





1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> MEMX LLC (“MEMX” or the “Exchange”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend the Exchange’s fee schedule applicable to Members<sup>3</sup> (the “Fee Schedule”) pursuant to Exchange Rules 15.1(a) and (c). The Exchange proposes to implement the changes to the Fee Schedule pursuant to this proposal immediately.

A notice of the proposed rule change for publication in the Federal Register is provided as Exhibit 1. 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:

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

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

<sup>3</sup> See Exchange Rule 1.5(p).

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 amend the Fee Schedule to: 1) adopt a new Tape C Quoting Tier that provides an additive rebate for executions of orders in Tape C securities<sup>4</sup> priced at or above \$1.00 per share that add displayed liquidity to the Exchange (such orders, “Added Displayed Volume”), and 2) re-organize the Fee Schedule to include all of the Exchange’s additive rebates into a single table and make relevant corresponding updates to the “Notes” sections of the Fee Schedule; as further described below.<sup>5</sup>

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 18 registered equities exchanges, as well as a number of alternative trading systems and other off-exchange venues, to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 15.1% of the total market share of executed volume of equities trading.<sup>6</sup> Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow, and the Exchange currently

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<sup>4</sup> Tape C securities are those that are listed on Nasdaq.

<sup>5</sup> The Exchange initially filed the proposed Fee Schedule changes on March 31, 2025 (SR-MEMX-2025-08). On April 4, 2025, the Exchange withdrew that filing and submitted this proposal.

<sup>6</sup> Market share percentage calculated as of March 26, 2025. The Exchange receives and processes data made available through consolidated data feeds (i.e., CTS and UTDF).

represents approximately 1.9% of the overall market share.<sup>7</sup> The Exchange in particular operates a “Maker-Taker” model whereby it provides rebates to Members that add liquidity to the Exchange and charges fees to Members that remove liquidity from the Exchange. The Fee Schedule sets forth the standard rebates and fees applied per share for orders that add and remove liquidity, respectively. Additionally, in response to the competitive environment, the Exchange also offers tiered pricing, which provides Members with opportunities to qualify for higher rebates or lower fees where certain volume criteria and thresholds are met. Tiered pricing provides an incremental incentive for Members to strive for higher tier levels, which provides increasingly higher benefits or discounts for satisfying increasingly more stringent criteria.

#### **Adoption of Tape C Quoting Tier**

The Exchange proposes to adopt a new tier applicable to Member participation in Tape C securities, referred to by the Exchange as the Tape C Quoting Tier, in which the Exchange will provide an additive rebate for executions of Added Displayed Volume (excluding Retail Orders) in Tape C securities (such orders, “Tape C Volume”) for Members that qualify for the Tier by meeting certain quoting requirements in Tape C securities. Under the proposed Tape C Quoting Tier, the Exchange will provide an additive rebate of \$0.0002 per share for executions of Tape C Volume for a Member that qualifies for the Tape C Quoting Tier by achieving an NBBO Time<sup>8</sup> of at least 50% in an average of at least 500 Tape C securities per trading day during the month. The \$0.0002

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<sup>7</sup> Id.

<sup>8</sup> The term “NBBO Time” is currently defined on the Fee Schedule as the aggregate of the percentage of time during regular trading hours during which one of a Members’ market participant identifier (“MPIDs”) has a displayed order of at least one round lot at the national best bid or the national best offer.

per share additive rebate will be provided in addition to the rebate that is otherwise applicable to each of a qualifying Members' orders that constitutes Tape C Volume (including a rebate provided under another pricing tier/incentive).<sup>9</sup> The Exchange notes that the additive rebate will not apply to executions of orders in Tape C securities priced below \$1.00 per share.

The Exchange also proposes to exclude Tape C securities that have a closing price less than \$1.00 per share from its calculation of a Member's NBBO Time in said security on that trading day, and it will include this in a note under the Additive Rebates pricing table on the Fee Schedule.<sup>10</sup>

The proposed Tape C Quoting Tier is designed to encourage Members, through the provision of an additive rebate for executions of Tape C Volume, to promote price

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<sup>9</sup> The proposed pricing for the Tape C Quoting Tier is referred to by the Exchange on the Fee Schedule under the new description "Tape C Quoting Tier" with a Fee Code of "c" to be appended to the otherwise applicable Fee Code assigned by the Exchange on the monthly invoices for qualifying executions.

