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

File No. * SR 2025 - * 08

Amendment No. (req. for Amendments *)

Filing by Nasdaq GEMX, LLC

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 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 *).

Amend the Pricing Schedule at Options 7, Section 3

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 * Angela Last Name * Dunn

Title * Principal Associate General Counsel

E-mail * angela.dunn@nasdaq.com

Telephone * (215) 496-5692 Fax

Signature

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

Date 03/11/2025


(Title *)

By John Zecca

EVP and Chief Legal Officer

(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: 2025.03.11 14:22:01 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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SR-GEMX-2025-08 19b-4.docx

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

Exhibit 1 - Notice of Proposed Rule Change *

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SR-GEMX-2025-08 Exhibit 1.docx

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-2025-08 Exhibit 5.docx

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 amend GEMX’s Pricing Schedule at Options 7, Section 3, “Regular Order Fees and Rebates” to (1) remove the Penny Symbol and Non-Penny Symbol Tier 2 Maker Rebates and Taker Fees; (2) increase certain Penny and Non-Penny Symbol Market Maker³ and Priority Customer⁴ Maker Rebates, decrease certain Penny and Non-Penny Symbol Non-Priority Customers⁵ Taker Fees and increase the Priority Customer Penny Symbol Taker Fees; (3) increase criteria for Qualifying Tier Thresholds and remove the Tier 2 qualifying criteria; and (4) amend notes 13, 15 and 17.⁶

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively. See Options 1, Section 1(a)(21).

⁴ A “Priority Customer” is a person or entity that is not a broker/dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s), as defined in Nasdaq GEMX Options 1, Section 1(a)(36). Unless otherwise noted, when used in this Pricing Schedule the term “Priority Customer” includes “Retail.” A “Retail” order is a Priority Customer order that originates from a natural person, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See Options 1, Section 1(c).

⁵ “Non-Priority Customers” include Market Makers, Non-Nasdaq GEMX Market Makers (FarMMs), Firm Proprietary / Broker-Dealers, and Professional Customers. See Option 7, Section 1(c).

⁶ SR-GEMX-2025-07 was filed on March 3, 2025. On March 11, 2025, SR-GEMX-2025-07 was withdrawn and this rule change was filed.

- (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”). 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:

Angela Saccomandi Dunn
Principal Associate General Counsel
Nasdaq, Inc.
(215) 496-5692

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

a. Purpose

GEMX proposes to amend GEMX’s Pricing Schedule at Options 7, Section 3, “Regular Order Fees and Rebates” to (1) remove the Penny Symbol and Non-Penny Symbol Tier 2 Maker Rebates and Taker Fees; (2) increase certain Penny and Non-Penny Symbol Market Maker and Priority Customer Maker Rebates, decrease certain Penny and Non-Penny Symbol Non-Priority Customers Taker Fees and increase the Priority Customer Penny Symbol Taker Fees; (3) increase criteria for Qualifying Tier Thresholds and remove the Tier 2 qualifying criteria; and (4) amend notes 13, 15 and 17.

Maker Rebates

Today, GEMX offers 5 tiers of Penny Symbol Maker Rebates. Market Makers are paid the following Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.20 per contract; a Tier 2 Maker Rebate of \$0.25 per contract; a Tier 3 Maker Rebate of \$0.30 per

contract; a Tier 4 Maker Rebate of \$0.32 per contract; and a Tier 5 Maker Rebate of \$0.41 per contract. Non-Nasdaq GEMX Market Makers (FarMM),⁷ Firm Proprietary⁸ / Broker Dealers⁹ and Professional Customers¹⁰ are paid the following Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.20 per contract. GEMX does not pay Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and Professional Customers Tier 2 through Tier 5 Penny Symbol Maker Rebates. Finally, Priority Customers are paid the following Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.25 per contract; a Tier 2 Maker Rebate of \$0.43 per contract; a Tier 3 Maker Rebate of \$0.48 per contract; a Tier 4 Maker Rebate of \$0.51 per contract; and a Tier 5 Maker Rebate of \$0.53 per contract.

Today, GEMX offers 5 tiers of Non-Penny Symbol Maker Rebates. Market Makers are paid the following Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.40 per contract; a Tier 2 Maker Rebate of \$0.42 per contract; a Tier 3 Maker Rebate of \$0.45 per contract; a Tier 4 Maker Rebate of \$0.50 per contract; and a Tier 5 Maker Rebate of \$0.75 per contract. Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and Professional Customers are paid the following Non-Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.25 per contract. GEMX

⁷ A “Non-Nasdaq GEMX Market Maker” is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange. See Options 7, Section 1(c).

