaq.com/RuleBook/Nasdaq/rules/Nasdaq%20Options%203.

30 See supra note 9.

31 See Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access, available at https://www.sec.gov/divisions/marketreg/faq-15c-5-riskmanagement-controls-bd.htm

remains with the User. In order to clarify that the risk controls proposed for MEMX Options are not a substitute for a User's 15c3-5 obligations, the Exchange proposes to provide clarifying language to this effect in proposed Interpretation and Policy .03 to Exchange Rule 21.17. The purpose of Interpretation and Policy .03 to Exchange Rule 21.17 is to make clear that the User, and not the Exchange, will have the full responsibility for ensuring that their orders comply with applicable securities rules, laws, and regulations, and may not rely on the risk settings for any such purpose. The Exchange notes that other exchanges have included similar clarifying language in their options rules.[32] The Exchange wishes to make clear that the use of the proposed risk settings can replace User-managed risk management solutions, and use of the proposed risk settings does not automatically constitute compliance with Exchange rules. Rather, the Exchange intends these controls to act as a complement to its Members' overall suite of controls designed to comply with Rule 15c3-5 and other applicable securities rules, laws and regulations.

a. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,[33] in general, and furthers the objectives of Sections and 6(b)(5) of the Act,[34] 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

32 See, e.g., Commentary .01 to Rule 6.40P-O of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

33 15 U.S.C. 78f(b).

34 15 U.S.C. 78f(b)(5).

public interest.

The Exchange believes the proposed risk settings promote just and equitable principles of trade because the risk settings will be equally available to all Users who trade on MEMX Options and such Users can employ such risk settings as part of their overall risk management strategy. Three of the proposed risk settings will apply to orders from all Users and cannot be turned off, namely the duplicative order check, the order rate check and the maximum contracts and maximum notional check. However, the Exchange will establish default values for these risk settings that are made publicly available through a Regulatory Circular and/or publicly available specifications, as discussed above. Further, Users will be able to configure these settings to different levels that align with their overall risk mitigation strategy. The remaining risk settings are optional and Users will be able to select whether they would like to use any, all, or none of these risk settings. No preferential treatment will be provided to Users who have elected to use any, all, or none of the optional risk settings that are available. Use of the risk settings does not unfairly discriminate among the Users of MEMX Options because each risk setting is available to all Users.

The Exchange believes the proposed risk settings will remove impediments to and perfect the mechanism of a free and open market and national market system because it provides additional functionality for Users to manage risk. The proposed risk settings would provide Users with the means to manage and control their risk profile, helping to ensure the proper functioning of the market. The Exchange believes that these controls are designed to protect investors and the public interest because the proposed risk mitigation functionality will aid Users in minimizing their financial exposure and reducing the potential for market-disrupting events. The risk management functionality of the risk settings could, in turn, enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

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

The Exchange believes the proposal is consistent with Section 6(b)(8) of the Act[35] in that it does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act as explained below. The Exchange believes the proposal will not impose a burden on intermarket competition because Users of MEMX Options will be able to decide how they wish to utilize the risk settings offered in the context of their overall risk mitigation strategy. Users of MEMX Options are free to include the risk settings available as part of their determination of where to trade, or in many cases, not to use them at all. The Exchange does not believe that the proposed rule change imposes a burden on intramarket competition because the proposed risk settings will be available equally to all Users. As previously discussed, the proposed risk setting on MEMX Options which differs from the risk settings on MEMX Equities (namely, controls on Market Orders) has been implemented by other exchanges.[36] Users would be able to choose the settings best suited to their risk profile, potentially enabling them to better manage their risk while trading on the Exchange. The Exchange believes that the proposed risk setting will enable Users to strengthen their risk management capabilities, which, in turn, may enhance the integrity of trading on the options markets and help to assure the stability of the financial system.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule

[35] 15 U.S.C. 78f(b)(8).

[36] See supra note 17.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[37] and Rule 19b-4(f)(6) thereunder[38] 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 proposed changes do not significantly affect the protection of investors or the public interest; instead, they will further the interests of investors and the public by making available a risk functionality by which Members (and each Member's Users) can manage their risk on the Exchange's options platform, MEMX Options. These risk settings will allow each User to configure a risk profile applicable to their risk tolerance and as necessary in the context of their overall risk management program, which the Exchange believes will assist in maintaining the Exchange as a fair and orderly market that better serves the interest of investors. Additionally, as discussed above, the proposed

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37 15 U.S.C. 78s(b)(3)(A)(iii).