<sup>10</sup> The Exchange emphasizes that apart from this exclusion that is applicable only to the Tape C Quoting Tier, the otherwise existing definitions related to calculating the quoting requirement shall continue to apply. Specifically, as noted in the Definitions section under the Transaction Fees Pricing Table: *On a daily basis, MEMX will determine the number of securities in which each of a Member's MPIDs meets the quoting requirement for that day. MEMX will aggregate the number of securities in which each of a Member's MPIDs meets the quoting requirement to determine the number of securities in which such Member meets the quoting requirement for that day, provided that a single security in which more than one of such Member's MPIDs meets the quoting requirement for that day will only be counted once for this purpose. The quoting requirement with respect to a security must be met by a single MPID and MEMX will not aggregate the NBBO Time across all of a Member's MPIDs to determine if the quoting requirement has been met.*

*In order to determine whether a Member meets the applicable securities requirements during a month, the average number of securities in which such Member meets the quoting requirement per trading day during the month will be calculated by summing the number of securities in which each of such Member's MPIDs met the quoting requirement for each trading day during the month then dividing the resulting sum by the total number of trading days in the month.*

*With prior notice to the Exchange, a Member may aggregate the quoting activity (but not the NBBO Time) of its MPIDs, consistent with the above, with that of the MPIDs of other Members that control, are controlled by, or are under common control with such Member (as evidenced on such Member's Form BD).*

discovery and market quality by quoting at the NBBO for a significant portion of each day in Tape C securities, thereby benefitting the Exchange and investors by providing improved trading conditions for all market participants through narrower bid-ask spreads and increased depth of liquidity available at the NBBO in these securities. The Exchange notes that the proposed Tape C Quoting Tier is comparable to other quoting-based incentives and discounts, which have been widely adopted by exchanges (including the Exchange), including similar pricing incentives applicable to a specific set of securities.<sup>11</sup>

### **New Additive Rebates Table**

The proposed Tape C Quoting Tier will become the fourth additive rebate currently offered to Members on the Exchange. The current additive rebates include an NBBO Setter Tier, a Tape A Quoting Tier, and a Tape B Volume Tier. Given the similarities between these Tiers, the Exchange believes the presentation of these additive rebates in a single table would be more efficient and easier for Members to read. As such, the Exchange is proposing to re-organize the placement of these existing Tiers within the Fee Schedule by deleting them from their current locations and placing them in a table under the heading “Additive Rebates” along with the newly proposed Tape C Quoting Tier. In making this non-substantive change, the Exchange will consolidate and/or re-state the footnotes which previously followed each of the NBBO Setter Tier, Tape A Quoting Tier, and Tape B Volume Tier pricing tables as new footnotes under the Additive Rebates table. Specifically, the Exchange proposes to delete the “NBBO Setter Tier” table, the “Tape A Quoting Tier” table, and the “Tape B Volume Tier” table along

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<sup>11</sup> See, e.g., Securities Exchange Act Release No. 77846 (May 17, 2016) 81 FR 32356 (May 23, 2016) (SR-BatsBZX-2016-18) (Notice of filing and immediate effectiveness of a proposed rule change to Rules 15.1(a) and (c) in order to implement a Tape B Quoting Tier).

with the accompanying footnote beneath each such table. The Exchange proposes to create the “Additive Rebates” table with rows corresponding to each of the NBBO Setter Tier, the Tape A Quoting Tier, the Tape B Volume Tier, and the new Tape C Quoting Tier. The Exchange does not propose any changes to the additive rebate amount or required criteria for the previously existing NBBO Setter Tier, the Tape A Quoting Tier, nor the Tape B Volume Tier. Further, the Exchange proposes new footnotes to the “Additive Rebates” table which consolidate or re-state the footnotes previously listed under the former “NBBO Setter Tier” table, the “Tape A Quoting Tier” table, and the “Tape B Volume Tier” table and which provide information regarding the new Tape C Quoting Tier.

Lastly, the Exchange is proposing to delete “Tape A Quoting Tier” from the second Note under the Transaction Fees pricing table and replace it with “Additive Rebates” to cover all current and future Additive Rebates to which that note applies.<sup>12</sup>

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>13</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>14</sup> in particular, in that it provides for the equitable allocation of reasonable dues,

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<sup>12</sup> Specifically, this note indicates that the Exchange excludes (1) any trading day that the Exchange’s system experiences a disruption that lasts for more than 60 minutes during regular trading hours; (2) the day that Russell Investments reconstitutes its family of indexes (i.e., the last Friday in June); (3) any day that the MSCI Equities Indexes are rebalanced (i.e., on a quarterly basis); (4) any day that the S&P 400, S&P 500, and S&P 600 Indexes are rebalanced (i.e., on a quarterly basis); and (5) any day with a scheduled early market close from its calculation of ADAV, ADV, TCV, and for purposes of determining qualification of the Displayed Liquidity Incentive and, as proposed, the Additive Rebates.