⁸ A “Firm Proprietary” order is an order submitted by a member for its own proprietary account. See Options 7, Section 1(c).

⁹ A “Broker-Dealer” order is an order submitted by a member for a broker-dealer account that is not its own proprietary account. See Options 7, Section 1(c).

¹⁰ A “Professional Customer” is a person or entity that is not a broker/dealer and is not a Priority Customer.

does not pay Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and Professional Customers Tier 2 through Tier 5 Non-Penny Symbol Maker Rebates. Finally, Priority Customers are paid the following Non-Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.75 per contract; a Tier 2 Maker Rebate of \$0.80 per contract; a Tier 3 Maker Rebate of \$0.85 per contract; a Tier 4 Maker Rebate of \$0.90 per contract; and a Tier 5 Maker Rebate of \$1.05 per contract.

At this time, GEMX proposes to amend the Penny Symbol and Non-Penny Symbol Maker Rebates to instead offer 4 Maker Rebate tiers.

With respect to Penny Symbol Maker Rebates, the Exchange would increase the Tier 1 Maker Rebate for Priority Customers from \$0.25 to \$0.35 per contract. All other Tier 1 Penny Symbol Maker Rebates would remain the same. The Exchange proposes to remove the current Tier 2 Penny Symbol Maker Rebates. The Exchange proposes to renumber the Tier 3 Penny Symbol Maker Rebates as “Tier 2” and make no changes to the current rates. The Exchange proposes to renumber the Tier 4 Penny Symbol Maker Rebates as “Tier 3” and increase the Maker Rebate for Market Makers from \$0.32 to \$0.39 per contract and increase the Priority Customer Maker Rebate from \$0.51 to \$0.53 per contract. The Exchange proposes to renumber the Tier 5 Penny Symbol Maker Rebates as “Tier 4” and make no changes to the current rates.

With respect to Non-Penny Symbol Maker Rebates, the Exchange would increase the Tier 1 Maker Rebate for Priority Customers from \$0.75 to \$0.80 per contract. The Exchange proposes to remove the current Tier 2 Non-Penny Symbol Maker Rebates. The Exchange proposes to renumber the Tier 3 Non-Penny Symbol Maker Rebates as “Tier 2” and make no changes to the current rates. The Exchange proposes to renumber the

Tier 4 Non-Penny Symbol Maker Rebates as “Tier 3” and increase the Maker Rebate for Market Makers from \$0.50 to \$0.75 per contract and increase the Priority Customer Maker Rebate from \$0.90 to \$1.05 per contract. The Exchange proposes to renumber the Tier 5 Non-Penny Symbol Maker Rebates as “Tier 4” and make no changes to the current rates.

Taker Fees

Today, GEMX offers 5 tiers of Penny Symbol Taker Fees. Market Makers and Non-Nasdaq GEMX Market Makers (FarMM) are assessed the following Penny Symbol Taker Fees: a Tier 1 Taker Fee of \$0.50 per contract; a Tier 2 Taker Fee of \$0.50 per contract; a Tier 3 Taker Fee of \$0.50 per contract; a Tier 4 Taker Fee of \$0.50 per contract; and a Tier 5 Taker Fee of \$0.48 per contract. Firm Proprietary / Broker Dealers and Professional Customers are assessed the following Penny Symbol Taker Fees: a Tier 1 Taker Fee of \$0.50 per contract; a Tier 2 Taker Fee of \$0.50 per contract; a Tier 3 Taker Fee of \$0.50 per contract; a Tier 4 Taker Fee of \$0.50 per contract; and a Tier 5 Taker Fee of \$0.49 per contract. Finally, Priority Customers are assessed a Tier 1 through Tier 5 Penny Symbol Taker Fee of \$0.41 per contract.

Today, GEMX offers 5 tiers of Non-Penny Symbol Taker Fees. Market Makers, Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and Professional Customers are assessed the following Non-Penny Symbol Taker Fees: a Tier 1 Taker Fee of \$0.99 per contract; a Tier 2 Taker Fee of \$0.99 per contract; a Tier 3 Taker Fee of \$0.99 per contract; a Tier 4 Taker Fee 5 of \$0.99 per contract; and a Tier 5 Taker Fee of \$0.94 per contract. Finally, Priority Customers are assessed the following Non-Penny Symbol Taker Fees: a Tier 1 Taker Fee of \$0.85 per contract; a Tier 2 Taker

Fee of \$0.85 per contract; a Tier 3 Taker Fee of \$0.85 per contract; a Tier 4 Taker Fee of \$0.85 per contract; and a Tier 5 Taker Fee of \$0.82 per contract

At this time, GEMX proposes to amend the Penny Symbol and Non-Penny Symbol Taker Fees to instead assess 4 Taker Fee tiers.