38 17 CFR 240.19b-4(f)(6).

changes will not impose any significant or undue burden on competition because Options Members can decide how they wish to utilize the risk settings offered in the context of their overall risk mitigation strategy.

Furthermore, Rule 19b-4(f)(6)(iii)[39] requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

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),[40] 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 immediately. The Exchange launched MEMX Options on September 27, 2023. Waiver of the 30-day operative delay would allow the Exchange to implement the proposed change to offer the proposed risk settings immediately, which would benefit Members and investors by enabling the Exchange to provide additional functionality for Options Members to manage their risk. The Exchange believes that these controls are designed to protect investors and the public interest because the proposed risk mitigation functionality will aid Members in minimizing their financial exposure and reducing the potential for market-disrupting events. Waiver of the operative delay is, therefore, consistent with the protection of investors and the public interest. As noted above, the

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39 17 CFR 240.19b-4(f)(6)(iii).

40 17 CFR 240.19b-4(f)(6)(ii).

Exchange does not believe that the proposal raises any new or novel issues that have not been previously considered by the Commission, and thus, the Exchange 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

Not applicable.

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 - Form of Notice of the Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 - Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-MEMX-2023-28]
[Insert date]

Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Risk Settings Rules Applicable to Options Trading

(a) 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 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] 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 to amend the Exchange's risk settings rules applicable to Options trading. The Exchange has designated this proposal as "non-controversial" pursuant to Section 19(b)(3)(A)(iii) of the Act and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii)

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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

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

thereunder. The Exchange has commenced operations of MEMX Options on September 27, 2023. As such, the Exchange proposes to implement the changes to its options risk controls immediately. 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 purpose of the proposed rule change is to provide optional risk controls for Members[5] who participate in the Exchange's options market (such market, "MEMX Options" and such Members, "Options Members"), under proposed Interpretation and Policies .01 and .02 of Exchange Rule 21.17, and to provide clarifying language in proposed Interpretation and Policy .03 of Exchange Rule 21.17. In order to help Options Users[6] to manage their risk, the Exchange proposes to add certain risk settings on MEMX Options which the Exchange already offers to Users in its market for equity securities ("MEMX Equities"). Under the proposed Interpretation and Policies .01 and .02 of Exchange Rule 21.17, Users will have the same ability to manage their risk with respect to orders on the MEMX Options platform as Users currently have on the MEMX Equities

[5] See Exchange Rule 1.5(p).

[6] See Exchange Rule 1.5(jj).

platform (as set forth in Interpretation and Policies .01 and .02 of Exchange Rule 11.10). Lastly, the Exchange proposes to add Interpretation and Policy .03 of Exchange Rule 21.17 to clarify that the risk controls described in Exchange Rule 21.17 are meant to supplement, and not replace, a User's internal risk monitoring and management systems.

The Exchange proposes to add controls which will be exercisable and configurable by individual Users, and the thresholds of the controls may be adjusted within certain limits away from the assigned default values. The Exchange notes that other national securities exchanges have similar risk settings rules in their rulebooks.[7] As previously noted, these risk settings will largely mirror the MEMX Equities settings rules in Interpretation and Policies .01 and .02 to Rule 11.10. The Exchange additionally proposes to add clarifying language in proposed Interpretation and Policy .03 of Exchange Rule 21.17.