<sup>13</sup> 15 U.S.C. 78f.

<sup>14</sup> 15 U.S.C. 78f(b)(4) and (5).

fees and other charges among its Members and other persons using its facilities and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As discussed above, the Exchange operates in a highly fragmented and competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient, and the Exchange represents only a small percentage of the overall market. The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and also recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”<sup>15</sup>

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue use of certain categories of products, in response to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange’s transaction fees and rebates, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. The Exchange believes the proposal reflects a reasonable and competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, to enhance market quality in both a broad manner and in a targeted manner

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<sup>15</sup> Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

with respect to Tape C securities, which the Exchange believes would promote price discovery and enhance liquidity and market quality on the Exchange to the benefit of all Members and market participants.

The Exchange believes that the proposed change to adopt the Tape C Quoting Tier that would provide an additive rebate for executions Tape C Volume is reasonable because, as described above, such change is designed to encourage Members to increase their order flow, including in the form of displayed, NBBO-setting orders under the required criteria, as applicable, to the Exchange, which the Exchange believes would promote price discovery, enhance liquidity and market quality, and contribute to a more robust and well balanced market ecosystem on the Exchange to the benefit of all Members and market participants. In addition, the Exchange believes that it is reasonable and consistent with an equitable allocation of fees to pay a higher rebate for executions of Tape C Volume to Members that qualify for the Tape C Quoting Tier because of the additional commitment to market quality reflected in the associated quoting requirements.

The Exchange notes that volume and quoting-based incentives (such as tiers) have been widely adopted by exchanges, including the Exchange, and are reasonable, equitable and not unfairly discriminatory because they are open to all members on an equal basis and provide additional benefits that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and the introduction of higher volumes of orders into the price and volume discovery process. Furthermore, as noted above, the proposed Tape C Quoting Tier is similar in structure and purpose to pricing programs in

place at other exchanges that are designed to enhance market quality.<sup>16</sup> Specifically, these programs provide a higher and/or additive rebate for executions of a certain subset of securities (i.e. Tape A, B, or C) that achieve minimum quoting standards, including minimum quoting at the NBBO in a large number of securities, generally, or certain designated securities, in particular.

The Exchange also believes that its reorganization of the Fee Schedule to include the NBBO Setter Tier, Tape A Quoting Tier, and Tape B Volume Tier in a single “Additive Rebates” table along with the newly proposed Tape C Quoting Tier is reasonable, equitable and non-discriminatory because combining these tiers into a single location provides a more concise presentation of the information therein and serves to make the Fee Schedule as clear and as easily understandable as possible with respect to the requirements of the each of these Additive Rebates.

For the reasons discussed above, the Exchange submits that the proposal satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act<sup>17</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to unfairly discriminate between customers, issuers, brokers, or dealers. As described more fully below in the Exchange’s statement regarding the burden on competition, the Exchange believes that its transaction pricing is subject to significant competitive forces, and that the proposed additive rebate described herein is appropriate to address such forces.

#### 4. Self-Regulatory Organization’s Statement on Burden on Competition

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<sup>16</sup> See supra note 11.

<sup>17</sup> 15 U.S.C. 78f(b)(4) and (5).

The Exchange does not believe that the proposal will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the proposal is intended to enhance market quality on the Exchange in a large number of securities, generally, and in Tape C securities in particular, and to incentivize market participants to direct additional order flow to the Exchange, thereby enhancing liquidity and market quality on the Exchange to the benefit of all Members and market participants. As a result, the Exchange believes the proposal would enhance its competitiveness as a market that attracts actionable orders, thereby making it a more desirable destination venue for its customers. For these reasons, the Exchange believes that the proposal furthers the Commission's goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."<sup>18</sup>

#### *Intramarket Competition*

As discussed above, the Exchange believes that the proposal would incentivize Members to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in Tape C securities, thereby contributing to a deeper and more liquid market to the benefit of all market participants and enhancing the attractiveness of the Exchange as a trading venue, which the Exchange believes, in turn, would continue to encourage market participants to direct additional order flow to the Exchange. The opportunity to qualify for the Tape C Quoting Tier and thus receive the corresponding additive rebate for executions of Tape C Volume would be available to all Members that meet the associated criteria for the Tape C Quoting Tier in any month. The

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<sup>18</sup> See supra note 15.

