Page 1 of * 22	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No. * SR 2021 - * 09 Amendment No. (req. for Amendments *)

Filing by   Nasdaq GEMX, 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

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)

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 Amend Options 3, Section 17

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 * Sun   Last Name * Kim

Title * Associate General Counsel

E-mail * sun.kim@nasdaq.com

Telephone * (646) 420-7816   Fax

Signature

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

Date   09/02/2021   (Title *)

By   John Zecca   EVP and Chief Legal Counsel
     (Name *)

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.

Date: 2021.09.02
13:57:55 -04'00'

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

| **Form 19b-4 Information *** | 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. |

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SR-GEMX-2021-09 19b-4.doc

Exhibit 1 - Notice of Proposed Rule Change *

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SR-GEMX-2021-09 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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SR-GEMX-2021-09 Exhibit 5.doc

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)   Nasdaq GEMX, LLC ("GEMX" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposal to decommission the Exchange's quote removal Kill Switch functionality at Options 3, Section 17.

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

(b)   Not applicable.

(c)   Not applicable.

2.   Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the "Board") on November 5, 2020. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

<div align="center">
Sun Kim
Associate General Counsel
Nasdaq, Inc.
646-420-7816
</div>

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

[2]   17 CFR 240.19b-4.

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

a.   Purpose

The Exchange proposes to amend Options 3, Section 17 to decommission the Exchange's quote removal Kill Switch functionality, which is an optional tool that allows Market Makers to initiate a message[3] to the System[4] to promptly cancel and restrict their quote activity on GEMX, or across both GEMX and its affiliate, Nasdaq ISE, in either case as set by the Market Maker. Market Makers may submit a Kill Switch request to the System for certain identifier(s) ("Identifier") on either a user or group level.[5] If quotes are cancelled by the Market Maker using Kill Switch, it will result in the removal of all quotes requested for the Identifier(s). The Market Maker will be unable to enter any additional quotes for the affected Identifier(s) until the Market Maker sends a re-entry request to the Exchange.[6]

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3   Today, Market Makers can log in through a graphical user interface ("GUI") to send a message to the Exchange to initiate the quote removal or order cancellation Kill Switch. See Options 3, Section 17(a)(2). The Exchange also currently offers an order cancellation Kill Switch through its order entry ports (i.e., FIX, OTTO, and Precise) as an alternative to its GUI Kill Switch. See Options 3, Section 17(a)(1). The Exchange is not amending the port Kill Switch functionality with this proposal.

4   The term "System" means the electronic system operated by the Exchange that receives and disseminates quotes, executes orders and reports transactions. See Options 1, Section 1(a)(49).

5   Identifiers include Exchange accounts, ports, and/or badges or mnemonics. Thus, a Market Maker using Kill Switch may elect to remove quotes for an individual Identifier (e.g., badge) or any group of Identifiers (e.g., all badges within one Market Maker firm). Permissible groups must reside within a single Member firm.

6   See Options 3, Section 17(a)(2) and (3). The GUI Kill Switch tool also currently allows Members to cancel open orders and prevent new order submission. As noted above, the Exchange also offers an order cancellation Kill Switch through

Due to the lack of demand for the quote removal Kill Switch by Market Makers,

the Exchange proposes to decommission this optional tool by the end of Q4 2021.[7]

Through consultation with individual Market Maker firms prior to filing this rule change,

the Exchange did not receive any negative feedback for its proposal to decommission the

quote removal Kill Switch functionality. The Exchange has also provided all market

participants with advance notice that it will decommission this functionality in Q4 2021.[8]

With the proposed changes, the Exchange seeks to streamline its product offerings and to

reallocate Exchange resources to other business and risk management initiatives. While

the Exchange will no longer offer this optional functionality to Market Makers, it will

continue to offer similar quote management tools that would assist Market Makers with

their efforts to manage their risk with respect to quotes on the Exchange. For example,

Market Makers are currently able to send a mass purge request through Specialized

Quote Feed ("SQF") to pull their existing quotes from the market and inhibit the entry of

new quotes until the Market Maker sends a message to the Exchange to re-enter the

System.[9] Indeed, the Exchange has found that Market Makers utilize this SQF purge

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its order entry ports. See supra note 3. The Exchange is not proposing to
decommission the order cancellation portion of the GUI Kill Switch or the order
cancellation port Kill Switch at this time.

[7]   No Market Makers have used the Kill Switch for quote removal in 2021.

[8]   See Options Trader Alert #2021-49.