Specifically, in proposed Interpretation and Policy .01 of Exchange Rule 21.17, the Exchange proposes to offer risk settings that will result in orders being cancelled on entry, including: (i) controls related to the maximum dollar amount for a single order and the maximum number of contracts that may be included in a single order; (ii) controls related to order types or modifiers that can be utilized as well as when the market is crossed; (iii) controls to restrict the options classes for which a User may enter orders or to restrict activity to test symbols only; (iv) controls prohibiting the entry of duplicative

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7 See, e.g., Interpretations and Policies .01 and .02(a) of Rule 11.13 of the BYX Exchange Rulebook, available at https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policies .01 and .02(a) of Rule 11.13 of the BZX Exchange Rulebook, available at https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policies .01 and .02(a) of Rule 11.10 the EDGA Exchange Rulebook, available at https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; and Interpretations and Policies .01 and .02(a) of Rule 11.10 the EDGX Exchange Rulebook, available at https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf.

orders; (v) controls restricting the overall rate of order entry; and (vi) credit controls measuring both gross and net exposure that warn when approached, and when breached, prevent submission of either all new orders or Market Orders[8] only. The Exchange further proposes, in proposed Interpretation and Policy .02 of Exchange Rule 21.17, to offer (vii) risk functionality that permits a User to cancel all unexecuted orders and quotes in the MEMX Options Book, block the entry of any new orders or quotes, or both cancel all unexecuted orders and quotes and block the entry of any new orders and quotes; and (viii) batch cancel functionality. Each of these functionalities will be further described in the paragraphs below. Additionally, in proposed Interpretation and Policy .03 to Exchange Rule 21.17, the Exchange would provide clarifying language that the risk controls described in Exchange Rule 21.17 do not replace the User's own internal risk management systems, monitoring, and procedures and are not designed for compliance with Exchange Act Rule 15c3-5.[9]

Publication of Established Numeric Values

Current Rule 21.17 states that "all numeric values established by the Exchange pursuant to this Rule will be maintained by the Exchange in publicly available specifications and/or published in a Regulatory Circular." As the proposed Interpretations and Policies described below would be contained in Rule 21.17, that language would also apply to such Interpretations and Policies. As a result, to the extent the Exchange establishes default values for certain risk settings, as described below, such default values would be readily ascertainable by Users and such Users will be able to determine whether they wish to maintain the default values established by the Exchange

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[8] See Exchange Rule 21.1(d)(2).
[9] 17 CFR 240.15c3–5.

or to adopt different values in accordance with their overall risk mitigation strategy. The Exchange notes that other national securities exchanges establish numeric values pursuant to the risk settings for their options platforms in publicly available specifications and regulatory circulars.[10]

Controls Related to Maximum Dollar Amount and Maximum Number of Contracts

Proposed paragraph (a) of proposed Interpretation and Policy .01 of Exchange Rule 21.17 would provide for order entry controls related to (i) the maximum dollar amount for a single order, and (ii) the maximum number of contracts that may be included in a single order. These controls on maximum notional value per order and the maximum number of contracts per order would each be User-configurable up to a maximum allowable limit. The Exchange would set default values on the maximum notional value per order and maximum number of contracts per order.[11] The System[12] will reject or cancel an order that exceeds the User-configured limits or which exceeds the default value if the User has not entered any configuration for these controls. This proposed paragraph (a) would provide Options Members with the same risk control functionality on maximum notional value per order and maximum number of contracts per order as is currently provided to Members of MEMX Equities under Interpretation and Policy .01(a) and .01(b) of Exchange Rule 11.10. The Exchange notes that at least

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10 See, e.g., Rule 21.17 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; and Rule 16.3 of the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf.

11 See "Publication of Established Numeric Values" above for a description of how the Exchange will notify Members of default values applicable to risk settings.

12 See Exchange Rule 1.5(gg).

one other options exchange provides similar functionality on its trading platform.[13] The Exchange also notes that other national securities exchanges, including the Exchange, include this functionality on their equities platforms.[14] The purpose of proposed paragraph (a) of Interpretation and Policy .01 of Exchange Rule 21.17 is to provide the same maximum notional value risk setting functionality and maximum share risk setting functionality for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Controls Related to Order Types or Modifiers and Specific Market Conditions

Proposed paragraph (b) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide controls designed to prevent the entry of specific order types and modifiers, as well as the entry of orders when specific market conditions occur. The Exchange would provide a User-configurable on/off switch to allow or disallow the entry of specific types of orders or the entry of any orders upon the existence of certain market conditions. The default value would be to allow the entry of orders. Specifically, the Exchange at this time would provide an on/off switch for (i) orders marked as Intermarket Sweep Orders ("ISOs"), (ii) orders entered when the National Best Bid and Offer ("NBBO") is crossed, and (iii) Market Orders. With respect to controls on ISOs,