Exchange believes that the proposed criteria for the Tape C Quoting Tier is attainable for several Members that actively quote on exchanges. As such, the Exchange believes the proposed changes would not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

#### *Intermarket Competition*

As noted above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. Members have numerous alternative venues that they may participate on and direct their order flow to, including 17 other equities exchanges and numerous alternative trading systems and other off-exchange venues. As noted above, no single registered equities exchange currently has more than approximately 15.1% of the total market share of executed volume of equities trading. Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow. Moreover, the Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates, including with respect to executions of Added Displayed Volume, and market participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. As described above, the proposed change is a competitive proposal through which the Exchange is seeking to encourage

additional order flow and quoting activity on the Exchange and to promote market quality through pricing incentives that are comparable to incentives in place at other exchanges.<sup>19</sup> Accordingly, the Exchange believes the proposal would not burden, but rather promote, intermarket competition by enabling it to better compete with other exchanges that offer similar incentives to market participants that enhance market quality and/or achieve certain quoting requirements.

Additionally, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”<sup>20</sup> The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. SEC, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’ ....”<sup>21</sup> Accordingly, the

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<sup>19</sup> See supra note 11.

<sup>20</sup> See supra note 15.

<sup>21</sup> NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSE-2006-21)).

Exchange does not believe its proposed pricing changes impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

5. 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.

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)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>22</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act to determine whether the proposed rule change should be approved or disapproved.<sup>23</sup>

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

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<sup>22</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>23</sup> 15 U.S.C. 78s(b)(2)(B).

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 Fee Schedule.

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-MEMX-2025-09]

[Insert date]

Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Exchange's Fee Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> 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 Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing with the Commission a proposed rule change to amend the Exchange's fee schedule applicable to Members<sup>3</sup> (the "Fee Schedule") pursuant to Exchange Rules 15.1(a) and (c). As is further described below, the Exchange proposes to adopt a new Tape C Quoting Tier that provides an additive rebate for executions of orders in Tape c securities priced at or above \$1.00 per share that add displayed liquidity to the Exchange, and reorganize the Fee Schedule to present each additive rebate into a single pricing table. The Exchange proposes to implement the changes to the Fee Schedule pursuant to this proposal immediately. The text of the proposed rule change is

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

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

<sup>3</sup> See Exchange Rule 1.5(p).

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 amend the Fee Schedule to: 1) adopt a new Tape C Quoting Tier that provides an additive rebate for executions of orders in Tape C securities<sup>4</sup> priced at or above \$1.00 per share that add displayed liquidity to the Exchange (such orders, “Added Displayed Volume”), and 2) re-organize the Fee Schedule to include all of the Exchange’s additive rebates into a single table and make relevant corresponding updates to the “Notes” sections of the Fee Schedule; as further described below.<sup>5</sup>

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 18 registered equities exchanges, as well as a

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number of alternative trading systems and other off-exchange venues, to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 15.1% of the total market share of executed volume of equities trading.<sup>6</sup> Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow, and the Exchange currently represents approximately 1.9% of the overall market share.<sup>7</sup> The Exchange in particular operates a “Maker-Taker” model whereby it provides rebates to Members that add liquidity to the Exchange and charges fees to Members that remove liquidity from the Exchange. The Fee Schedule sets forth the standard rebates and fees applied per share for orders that add and remove liquidity, respectively. Additionally, in response to the competitive environment, the Exchange also offers tiered pricing, which provides Members with opportunities to qualify for higher rebates or lower fees where certain volume criteria and thresholds are met. Tiered pricing provides an incremental incentive for Members to strive for higher tier levels, which provides increasingly higher benefits or discounts for satisfying increasingly more stringent criteria.

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<sup>6</sup> Market share percentage calculated as of March 26, 2025. The Exchange receives and processes data made available through consolidated data feeds (i.e., CTS and UTDF).

<sup>7</sup> Id.

Members that qualify for the Tier by meeting certain quoting requirements in Tape C securities. Under the proposed Tape C Quoting Tier, the Exchange will provide an additive rebate of \$0.0002 per share for executions of Tape C Volume for a Member that qualifies for the Tape C Quoting Tier by achieving an NBBO Time<sup>8</sup> of at least 50% in an average of at least 500 Tape C securities per trading day during the month. The \$0.0002 per share additive rebate will be provided in addition to the rebate that is otherwise applicable to each of a qualifying Members' orders that constitutes Tape C Volume (including a rebate provided under another pricing tier/incentive).<sup>9</sup> The Exchange notes that the additive rebate will not apply to executions of orders in Tape C securities priced below \$1.00 per share.