With respect to Penny Symbol Taker Fees, the Exchange would increase the Tier 1 Taker Fee for Priority Customers from \$0.41 to \$0.48 per contract. The Exchange proposes to remove the current Tier 2 Penny Symbol Taker Fees. The Exchange proposes to renumber the Tier 3 Penny Symbol Taker Fees as “Tier 2” and increase the Tier 2 Taker Fee for Priority Customers from \$0.41 to \$0.48 per contract and no change the remaining rates. The Exchange proposes to renumber the Tier 4 Penny Symbol Taker Fees as “Tier 3” and decrease the Taker Fees for Market Makers, Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and Professional Customers from \$0.50 to \$0.49 per contract. The Exchange also proposes to increase the Penny Symbol Priority Customer Taker Fee from \$0.41 to \$0.44 per contract. The Exchange proposes to renumber the Tier 5 Penny Symbol Taker Fees as “Tier 4” and decrease the Market Makers and Non-Nasdaq GEMX Market Makers (FarMM) Penny Symbol Taker Fees from \$0.48 to \$0.47 per contract and increase the Penny Symbol Priority Customer Taker Fee from \$0.41 to \$0.42 per contract and not change the remaining rates.

With respect to Non-Penny Symbol Taker Fees, the Exchange would not amend the Non-Penny Tier 1 Taker Fees. The Exchange would remove the current Tier 2 Non-Penny Symbol Taker Fees. The Exchange proposes to renumber the Tier 3 Non-Penny Symbol Taker Fees as “Tier 2” and make no changes to the current rates. The Exchange proposes to renumber the Tier 4 Non-Penny Symbol Taker Fees as “Tier 3” and make no

changes to the current rates. The Exchange proposes to renumber the Tier 5 Non-Penny Symbol Taker Fees as “Tier 4” and make no changes to the current rates.

Qualifying Tier Thresholds

Today, the Exchange has the following Qualifying Tier Thresholds in Options 7, Section 3:

Table 1

Tier	% of Customer Total Consolidated Volume	Priority Customer Maker % of Customer Total Consolidated Volume
Tier 1	Executes less than 0.65% of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of less than 0.10% of Customer Total Consolidated Volume
Tier 2	Executes 0.65% to less than 1.5% of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 0.10% to less than 0.65% of Customer Total Consolidated Volume
Tier 3	Executes 1.5% to less than 2.25% of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 0.65% to less than 1.05% of Customer Total Consolidated Volume
Tier 4	Executes 2.25% to less than 2.50% of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 1.05% to less than 1.20% of Customer Total Consolidated Volume
Tier 5	Executes 2.5% or greater of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 1.20% or greater of Customer Total Consolidated Volume

The Exchange proposes to amend the Qualifying Tier Thresholds, in Options 7, Section 3, with respect to the percentage of Customer Total Consolidated Volume to remove the Tier 2 criteria and amend the remaining tiers. With respect to the percentage of Customer Total Consolidated Volume, current Tier 1 requires executions less than 0.65% of Customer Total Consolidated Volume. The Exchange propose to increase the Tier 1 criteria to 1.5% of Customer Total Consolidated Volume. With respect to the percentage of Customer Total Consolidated Volume, Tier 3 is being renamed “Tier 2”

because current Tier 2 is being removed.¹¹ New Tier 2 (current Tier 3) will continue to require executions of 1.5% to less than 2.25% of Customer Total Consolidated Volume with respect to the percentage of Customer Total Consolidated Volume. With respect to the percentage of Customer Total Consolidated Volume, new Tier 3 (current Tier 4) will be amended from executes 2.25% to less than 2.50% of Customer Total Consolidated Volume to executes 2.25% to less than 3.0% of Customer Total Consolidated Volume. Finally, with respect to the percentage of Customer Total Consolidated Volume, new Tier 4 (current Tier 5) will be amended from executes 2.5% or greater of Customer Total Consolidated Volume to executes 3.0% or greater of Customer Total Consolidated Volume.