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13 See, e.g., Rule 6.40P-O(a)(2)(A)(i) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

14 See Interpretations and Policies .01(a) and .01(b) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policies .01a and .01(b) of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policies .01(a) and .01(b) of Rule 11.10 of the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; and Interpretations and Policies .01(a) and .01(b) of Rule 11.10 of the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policies 01(a) and .01(b) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

the proposal would provide MEMX Options Users with the same ability to allow or disallow ISOs as is currently available to Users of MEMX Equities under Interpretation and Policy .01(c) of Exchange Rule 11.10. With respect to controls to allow or cancel incoming orders when the market is crossed, the proposal would provide MEMX Options Users with the same ability to allow or disallow incoming orders during a crossed market as is currently available to Members of MEMX Equities under Exchange Rule 11.10(a)(2). To clarify, with respect to controls on ISO orders and orders during crossed markets, proposed paragraph (b) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide the same ISO and crossed market functionalities for Users on MEMX Options, as are currently provided to Users on MEMX Equities. The Exchange notes that at least one other options exchange provides similar functionality on its trading platform.[15] The Exchange also notes that other national securities exchanges, including the Exchange, provide this functionality on their equities platforms.[16]

With respect to controls on Market Orders, the Exchange does not presently provide this functionality for MEMX Equities. The Exchange notes that other national securities exchanges provide functionality for Users to apply a risk setting that would reject market orders during continuous trading or auctions.[17] The Exchange proposes to

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15 See, e.g., Rule 6.40P-O(a)(2)(A)(iii) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

16 See Interpretations and Policy .01(c) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policy .01(c) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policy .01(c) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; Interpretations and Policy .01(c) of Rule 11.10 the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(c) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

17 See Exchange Act Release Nos. 97988 (July 25, 2023), 88 FR 49513 (July 31, 2023)(SR-

apply the same functionality to MEMX Options. Using this functionality, a User of MEMX Options would be allowed to reject Market Orders; the default setting would be to allow Market Orders. The Exchange proposes to make the risk setting User-configurable and will not require Users to utilize the Market Order risk setting. The purpose of this proposed risk setting is designed to prevent the entry of orders that may cause undue market impact, and reduce the potential for disruptive, market-wide events.

Controls to Restrict Options Classes to Test Symbols

Proposed paragraph (c) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide controls to restrict the options classes for which a User may enter orders to test symbols only, which would apply upon order entry. The Exchange would provide a User-configurable on/off switch to restrict orders entered to test symbols only if configured by the User. The default value of such on/off switch will be to allow all options classes. The proposal would provide MEMX Options Users with the same ability to restrict options classes as is currently available to Users of MEMX Equities under Interpretation and Policy .01(d) of Exchange Rule 11.10.

The Exchange notes that at least one other options exchange provides similar functionality on its trading platform.[18] The Exchange also notes that other national securities exchanges, including the Exchange, already have controls to restrict the entry of orders in specifically identified securities on their equities platforms.[19] The purpose of

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CboeEDGA-2023-012); 97986 (July 25, 2023), 88 FR 49540 (July 31, 2023) (SR-CboeBYX-2023-011); 97987 (July 25, 2023), 88 FR 49516 (July 31, 2023) (SR-CboeEDGX-2023-046); see also Nasdaq Rulebook Section 5(b), available at: https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-equity-6.

18 See, e.g., Rule 6.40P-O(a)(2)(A)(iv) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

19 See Interpretations and Policy .01(d) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and

proposed paragraph (c) of Interpretation and Policy .01 of Exchange Rule 21.17 is to provide Users on MEMX Options the same functionality to restrict the types of options classes which can be traded, as is currently provided to Users on MEMX Equities to restrict the types of securities which can be traded to test symbols only.

Controls to Prohibit Duplicative Orders

Proposed paragraph (d) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide controls to prohibit duplicative orders, which would apply upon order entry.[20] The Exchange would provide the User with the ability to set a duplicative order count and time window in seconds, subject to a maximum allowable limit of order count and time window. The Exchange would also provide default values for order count and time window in seconds, which would be the minimum values to be selected.[21] The control would be triggered when the duplicative order count is exceeded within the time window specified. When such control is triggered, the System would reject incoming orders. Order cancellations would be processed normally during the time when the control is triggered.