The Exchange also proposes to exclude Tape C securities that have a closing price less than \$1.00 per share from its calculation of a Member's NBBO Time in said security on that trading day, and it will include this in a note under the Additive Rebates pricing table on the Fee Schedule.<sup>10</sup>

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<sup>8</sup> The term "NBBO Time" is currently defined on the Fee Schedule as the aggregate of the percentage of time during regular trading hours during which one of a Members' market participant identifier ("MPIDs") has a displayed order of at least one round lot at the national best bid or the national best offer.

<sup>9</sup> The proposed pricing for the Tape C Quoting Tier is referred to by the Exchange on the Fee Schedule under the new description "Tape C Quoting Tier" with a Fee Code of "c" to be appended to the otherwise applicable Fee Code assigned by the Exchange on the monthly invoices for qualifying executions.

<sup>10</sup> The Exchange emphasizes that apart from this exclusion that is applicable only to the Tape C Quoting Tier, the otherwise existing definitions related to calculating the quoting requirement shall continue to apply. Specifically, as noted in the Definitions section under the Transaction Fees Pricing Table: *On a daily basis, MEMX will determine the number of securities in which each of a Member's MPIDs meets the quoting requirement for that day. MEMX will aggregate the number of securities in which each of a Member's MPIDs meets the quoting requirement to determine the number of securities in which such Member meets the quoting requirement for that day, provided that a single security in which more than one of such Member's MPIDs meets the quoting requirement for that day will only be counted once for this purpose. The quoting requirement with respect to a security must be met by a single MPID and MEMX will not aggregate the NBBO Time*

The proposed Tape C Quoting Tier is designed to encourage Members, through the provision of an additive rebate for executions of Tape C Volume, to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in Tape C securities, thereby benefitting the Exchange and investors by providing improved trading conditions for all market participants through narrower bid-ask spreads and increased depth of liquidity available at the NBBO in these securities. The Exchange notes that the proposed Tape C Quoting Tier is comparable to other quoting-based incentives and discounts, which have been widely adopted by exchanges (including the Exchange), including similar pricing incentives applicable to a specific set of securities.<sup>11</sup>

#### **New Additive Rebates Table**

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*across all of a Member's MPIDs to determine if the quoting requirement has been met.*

*In order to determine whether a Member meets the applicable securities requirements during a month, the average number of securities in which such Member meets the quoting requirement per trading day during the month will be calculated by summing the number of securities in which each of such Member's MPIDs met the quoting requirement for each trading day during the month then dividing the resulting sum by the total number of trading days in the month.*

*With prior notice to the Exchange, a Member may aggregate the quoting activity (but not the NBBO Time) of its MPIDs, consistent with the above, with that of the MPIDs of other Members that control, are controlled by, or are under common control with such Member (as evidenced on such Member's Form BD).*

<sup>11</sup> See, e.g., Securities Exchange Act Release No. 77846 (May 17, 2016) 81 FR 32356 (May 23, 2016) (SR-BatsBZX-2016-18) (Notice of filing and immediate effectiveness of a proposed rule change to Rules 15.1(a) and (c) in order to implement a Tape B Quoting Tier).

Fee Schedule by deleting them from their current locations and placing them in a table under the heading “Additive Rebates” along with the newly proposed Tape C Quoting Tier. In making this non-substantive change, the Exchange will consolidate and/or re-state the footnotes which previously followed each of the NBBO Setter Tier, Tape A Quoting Tier, and Tape B Volume Tier pricing tables as new footnotes under the Additive Rebates table. Specifically, the Exchange proposes to delete the “NBBO Setter Tier” table, the “Tape A Quoting Tier” table, and the “Tape B Volume Tier” table along with the accompanying footnote beneath each such table. The Exchange proposes to create the “Additive Rebates” table with rows corresponding to each of the NBBO Setter Tier, the Tape A Quoting Tier, the Tape B Volume Tier, and the new Tape C Quoting Tier. The Exchange does not propose any changes to the additive rebate amount or required criteria for the previously existing NBBO Setter Tier, the Tape A Quoting Tier, nor the Tape B Volume Tier. Further, the Exchange proposes new footnotes to the “Additive Rebates” table which consolidate or re-state the footnotes previously listed under the former “NBBO Setter Tier” table, the “Tape A Quoting Tier” table, and the “Tape B Volume Tier” table and which provide information regarding the new Tape C Quoting Tier.