[9]   "SQF" is an interface that allows Market Makers to connect, send, and receive
messages related to quotes, Immediate-or-Cancel Orders, and auction responses to
the Exchange. Features include the following: (1) options symbol directory
messages (e.g., underlying instruments); (2) System event messages (e.g., start of
trading hours messages and start of opening); (3) trading action messages (e.g.,
halts and resumes); (4) execution messages; (5) quote messages; (6) Immediate-
or-Cancel Order messages; (7) risk protection triggers and purge notifications; (8)
opening imbalance messages; (9) auction notifications; and (10) auction

functionality instead of the Kill Switch quote removal tool when they want to remove their quotes from the market.

In addition, all Members, including Market Makers, may contact the Exchange's market operations staff to request that the Exchange cancel any of their existing bids, offers, or orders in any series of options.[10] Furthermore, the Exchange will continue to have mandatory System-enforced risk mechanisms that automatically remove quotes for the Market Maker once certain pre-set thresholds or conditions are met. This includes risk protections such as rapid fire risk controls[11] and cancel on disconnect.[12]

To effect the decommissioning of the quote removal Kill Switch, the Exchange proposes to amend Options 3, Section 17 by eliminating all references to quote cancellation within this Rule.

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responses. The SQF Purge Interface only receives and notifies of purge requests from the Market Maker. Market Makers may only enter interest into SQF in their assigned options series. See Supplementary Material .03(c) to Options 3, Section 7.

[10]   See Options 3, Section 19.

[11]   The rapid fire risk controls automatically remove Market Maker quotes submitted over SQF when certain firm-set thresholds are met. Once the thresholds are triggered, the Market Maker must send a re-entry indicator to re-enter the System. See Options 3, Section 15(a)(3)(B).

[12]   When the SQF Port detects the loss of communication with a Member's Client Application because the Exchange's server does not receive a Heartbeat message for a certain time period ("nn" seconds), the Exchange will automatically logoff the Member's affected Client Application and automatically cancel all of the Member's open quotes pursuant to Section 18(e). Quotes will be cancelled across all Client Applications that are associated with the same GEMX Market Maker ID and underlying issues. See Options 3, Section 18(b).

b.   Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the

Act,[13] in general, and furthers the objectives of Section 6(b)(5) of the Act,[14] 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. Additionally,

the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5)

requirement that the rules of an exchange not be designed to permit unfair discrimination

between customers, issuers, brokers, or dealers.

Specifically, the Exchange does not believe that the proposed rule change will

affect the protection of investors or the public interest or the maintenance of a fair and

orderly market because no Market Makers have used the quote removal Kill Switch risk

control in 2021. In addition, the Exchange notes that the use of this tool is completely

optional, and the Exchange will continue to offer Market Makers similar risk

management tools such as the SQF mass quote purge functionality. As discussed above,

the Exchange has found that Market Makers use the SQF purge functionality much more

frequently than the quote removal Kill Switch to pull their quotes from the market.

Furthermore, Market Makers will retain the ability to contact market operations staff to

manually purge their quotes from the market. In addition, the Exchange will continue to

implement mandatory System-enforced risk mechanisms that automatically remove

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[13]   15 U.S.C. 78f(b).

[14]   15 U.S.C. 78f(b)(5).

quotes for the Market Maker once certain pre-set thresholds or conditions are met (i.e.,

rapid fire and cancel on disconnect).

Also, the Exchange believes that the low usage rate for the quote removal Kill

Switch does not warrant the continuous resources necessary for System support of such

tools. As a result, the Exchange also believes that the proposal will remove impediments

to and perfect the mechanism of a free and open market and a national market system by

allowing the Exchange to reallocate System capacity and resources currently used to

maintain this functionality to the development and maintenance of other business

initiatives and risk management products.

As noted above, the Exchange will retain the ability for Members to utilize Kill

Switch to cancel orders and prevent new order submission. The Exchange does not

believe that decommissioning the quote removal portion of the Kill Switch tool for

Market Makers is unfairly discriminatory because Market Makers are professional traders

with their own risk settings, and have more sophisticated infrastructures than most other

market participants. Furthermore, as discussed above, the Exchange has determined that

Market Makers currently use the mass purge functionality on SQF to pull their quotes

from the market instead of using the quote removal Kill Switch tool to achieve the same

result.

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

The Exchange does not believe that the proposed rule change will impose any

burden on competition not necessary or appropriate in furtherance of the purposes of the

Act. The proposed rule change will allow the Exchange to decommission a risk

management tool that is rarely, if ever, used on the Exchange. As discussed above,

Market Makers currently have a variety of similar tools like the quote removal Kill

Switch that allow them to pull their quotes from the market and inhibit the entry of new

quotes, including the mass quote purge functionality on SQF that the Exchange has found

Market Makers use much more frequently than the quote removal Kill Switch to achieve

the same result.