The Exchange notes that at least one other options exchange provides similar

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Policy .01(d) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policy .01(d) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; Interpretations and Policy .01(d) of Rule 11.10 the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(d) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

20 A duplicative order is one with the same Executing Firm Identifier ("EFID"), side, price, size, and symbol.

21 See "Publication of Established Numeric Values" above for a description of how the Exchange will notify Members of default values applicable to risk settings.

functionality to prevent duplicative orders on its trading platform.[22] The Exchange notes that other national securities exchanges, including the Exchange, include controls on duplicative orders in their risk settings for their equities platforms.[23] The proposal would provide Users of MEMX Options with the same ability to prohibit duplicative orders as is currently available to Users of MEMX Equities under Interpretation and Policy .01(e) of Exchange Rule 11.10. The purpose of proposed paragraph (d) of Interpretation and Policy .01 of Exchange Rule 21.17 is to provide the same functionality to prohibit duplicative orders for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Controls to Restrict the Overall Rate of Orders

Proposed paragraph (e) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide controls to restrict the overall rate of orders, which would apply upon order entry. The control would include a default value for the time increment and a default value for the number of orders entered during that time increment.[24] The Exchange would provide the User with the ability to configure an order count and time window, subject to minimum and maximum values identified by the Exchange. The

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22 See, e.g., Rule 6.40P-O(a)(2)(A)(v) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

23 See Interpretations and Policy .01(e) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policy .01(e) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policy .01(f) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; Interpretations and Policy .01(e) of Rule 11.10 the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(e) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

24 See "Publication of Established Numeric Values" above for a description of how the Exchange will notify Members of default values applicable to risk settings.

control would be triggered when the order count is exceeded within the time window specified. When such control is triggered, the System would reject incoming orders. Order cancellations would be processed normally during the time when the control is triggered. The proposal would provide Users of MEMX Options with the same ability to restrict the rate of orders as is currently available to Users of MEMX Equities under Interpretation and Policy .01(f) of Exchange Rule 11.10.

The Exchange also notes that other national securities exchanges, including the Exchange, already have risk settings for their Equities platform which allow Users to restrict the rate of orders.[25] The purpose of proposed paragraph (e) of Interpretation and Policy .01 of Exchange Rule 21.17 is to provide the same functionality to set the maximum overall rate of orders for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Credit Controls for Gross and Net Exposure

Proposed paragraph (f) of Interpretation and Policy .01 of Exchange Rule 21.17 would provide for credit controls on gross and net exposure, which would apply upon order entry. The default value for each such controls would be set to a maximum dollar amount.[26] Users would be able to configure the limit for each control, subject to a

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25 See, e.g., Interpretations and Policy .01(f) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policy .01(f) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policy .01(f) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; and Interpretations and Policy .01(f) of Rule 11.10 the EDGX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(f) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

26 See "Publication of Established Numeric Values" above for a description of how the Exchange will notify Members of default values applicable to risk settings.

minimum limit amount. Users would be able to select configurable controls on daily gross notional exposure, either for (i) all orders or (ii) only Market Orders. For any bid or offer, the System will cancel or reject it if such bid or offer causes the User's daily gross notional exposure to exceed a User-configured limit. For any Market Order, the System will cancel or reject it if such Market Order causes the User's daily gross notional exposure to exceed a User-configured limit. Similarly, Users would be able to select configurable controls on daily net notional exposure, either for (i) all orders or (ii) only Market Orders. For any bid or offer, the System will cancel or reject it if such bid or offer causes the User's daily net notional exposure to exceed a User-configured limit. For any Market Order, the system will cancel or reject it if such Market Order causes the User's daily gross notional exposure to exceed a User-configured limit. In addition to blocking orders for each of the controls set forth above, the System will block either all new orders or Market Orders only once an applicable setting has been breached.