Lastly, the Exchange is proposing to delete “Tape A Quoting Tier” from the second Note under the Transaction Fees pricing table and replace it with “Additive Rebates” to cover all current and future Additive Rebates to which that note applies.<sup>12</sup>

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<sup>12</sup> Specifically, this note indicates that the Exchange excludes (1) any trading day that the Exchange’s system experiences a disruption that lasts for more than 60 minutes during regular trading hours; (2) the day that Russell Investments reconstitutes its family of indexes (i.e., the last Friday in June); (3) any day that the MSCI Equities Indexes are rebalanced (i.e., on a quarterly basis); (4) any day that the S&P 400, S&P 500, and S&P 600 Indexes are rebalanced (i.e., on a quarterly basis); and (5) any day with a scheduled early market close from its calculation of

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>13</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>14</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As discussed above, the Exchange operates in a highly fragmented and competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient, and the Exchange represents only a small percentage of the overall market. The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and also recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”<sup>15</sup>

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue use of certain categories of products, in response to new or different pricing

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ADAV, ADV, TCV, and for purposes of determining qualification of the Displayed Liquidity Incentive and, as proposed, the Additive Rebates.

<sup>13</sup> 15 U.S.C. 78f.

<sup>14</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>15</sup> Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

structures being introduced into the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. The Exchange believes the proposal reflects a reasonable and competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, to enhance market quality in both a broad manner and in a targeted manner with respect to Tape C securities, which the Exchange believes would promote price discovery and enhance liquidity and market quality on the Exchange to the benefit of all Members and market participants.

The Exchange believes that the proposed change to adopt the Tape C Quoting Tier that would provide an additive rebate for executions Tape C Volume is reasonable because, as described above, such change is designed to encourage Members to increase their order flow, including in the form of displayed, NBBO-setting orders under the required criteria, as applicable, to the Exchange, which the Exchange believes would promote price discovery, enhance liquidity and market quality, and contribute to a more robust and well balanced market ecosystem on the Exchange to the benefit of all Members and market participants. In addition, the Exchange believes that it is reasonable and consistent with an equitable allocation of fees to pay a higher rebate for executions of Tape C Volume to Members that qualify for the Tape C Quoting Tier because of the additional commitment to market quality reflected in the associated quoting requirements.

The Exchange notes that volume and quoting-based incentives (such as tiers) have been widely adopted by exchanges, including the Exchange, and are reasonable, equitable

and not unfairly discriminatory because they are open to all members on an equal basis and provide additional benefits that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and the introduction of higher volumes of orders into the price and volume discovery process. Furthermore, as noted above, the proposed Tape C Quoting Tier is similar in structure and purpose to pricing programs in place at other exchanges that are designed to enhance market quality.<sup>16</sup> Specifically, these programs provide a higher and/or additive rebate for executions of a certain subset of securities (i.e. Tape A, B, or C) that achieve minimum quoting standards, including minimum quoting at the NBBO in a large number of securities, generally, or certain designated securities, in particular.

The Exchange also believes that its reorganization of the Fee Schedule to include the NBBO Setter Tier, Tape A Quoting Tier, and Tape B Volume Tier in a single "Additive Rebates" table along with the newly proposed Tape C Quoting Tier is reasonable, equitable and non-discriminatory because combining these tiers into a single location provides a more concise presentation of the information therein and serves to make the Fee Schedule as clear and as easily understandable as possible with respect to the requirements of the each of these Additive Rebates.

For the reasons discussed above, the Exchange submits that the proposal satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act<sup>17</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and

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<sup>16</sup> See supra note 11.

<sup>17</sup> 15 U.S.C. 78f(b)(4) and (5).

other persons using its facilities and is not designed to unfairly discriminate between customers, issuers, brokers, or dealers. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that its transaction pricing is subject to significant competitive forces, and that the proposed additive rebate described herein is appropriate to address such forces.