As noted above, the Exchange will retain the ability for Members to utilize Kill

Switch to cancel orders and prevent new order submission. The Exchange does not

believe that decommissioning the quote removal portion of the Kill Switch tool for

Market Makers will impose an undue burden on competition because Market Makers are

professional traders with their own risk settings, and have more sophisticated

infrastructures than most other market participants.

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

      No written comments were either solicited or received.

6.   Extension of Time Period for Commission Action

      Not applicable.

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

      The foregoing rule change has become effective pursuant to Section

19(b)(3)(A)(iii)[15] of the Act and Rule 19b-4(f)(6) thereunder[16] 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

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

[16]   17 CFR 240.19b-4(f)(6).

interest.

The Exchange does not believe that the proposed rule change to decommission the quote removal Kill Switch tool significantly affects the protection of investors or the public interest, or imposes any significant burden on competition, because no Market Makers have used the quote removal Kill Switch risk control in 2021. In addition, the Exchange notes that the use of this tool is completely optional, and the Exchange will continue to offer Market Makers similar risk management tools such as the SQF mass quote purge functionality. As discussed above, the Exchange has found that Market Makers use the SQF purge functionality much more frequently than the quote removal Kill Switch to pull their quotes from the market. Furthermore, Market Makers will retain the ability to contact market operations staff to manually purge their quotes from the market. In addition, the Exchange will continue to implement mandatory System-enforced risk mechanisms that automatically remove quotes for the Market Maker once certain pre-set thresholds or conditions are met (i.e., rapid fire and cancel on disconnect).

Furthermore, Rule 19b-4(f)(6)(iii)[17] requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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

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

Commission takes such action, the Commission shall institute proceedings to determine

whether the proposed rule should be approved or disapproved.

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

      The proposed rule change is based on SR-NASDAQ-2021-063, which is

published but not yet operative.

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

      Not applicable.

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

      Not applicable.

11.   <u>Exhibits</u>

      1.   Notice of Proposed Rule Change for publication in the <u>Federal Register</u>.

      5.   Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No.   ; File No. SR-GEMX-2021-09)

September __, 2021

Self-Regulatory Organizations; Nasdaq GEMX, LLC; Notice of Filing and Immediate
Effectiveness of Proposed Rule Change to Decommission the Exchange's Quote
Removal Kill Switch Functionality at Options 3, Section 17

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and

Rule 19b-4 thereunder,[2] notice is hereby given that on September 2, 2021, Nasdaq

GEMX, LLC ("GEMX" or "Exchange") filed with the Securities and Exchange

Commission ("SEC" or "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 proposes to decommission the Exchange's quote removal Kill

Switch functionality at Options 3, Section 17.

The text of the proposed rule change is available on the Exchange's Website at

https://listingcenter.nasdaq.com/rulebook/gemx/rules, at the principal office of the

Exchange, and at the Commission's Public Reference Room.

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

[2]   17 CFR 240.19b-4.

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

In its filing with the Commission, the Exchange included statements concerning

the purpose of and basis for the proposed rule change and discussed any comments it

received on the proposed rule change. The text of these statements may be examined at

the places specified in Item IV below. The Exchange has prepared summaries, set forth

in sections A, B, and C below, of the most significant aspects of such statements.

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

               1.   Purpose

The Exchange proposes to amend Options 3, Section 17 to decommission the

Exchange's quote removal Kill Switch functionality, which is an optional tool that allows

Market Makers to initiate a message[3] to the System[4] to promptly cancel and restrict their

quote activity on GEMX, or across both GEMX and its affiliate, Nasdaq ISE, in either

case as set by the Market Maker. Market Makers may submit a Kill Switch request to the

System for certain identifier(s) ("Identifier") on either a user or group level.[5] If quotes

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[3]   Today, Market Makers can log in through a graphical user interface ("GUI") to
        send a message to the Exchange to initiate the quote removal or order cancellation
        Kill Switch. See Options 3, Section 17(a)(2). The Exchange also currently offers
        an order cancellation Kill Switch through its order entry ports (i.e., FIX, OTTO,
        and Precise) as an alternative to its GUI Kill Switch. See Options 3, Section
        17(a)(1). The Exchange is not amending the port Kill Switch functionality with
        this proposal.

[4]   The term "System" means the electronic system operated by the Exchange that
        receives and disseminates quotes, executes orders and reports transactions. See
        Options 1, Section 1(a)(49).