This proposal would provide Users of MEMX Options with the same ability to set configurable controls on daily net notional and daily gross notional exposure, for all orders or for Market Orders, as is currently available to Users of MEMX Equities under Interpretation and Policy .01(g) of Exchange Rule 11.10. The Exchange notes that other national securities exchanges, including the Exchange, already provide functionality to set configurable controls on daily net notional exposure and daily gross notional exposure that apply on order entry.[27]

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[27] See, e.g., Interpretations and Policy .01(h) of Rule 11.13 of the BYX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BYX_Rulebook.pdf; Interpretations and Policy .01(h) of Rule of Rule 11.13 of the BZX Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf; Interpretations and Policy .01(h) of Rule 11.10 the EDGA Exchange Rulebook, available at: https://cdn.cboe.com/resources/regulation/rule_book/EDGA_Rulebook.pdf; and Interpretations and Policy .01(h) of Rule 11.10 the EDGX Exchange Rulebook, available at:

The Exchange believes that credit controls on daily net notional and daily gross notional exposure are of importance in the options markets. The purpose of proposed paragraph (f) of Interpretation and Policy .01 of Exchange Rule 21.17 is to provide the same functionality to set configurable controls on daily net notional exposure and daily gross notional exposure for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Controls for Block and Cancel Functionality

Proposed paragraph (a) of Interpretation and Policy .02 of Exchange Rule 21.17 would provide functionality to (i) cancel all unexecuted orders and quotes in the MEMX Options Book, (ii) block the entry of any new orders and quotes, or (iii) both cancel all unexecuted orders and quotes in the MEMX Options Book and block the entry of any new orders and quotes. Additionally, in addition to functionality (i), (ii), and (iii) described in this paragraph, the Exchange will provide functionality to (iv) automatically cancel a User's orders to the extent the User loses its connection to the Exchange. This proposal would provide Users of MEMX Options with the same block and cancel functionality as is currently available to Users of MEMX Equities under Interpretation and Policy .02(a) of Exchange Rule 11.10. The Exchange notes that at least one other options exchange provides similar functionality on its trading platform.[28] The purpose of proposed paragraph (a) of Interpretation and Policy .02 of Exchange Rule 21.17 is to provide the same functionality to block new orders, cancel open orders, block new orders

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https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf. See also Interpretations and Policy .01(h) of Rule 11.10 of the MEMX Rulebook, available at: https://info.memxtrading.com/regulation/memx-rules/.

28 See Rule 6.40P-O(e)(3) and 6.40P-O(e)(4) of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

and cancel open orders, and cancel orders if a User loses connection to the Exchange for Users on MEMX Options, as is currently provided to Users on MEMX Equities.

Controls for Mass Cancellation of Trading Interest Functionality

Finally, the Exchange proposes paragraph (b) of Interpretation and Policy .02 of Exchange Rule 21.17, which would provide functionality to Users of MEMX Options for the mass cancellation of trading interest (i.e., "batch cancel" functionality). Users would be able to cancel any orders in any series of options by requesting the Exchange to affect such cancellation as per the instructions of the User. A User initiating such a request may also request that the Exchange block new inbound orders in any series of options. The block will remain in effect until the User requests the Exchange remove the block. Proposed paragraph (b) of Interpretation and Policy .02 of Exchange Rule 21.17 would provide the same batch cancel functionality to Users of MEMX Options as is available to Users of MEMX Equities under Interpretation and Policy .02(b) of Exchange Rule 11.10. The Exchange notes that at least one other options exchange provides similar functionality on its trading platform.[29] The purpose of this proposed paragraph (b) is to provide the same batch cancel functionality to Users of MEMX Options as is currently provided to Users of MEMX Equities.

The purpose of these risk settings is to provide MEMX Options Users with functionality to assist in risk management, which will protect both the User as well as the Exchange from entering potentially erroneous orders that could have potential market impact. The Exchange proposes to make these risk settings available to all Users and will not require Users to use any of the risk settings provided. The Exchange will not provide

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[29] See, e.g., Nasdaq Options Market Rulebook Chapter 3, Section 19, available at: https://listingcenter.nasdaq.com/RuleBook/Nasdaq/rules/Nasdaq%20Options%203.

any preferential treatment to Users based upon their use of any, all, or none of the risk settings.