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

The Exchange does not believe that the proposal will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the proposal is intended to enhance market quality on the Exchange in a large number of securities, generally, and in Tape C securities in particular, and to incentivize market participants to direct additional order flow to the Exchange, thereby enhancing liquidity and market quality on the Exchange to the benefit of all Members and market participants. As a result, the Exchange believes the proposal would enhance its competitiveness as a market that attracts actionable orders, thereby making it a more desirable destination venue for its customers. For these reasons, the Exchange believes that the proposal furthers the Commission's goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."<sup>18</sup>

*Intramarket Competition*

As discussed above, the Exchange believes that the proposal would incentivize Members to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in Tape C securities, thereby contributing to a deeper and

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<sup>18</sup> See supra note 15.

more liquid market to the benefit of all market participants and enhancing the attractiveness of the Exchange as a trading venue, which the Exchange believes, in turn, would continue to encourage market participants to direct additional order flow to the Exchange. The opportunity to qualify for the Tape C Quoting Tier and thus receive the corresponding additive rebate for executions of Tape C Volume would be available to all Members that meet the associated criteria for the Tape C Quoting Tier in any month. The Exchange believes that the proposed criteria for the Tape C Quoting Tier is attainable for several Members that actively quote on exchanges. As such, the Exchange believes the proposed changes would not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

#### *Intermarket Competition*

As noted above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. Members have numerous alternative venues that they may participate on and direct their order flow to, including 17 other equities exchanges and numerous alternative trading systems and other off-exchange venues. As noted above, no single registered equities exchange currently has more than approximately 15.1% of the total market share of executed volume of equities trading. Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow. Moreover, the Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response

to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates, including with respect to executions of Added Displayed Volume, and market participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. As described above, the proposed change is a competitive proposal through which the Exchange is seeking to encourage additional order flow and quoting activity on the Exchange and to promote market quality through pricing incentives that are comparable to incentives in place at other exchanges.<sup>19</sup> Accordingly, the Exchange believes the proposal would not burden, but rather promote, intermarket competition by enabling it to better compete with other exchanges that offer similar incentives to market participants that enhance market quality and/or achieve certain quoting requirements.

Additionally, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."<sup>20</sup> The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. SEC, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' ... As the SEC explained,

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<sup>19</sup> See supra note 11.

<sup>20</sup> See supra note 15.

‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’ . . .”.<sup>21</sup> Accordingly, the Exchange does not believe its proposed pricing changes impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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)(ii) of the Act<sup>22</sup> and Rule 19b-4(f)(2)<sup>23</sup> thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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<sup>21</sup> NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSE-2006-21)).

<sup>22</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>23</sup> 17 CFR 240.19b-4(f)(2).

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](mailto:rule-comments@sec.gov). Please include file number SR-MEMX-2025-09 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-2025-09. 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-2025-09 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>24</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>24</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 5**

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

**MEMX Equities Fee Schedule**  
**(EFFECTIVE APRIL 4[~~FEBRUARY 3~~], 2025)**

**Transaction Fees**

\* \* \* \* \*

**Notes:**

- To the extent a Member qualifies for multiple fees/rebates with respect to a particular transaction, the lowest fee/highest rebate shall apply.
- The Exchange excludes from its calculations of ADAV, ADV and TCV, and for purposes of determining qualification for the Displayed Liquidity Incentive or Additive Rebates[Tape A Quoting Tier]: (1) any trading day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during regular trading hours; (2) the day that Russell Investments reconstitutes its family of indexes (i.e., the last Friday in June); (3) any day that the MSCI Equities Indexes are rebalanced (i.e., on a quarterly basis); (4) any day that the S&P 400, S&P 500, and S&P 600 Indexes are rebalanced (i.e., on a quarterly basis); and (5) any day with a scheduled early market close.
- Routed shares are not included in ADAV or ADV calculation.
- With prior notice to the Exchange, a Member may aggregate ADAV and ADV with other Members that control, are controlled by, or are under common control with such Member (as evidenced on such Member's Form BD).
- The Reserve Quantity of an order is treated as adding displayed volume, and thus, the rebate for adding displayed volume applies to any Reserve Quantity of an order.
- To the extent a single execution qualifies for one or more additive rebates, the maximum combined rebate per share provided by the Exchange shall be \$0.0037.
- To the extent certain tiers have required criteria that applies only to securities priced at or above \$1.00 per share, the Exchange determines whether a security should be included in the calculation of the ADV, ADAV, or TCV, as applicable, in securities priced at or above \$1.00 per share by utilizing the closing price of the security on the date of execution.
- Unless otherwise indicated, rebates provided or fees charged under the tiers below apply only to executions in securities priced at or above \$1.00.
- To the extent certain tiers have required criteria which include a quoting requirement, on a daily basis, MEMX will determine the number of securities in which each of a Member's MPIDs meets the quoting requirement for that day. MEMX will aggregate the number of securities in which each of a Member's MPIDs meets the quoting requirement to determine the number of securities in which such Member meets the quoting requirement for that day, provided that a single security in which more than one of such Member's MPIDs meets the quoting requirement for that day will only be counted once for this purpose. The quoting requirement with respect to a security must be met by a

single MPID and MEMX will not aggregate the NBBO Time across all of a Member's MPIDs to determine if the quoting requirement has been met.