[5]   Identifiers include Exchange accounts, ports, and/or badges or mnemonics. Thus,
        a Market Maker using Kill Switch may elect to remove quotes for an individual
        Identifier (e.g., badge) or any group of Identifiers (e.g., all badges within one

are cancelled by the Market Maker using Kill Switch, it will result in the removal of all

quotes requested for the Identifier(s). The Market Maker will be unable to enter any

additional quotes for the affected Identifier(s) until the Market Maker sends a re-entry

request to the Exchange.[6]

Due to the lack of demand for the quote removal Kill Switch by Market Makers,

the Exchange proposes to decommission this optional tool by the end of Q4 2021.[7]

Through consultation with individual Market Maker firms prior to filing this rule change,

the Exchange did not receive any negative feedback for its proposal to decommission the

quote removal Kill Switch functionality. The Exchange has also provided all market

participants with advance notice that it will decommission this functionality in Q4 2021.[8]

With the proposed changes, the Exchange seeks to streamline its product offerings and to

reallocate Exchange resources to other business and risk management initiatives. While

the Exchange will no longer offer this optional functionality to Market Makers, it will

continue to offer similar quote management tools that would assist Market Makers with

their efforts to manage their risk with respect to quotes on the Exchange. For example,

Market Makers are currently able to send a mass purge request through Specialized

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Market Maker firm).   Permissible groups must reside within a single Member
firm.

[6]   See Options 3, Section 17(a)(2) and (3). The GUI Kill Switch tool also currently
        allows Members to cancel open orders and prevent new order submission. As
        noted above, the Exchange also offers an order cancellation Kill Switch through
        its order entry ports. See supra note 3. The Exchange is not proposing to
        decommission the order cancellation portion of the GUI Kill Switch or the order
        cancellation port Kill Switch at this time.

[7]   No Market Makers have used the Kill Switch for quote removal in 2021.

[8]   See Options Trader Alert #2021-49.

Quote Feed ("SQF") to pull their existing quotes from the market and inhibit the entry of

new quotes until the Market Maker sends a message to the Exchange to re-enter the

System.[9] Indeed, the Exchange has found that Market Makers utilize this SQF purge

functionality instead of the Kill Switch quote removal tool when they want to remove

their quotes from the market.

In addition, all Members, including Market Makers, may contact the Exchange's

market operations staff to request that the Exchange cancel any of their existing bids,

offers, or orders in any series of options.[10] Furthermore, the Exchange will continue to

have mandatory System-enforced risk mechanisms that automatically remove quotes for

the Market Maker once certain pre-set thresholds or conditions are met. This includes

risk protections such as rapid fire risk controls[11] and cancel on disconnect.[12]

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[9]   "SQF" is an interface that allows Market Makers to connect, send, and receive
         messages related to quotes, Immediate-or-Cancel Orders, and auction responses to
         the Exchange. Features include the following: (1) options symbol directory
         messages (e.g., underlying instruments); (2) System event messages (e.g., start of
         trading hours messages and start of opening); (3) trading action messages (e.g.,
         halts and resumes); (4) execution messages; (5) quote messages; (6) Immediate-
         or-Cancel Order messages; (7) risk protection triggers and purge notifications; (8)
         opening imbalance messages; (9) auction notifications; and (10) auction
         responses. The SQF Purge Interface only receives and notifies of purge requests
         from the Market Maker. Market Makers may only enter interest into SQF in their
         assigned options series. See Supplementary Material .03(c) to Options 3, Section
         7.

[10]   See Options 3, Section 19.

[11]   The rapid fire risk controls automatically remove Market Maker quotes submitted
         over SQF when certain firm-set thresholds are met. Once the thresholds are
         triggered, the Market Maker must send a re-entry indicator to re-enter the System.
         See Options 3, Section 15(a)(3)(B).

[12]   When the SQF Port detects the loss of communication with a Member's Client
         Application because the Exchange's server does not receive a Heartbeat message
         for a certain time period ("nn" seconds), the Exchange will automatically logoff
         the Member's affected Client Application and automatically cancel all of the

To effect the decommissioning of the quote removal Kill Switch, the Exchange proposes to amend Options 3, Section 17 by eliminating all references to quote cancellation within this Rule.

2.   Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[13] in general, and furthers the objectives of Section 6(b)(5) of the Act,[14] 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. Additionally, the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5) requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange does not believe that the proposed rule change will affect the protection of investors or the public interest or the maintenance of a fair and orderly market because no Market Makers have used the quote removal Kill Switch risk control in 2021. In addition, the Exchange notes that the use of this tool is completely optional, and the Exchange will continue to offer Market Makers similar risk management tools such as the SQF mass quote purge functionality. As discussed above, the Exchange has found that Market Makers use the SQF purge functionality much more

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Member's open quotes pursuant to Section 18(e). Quotes will be cancelled across all Client Applications that are associated with the same GEMX Market Maker ID and underlying issues. See Options 3, Section 18(b).