Likewise, the Exchange proposes to amend the Qualifying Tier Thresholds, in Options 7, Section 3, with respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume to remove the Tier 2 criteria and amend the remaining tiers. With respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, current Tier 1 requires a Member to execute Priority Customer Maker volume of less than 0.10% of Customer Total Consolidated Volume. The Exchange propose to increase the Tier 1 criteria to 0.65% of Customer Total Consolidated Volume. With respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, Tier 3 is being renamed “Tier 2” because current

¹¹ With respect to the percentage of Customer Total Consolidated Volume, current Tier 2 requires executions of 0.65 to less than 1.5% of Customer Total Consolidate Volume.

Tier 2 is being removed.¹² New Tier 2 (current Tier 3) requires a Member to execute Priority Customer Maker volume of 0.65% to less than 1.05% of Customer Total Consolidated Volume and will be amended to require a Member to execute Priority Customer Maker volume of 0.65% to less than 1.2% of Customer Total Consolidated Volume. With respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, new Tier 3 (current Tier 4) currently requires a Member to execute Priority Customer Maker volume of 1.05% to less than 1.2% of Customer Total Consolidated Volume. New Tier 3 (current Tier 4) will be amended to require a Member to execute Priority Customer Maker volume of 1.2% to less than 1.6% of Customer Total Consolidated Volume. Finally, with respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, new Tier 4 (current Tier 5) currently requires a Member to execute Priority Customer Maker volume of 1.2% or greater of Customer Total Consolidated Volume. New Tier 4 (current Tier 5) will be amended to require a Member to execute Priority Customer Maker volume of 1.6% or greater of Customer Total Consolidated Volume.

While the Exchange is increasing all the remaining Qualifying Tier Thresholds for its Maker Rebates and Taker Fees, the Exchange is also increasing several Maker Rebates and lowering several Taker Fees.¹³ Despite these increases to the Penny Symbol

¹² With respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, current Tier 2 requires a Member to execute Priority Customer Maker volume of 0.10% to less than 0.65% of Customer Total Consolidated Volume.

¹³ In summary, Penny Symbol Priority Customer Maker Rebates in Tier 1 (from \$0.25 to \$0.35 per contract) and new Tier 3 (from \$0.51 to \$0.53 per contract) as well as a Market Maker new Tier 3 Maker Rebate (from \$0.32 to \$0.39 per contract). Additionally, the Exchange is lowering Penny Symbol Market Maker and Non-Nasdaq GEMX Market Maker (FarMM) Taker Fees for new Tier 3 (from \$0.50 to \$0.49 per contract) and new Tier 4 (from \$0.48 to \$0.47 per contract) as well as

Priority Customer Taker Fees, Priority Customers will continue to be assessed the lowest Taker Fees as compared to all other market participants.

Notes to Options 7, Section 3

The Exchange proposes to amend note 13 of Options 7, Section 3 that currently states,

Members who execute Priority Customer Maker volume of 0.04% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will be eligible for a Priority Customer Maker Rebate of (\$0.43) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$0.90) per contract in Non-Penny Symbols. Members who execute Priority Customer Maker volume of 0.07% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will be eligible for a Priority Customer Maker Rebate of (\$0.48) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$1.00) per contract in Non-Penny Symbols. Priority Customer orders that qualify for this note 13 incentive and qualify for the tiered Priority Customer Maker Rebates above will receive the greater of the note 13 incentive or the applicable tiered Priority Customer Maker Rebate, but not both.

At this time, the Exchange proposes to remove the first sentence, “Members who execute Priority Customer Maker volume of 0.04% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will be eligible for a Priority Customer Maker Rebate of (\$0.43) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$0.90) per contract in Non-Penny Symbols.” With this proposal, the Exchange would remove the ability to be paid a Priority Customer Maker Rebate to \$0.43 per contract in Penny Symbols or to be paid a Priority Customer Maker Rebate to \$0.90

new Tier 3 (from \$0.50 to \$0.49 per contract) Firm Proprietary/ Broker-Dealer and Professional Customer Taker Fees. With respect to Non-Penny Symbol Maker Rebates, the Exchange is increasing the Priority Customer Tier 1 (from \$0.75 to \$0.80 per contract), the new Tier 3 (from \$0.90 to \$1.05 per contract) Maker Rebates, and the new Tier 3 (from \$0.50 to \$0.75 per contract) Maker Rebate for Market Makers.

per contract in Non-Penny Symbols, provided the qualifying criteria was met. The Exchange notes that despite the removal of those incentives, Members who execute Priority Customer Maker volume of 0.07% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will continue to be eligible for a Priority Customer Maker Rebate of (\$0.48) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$1.00) per contract in Non-Penny Symbols.