Clarifying Language On Risk Controls

Pursuant to Rule 15c3-5 under the Act,[30] a broker-dealer with market access must perform appropriate due diligence to assure that its controls are reasonably designed to be effective, and otherwise consistent with the rule.[31] Use of the Exchange's proposed risk settings for MEMX Options will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules remains with the User. In order to clarify that the risk controls proposed for MEMX Options are not a substitute for a User's 15c3-5 obligations, the Exchange proposes to provide clarifying language to this effect in proposed Interpretation and Policy .03 to Exchange Rule 21.17. The purpose of Interpretation and Policy .03 to Exchange Rule 21.17 is to make clear that the User, and not the Exchange, will have the full responsibility for ensuring that their orders comply with applicable securities rules, laws, and regulations, and may not rely on the risk settings for any such purpose. The Exchange notes that other exchanges have included similar clarifying language in their options rules.[32] The Exchange wishes to make clear that the use of the proposed risk settings can replace User-managed risk management solutions, and use of the proposed risk settings does not automatically constitute compliance with Exchange rules. Rather, the Exchange intends these controls to act as a complement to its Members' overall suite

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30 See supra note 9.

31 See Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access, available at https://www.sec.gov/divisions/marketreg/faq-15c-5-riskmanagement-controls-bd.htm

32 See, e.g., Commentary .01 to Rule 6.40P-O of the NYSE Arca Exchange Rulebook, available at https://nysearca.wolterskluwer.cloud/rules/b44a170e7ccd1000a69b90b11c2ac4f10127.

of controls designed to comply with Rule 15c3-5 and other applicable securities rules, laws and regulations.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,[33] in general, and furthers the objectives of Sections and 6(b)(5) of the Act,[34] 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.

The Exchange believes the proposed risk settings promote just and equitable principles of trade because the risk settings will be equally available to all Users who trade on MEMX Options and such Users can employ such risk settings as part of their overall risk management strategy. Three of the proposed risk settings will apply to orders from all Users and cannot be turned off, namely the duplicative order check, the order rate check and the maximum contracts and maximum notional check. However, the Exchange will establish default values for these risk settings that are made publicly available through a Regulatory Circular and/or publicly available specifications, as discussed above. Further, Users will be able to configure these settings to different levels that align with their overall risk mitigation strategy. The remaining risk settings are optional and Users will be able to select whether they would like to use any, all, or none of these risk settings. No preferential treatment will be provided to Users who have

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33 15 U.S.C. 78f(b).

34 15 U.S.C. 78f(b)(5).

elected to use any, all, or none of the optional risk settings that are available. Use of the risk settings does not unfairly discriminate among the Users of MEMX Options because each risk setting is available to all Users.

The Exchange believes the proposed risk settings will remove impediments to and perfect the mechanism of a free and open market and national market system because it provides additional functionality for Users to manage risk. The proposed risk settings would provide Users with the means to manage and control their risk profile, helping to ensure the proper functioning of the market. The Exchange believes that these controls are designed to protect investors and the public interest because the proposed risk mitigation functionality will aid Users in minimizing their financial exposure and reducing the potential for market-disrupting events. The risk management functionality of the risk settings could, in turn, enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

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

The Exchange believes the proposal is consistent with Section 6(b)(8) of the Act[35] in that it does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act as explained below. The Exchange believes the proposal will not impose a burden on intermarket competition because Users of MEMX Options will be able to decide how they wish to utilize the risk settings offered in the context of their overall risk mitigation strategy. Users of MEMX Options are free to include the risk settings available as part of their determination of where to trade, or in many cases, not to use them at all. The Exchange does not believe that the proposed rule

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[35] 15 U.S.C. 78f(b)(8).

change imposes a burden on intramarket competition because the proposed risk settings will be available equally to all Users. As previously discussed, the proposed risk setting on MEMX Options which differs from the risk settings on MEMX Equities (namely, controls on Market Orders) has been implemented by other exchanges.[36] Users would be able to choose the settings best suited to their risk profile, potentially enabling them to better manage their risk while trading on the Exchange. The Exchange believes that the proposed risk setting will enable Users to strengthen their risk management capabilities, which, in turn, may enhance the integrity of trading on the options markets and help to assure the stability of the financial system.

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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[37] and Rule 19b-4(f)(6) thereunder[38] 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 proposed changes do not significantly affect the protection of investors or the

[36] See supra note 17.

[37] 15 U.S.C. 78s(b)(3)(A)(iii).