[13]   15 U.S.C. 78f(b).

[14]   15 U.S.C. 78f(b)(5).

frequently than the quote removal Kill Switch to pull their quotes from the market. Furthermore, Market Makers will retain the ability to contact market operations staff to manually purge their quotes from the market. In addition, the Exchange will continue to implement mandatory System-enforced risk mechanisms that automatically remove quotes for the Market Maker once certain pre-set thresholds or conditions are met (i.e., rapid fire and cancel on disconnect).

Also, the Exchange believes that the low usage rate for the quote removal Kill Switch does not warrant the continuous resources necessary for System support of such tools. As a result, the Exchange also believes that the proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system by allowing the Exchange to reallocate System capacity and resources currently used to maintain this functionality to the development and maintenance of other business initiatives and risk management products.

As noted above, the Exchange will retain the ability for Members to utilize Kill Switch to cancel orders and prevent new order submission. The Exchange does not believe that decommissioning the quote removal portion of the Kill Switch tool for Market Makers is unfairly discriminatory because Market Makers are professional traders with their own risk settings, and have more sophisticated infrastructures than most other market participants. Furthermore, as discussed above, the Exchange has determined that Market Makers currently use the mass purge functionality on SQF to pull their quotes from the market instead of using the quote removal Kill Switch tool to achieve the same result.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change will allow the Exchange to decommission a risk management tool that is rarely, if ever, used on the Exchange. As discussed above, Market Makers currently have a variety of similar tools like the quote removal Kill Switch that allow them to pull their quotes from the market and inhibit the entry of new quotes, including the mass quote purge functionality on SQF that the Exchange has found Market Makers use much more frequently than the quote removal Kill Switch to achieve the same result.

As noted above, the Exchange will retain the ability for Members to utilize Kill Switch to cancel orders and prevent new order submission. The Exchange does not believe that decommissioning the quote removal portion of the Kill Switch tool for Market Makers will impose an undue burden on competition because Market Makers are professional traders with their own risk settings, and have more sophisticated infrastructures than most other market participants.

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

No written comments were either solicited or received.

III.   Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant

to Section 19(b)(3)(A)(iii) of the Act[15] and subparagraph (f)(6) of Rule 19b-4 thereunder.[16]

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 should be approved or disapproved.

IV.   Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-GEMX-2021-09 on the subject line.

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

[16]   17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) 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.

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-GEMX-2021-09. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (http://www.sec.gov/rules/sro.shtml).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-GEMX-2021-09 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to

delegated authority.[17]

J. Matthew DeLesDernier
Assistant Secretary

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[17]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is <u>underlined</u>.

Nasdaq GEMX, LLC Rules

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OPTIONS 3 OPTIONS TRADING RULES

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Section 17. Kill Switch

(a) Kill Switch enables Members to initiate a message to the System to promptly cancel and restrict their [quote and] order activity on Nasdaq GEMX, or across both Nasdaq GEMX and Nasdaq ISE, as described in sections (a)(1) and (a)(2) below. Members may submit a Kill Switch request to the System for certain identifier(s) ("Identifier") on either a user or group level. Permissible groups must reside within a single Member firm. The System will send an automated message to the Member when a Kill Switch request has been processed by the Exchange's System.

(1) A Member may submit a request to the System through FIX, OTTO, or Precise to cancel all existing orders and restrict entry of additional orders for the requested Identifier(s) on a user level on Nasdaq GEMX, or across both Nasdaq GEMX and Nasdaq ISE, in either case as set by the Member.

(2) Alternatively, a Member may submit a request to the System through a graphical user interface to cancel all existing, and restrict entry of additional, [quotes and/or] orders for the requested Identifier(s) on either a user or group level on Nasdaq GEMX, or across both Nasdaq GEMX and Nasdaq ISE, in either case as set by the Member.

(3) Once a Member initiates the Kill Switch pursuant to section (a)(1) or (a)(2) above, the Member will be unable to enter additional orders[, and/or quotes if pursuant to section (a)(2) above,] for the affected Identifier(s) until the Member has made a verbal request to the Exchange and Exchange staff has set a re-entry indicator to enable re-entry. Once enabled for re-entry, the System will send a Re-entry Notification Message to the Member. The applicable Clearing Member also will be notified of such re-entry into the System, provided the Clearing Member has requested to receive such notification.

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