- In order to determine whether a Member meets the applicable securities requirements during a month, the average number of applicable securities in which such Member meets the quoting requirement per trading day during the month will be calculated by summing the number of securities in which each of such Member's MPIDs met the quoting requirement for each trading day during the month then dividing the resulting sum by the total number of trading days in the month.
- With prior notice to the Exchange, a Member may aggregate the quoting activity (but not the NBBO Time) of its MPIDs, consistent with the above, with that of the MPIDs of other Members that control, are controlled by, or are under common control with such Member (as evidenced on such Member's Form BD).

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#### [NBBO Setter Tier

Tier	Additive Rebate Per Share*	Required Criteria
Tier 1	\$(0.0003) for Fee Code B	Member has an ADAV with respect to orders with Fee Code B $\geq$ 0.05% of the TCV

\*Rebate is in addition to otherwise applicable rebate for executions of added displayed volume (other than Retail Orders) in securities priced at or above \$1.00 per share that establish the NBBO. MEMX will append Fee Code "S1" (for Tier 1) to the otherwise applicable Fee Code for qualifying executions.

#### Tape A Quoting Tier

Tier	Additive Rebate Per Share*	Required Criteria
Tier 1	\$(0.0002)	Member has an NBBO Time of at least 50% in an average of at least 500 Tape A securities per trading day during the month

\*Rebate is in addition to otherwise applicable rebate for executions of added displayed volume (excluding Retail Orders) in Tape A securities priced over \$1.00 per share. MEMX will append the Fee Code "a" to the otherwise applicable Fee Code for qualifying executions.

#### Tape B Volume Tier

Tier	Additive Rebate Per Share*	Required Criteria
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Tier 1	\$(0.0002)	Member has a Tape B ADAV $\geq$ 0.25% of the Tape B TCV (excluding Retail Orders)
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\*Rebate is in addition to otherwise applicable rebate for executions of added displayed volume (excluding Retail Orders) in securities priced over \$1.00 per share. MEMX will append the Fee Code “b” to the otherwise applicable Fee Code for qualifying executions.]

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### Displayed Liquidity Incentive (DLI) Tiers

Tier	Rebate Per Share*	Required Criteria
Tier 1	\$(0.0034)	Member has an NBBO Time of at least 50% in an average of at least 1,000 securities per trading day during the month
Tier 2	\$(0.0026)	Member has an NBBO Time of at least 25% in an average of at least 500 securities per trading day during the month

### Additive Rebates

Tier	Additive Rebate Per Share	Required Criteria	Fee Code*
<u>NBBO Setter</u>	<u>\$(0.0003) for Fee Code B**</u>	<u>Member has an ADAV with respect to orders with Fee Code B <math>\geq</math> 0.05% of the TCV</u>	<u>S1</u>
<u>Tape A Quoting</u>	<u>\$(0.0002)***</u>	<u>Member has an NBBO Time of at least 50% in an average of at least 500 Tape A securities per trading day during the month</u>	<u>a</u>
<u>Tape B Volume</u>	<u>\$(0.0002)***</u>	<u>Member has a Tape B ADAV <math>\geq</math> 0.25% of the Tape B TCV (excluding Retail Orders)</u>	<u>b</u>
<u>Tape C Quoting</u>	<u>\$(0.0002)***</u>	<u>Member has an NBBO Time of at least 50% in an average of at least 500 Tape C securities per trading day during the month****</u>	<u>c</u>

\*MEMX will append the applicable Fee Codes below to the otherwise applicable Fee Code for qualifying executions.

\*\*Rebate is in addition to otherwise applicable rebate for executions of added displayed volume (other than Retail Orders) in securities priced at or above \$1.00 per share that establish the NBBO.

\*\*\*For the Tape-specific Quoting or Volume Additive Rebates, the rebate is in addition to otherwise applicable rebate for executions of added displayed volume (excluding Retail Orders) in Tape A, B, or C securities (as applicable) priced over \$1.00 per share.

\*\*\*\*The Exchange's calculation of NBBO Time in Tape C securities for purposes of the Tape C Quoting Rebate will exclude any Tape C securities on a particular day that have a closing price of less than \$1.00 per share on that day.

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