[38] 17 CFR 240.19b-4(f)(6).

public interest; instead, they will further the interests of investors and the public by making available a risk functionality by which Members (and each Member's Users) can manage their risk on the Exchange's options platform, MEMX Options. These risk settings will allow each User to configure a risk profile applicable to their risk tolerance and as necessary in the context of their overall risk management program, which the Exchange believes will assist in maintaining the Exchange as a fair and orderly market that better serves the interest of investors. Additionally, as discussed above, the proposed changes will not impose any significant or undue burden on competition because Options Members can decide how they wish to utilize the risk settings offered in the context of their overall risk mitigation strategy.

Furthermore, Rule 19b-4(f)(6)(iii)[39] requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

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),[40] 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 immediately. The Exchange launched MEMX Options on September 27, 2023. Waiver of the 30-day operative delay would allow the Exchange to implement

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39 17 CFR 240.19b-4(f)(6)(iii).

40 17 CFR 240.19b-4(f)(6)(ii).

the proposed change to offer the proposed risk settings immediately, which would benefit Members and investors by enabling the Exchange to provide additional functionality for Options Members to manage their risk. The Exchange believes that these controls are designed to protect investors and the public interest because the proposed risk mitigation functionality will aid Members in minimizing their financial exposure and reducing the potential for market-disrupting events. Waiver of the operative delay is, therefore, consistent with the protection of investors and the public interest. As noted above, the Exchange does not believe that the proposal raises any new or novel issues that have not been previously considered by the Commission, and thus, the Exchange 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.

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-MEMX-2023-28 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-2023-28. 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 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, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-MEMX-2023-28 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.[41]

Sherry R. Haywood,

Assistant Secretary.

41 17 CFR 200.30-3(a)(12).

Exhibit 5

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

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CHAPTER 21. TRADING SYSTEMS

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Rule 21.17. Additional Price Protection Mechanisms and Risk Controls

The System's acceptance and execution of orders, quotes, and bulk messages, as applicable, are subject to the price protection mechanisms and risk controls in Rule 21.16, this Rule and as otherwise set forth in the Rules. All numeric values established by the Exchange pursuant to this Rule will be maintained by the Exchange in publicly available specifications and/or published in a Regulatory Circular. Unless otherwise specified the price protections set forth in this Rule, including the numeric values established by the Exchange, may not be disabled or adjusted. The Exchange may share any of a User's risk settings with the Clearing Member that clears transactions on behalf of the User.

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Interpretations and Policies:

.01 In addition to the risk settings set forth in this Rule and Rule 21.16, the Exchange offers certain risk settings applicable to a User's activities on MEMX Options. The following risk settings currently offered by MEMX Options will result in the order being cancelled on entry:

(a) controls related to the maximum dollar amount for a single order and the maximum number of contracts that may be included in a single order;

(b) controls related to the order types or modifiers that can be utilized as well as orders when the market is crossed;

(c) controls to restrict the options classes for which a User may enter orders to test symbols only;

(d) controls prohibiting the entry of duplicative orders;

(e) controls restricting the overall rate of order entry; and

(f) credit controls measuring both gross and net exposure that warn when approached and, when breached, prevent submission of either all new orders or Market Orders only.

.02 (a) MEMX Options also offers risk functionality that permits a User to (i) cancel all unexecuted orders and quotes in the MEMX Options Book, or (ii) block the entry of any new orders and quotes, or (iii) both cancel all unexecuted orders and quotes in the MEMX Options

Book and block the entry of any new orders and quotes. In addition to (i), (ii), and (iii), the Exchange also offers (iv) risk functionality that automatically cancels a User's open orders and quotes to the extent the User loses its connection to the Exchange.

(b) MEMX Options offers batch cancel functionality that permits a User to cancel any orders or quotes in any series of options by requesting the Exchange to affect such cancellation. A User initiating such a request may also request that the Exchange block new inbound orders in any series of options. The block will remain in effect until the User requests the Exchange remove the block.

.03 The risk controls described in this Rule are meant to supplement, and not replace, the Member's or User's own internal systems, monitoring, and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Exchange Act. Responsibility for compliance with all Exchange and SEC rules remains with the Member or User.

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