The Exchange proposes to amend note 15 of Options 7, Section 3 that currently states, “Market Maker Tier 1 through Tier 5 Maker Rebates in Penny Symbols will be (\$0.41) per contract for the following option symbols: SPY, QQQ and IWM. Priority Customer Tier 1 through Tier 5 Taker Fees in Penny Symbols will be \$0.45 per contract for the following option symbols: SPY, QQQ and IWM.” At this time, the Exchange proposes to retain the incentives for Penny Symbol Market Makers and Priority Customers in SPY, QQQ and IWM, however the Exchange proposes to amend the Market Maker Penny Symbol Maker Rebate Tier 5 reference to Tier 4, as that will be the highest tier with the changes to the rebates. With this proposal, Tier 5 Penny Symbol Maker Rebates will no longer exist. This proposed change conforms this reference in note 15 to the tier’s new location. The Exchange also proposes to amend the Priority Customer Penny Symbol Tier 5 Taker Fee reference in note 15 to Tier 2. Currently, the Exchange assesses Penny Symbol Priority Customer Taker Fees of \$0.41 per contract in Tiers 1 through 5, and note 15 increases those Penny Symbol Priority Customer Taker Fees in Tiers 1 through 5 from \$0.41 to \$0.45 per contract for options in SPY, QQQ and IWM. With this proposal, the Exchange proposes to increase the Penny Symbol Priority Customer Taker Fees in Tier 1 and new Tier 2 from \$0.41 to \$0.48 per contract. The

Exchange is also proposing to increase the Penny Symbol Priority Customer Taker Fee in new Tier 3 from \$0.41 to \$0.44 per contract and proposes to increase the new Penny Symbol Priority Customer Taker Fee in Tier 4 fee from \$0.41 to \$0.42 per contract. At this time, the Exchange proposes to also amend note 15, with respect to the Penny Symbol Priority Customer Taker Fees to reduce the Tier 1 and Tier 2 fees from the proposed \$0.48 to \$0.45 per contract. The new proposed Tier 3 and 4 Penny Symbol Priority Customer Taker Fees are lower than the Tier 1 and 2 fees, and therefore are not being offered the incentive. With this proposal, Members in the Tier 1 and 2 Priority Customer Penny Symbol Taker Fees will be able to lower their Taker Fees for SPY, QQQ and IWM from \$0.48 to \$0.45 per contract. The proposed incentive is intended to incentivize Members to send volume to GEMX in SPY, QQQ and IWM at the lower Taker Fee.

Finally, the Exchange is amending note 17 of Options 7, Section 3 that currently states, “Priority Customer Tier 1 through Tier 5 Taker Fees in SPY, QQQ, and IWM set forth in note 15 above will be decreased by \$0.02 per contract when the Preferred Market Maker transacts against a Priority Customer Order directed to that Preferred Market Maker for execution.” The Exchange proposes to remove note 17 and adopt a new incentive that instead provides, “Market Maker / Non-Nasdaq GEMX Market Maker (FarMM) in Tier 4 Taker Fees in SPY will be decreased by 0.01 per contract.” While the Priority Customer \$0.02 reduction in addition to the note 15 incentive in SPY, QQQ and IWM will no longer be offered, the Exchange would commence offering a \$0.01 per contract decrease to all Market Maker / Non-Nasdaq GEMX Market Maker (FarMM) in SPY who qualify for the Tier 4 Taker Fee. The Exchange believes that this new

incentive will attract additional SPY order flow to the Exchange. Also, the note 15 incentives for SPY, QQQ and IWM will continue to be available.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁵ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed changes to the Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for order flow, which constrains its pricing determinations. The fact that the market for order flow is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated, “[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’”¹⁶

¹⁴ See 15 U.S.C. 78f(b).

¹⁵ See 15 U.S.C. 78f(b)(4) and (5).

¹⁶ See NetCoalition, 615 F.3d at 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options transaction services. The Exchange is only one of eighteen options exchanges to which market participants may direct their order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. Within the foregoing context, the proposal represents a reasonable attempt by the Exchange to attract additional order flow to the Exchange and increase its market share relative to its competitors.

The Exchange's proposal to restructure its Penny and Non-Penny Symbol Maker Rebates and Taker Fees from 5 tiers to 4 tiers, amend certain Penny and Non-Penny Symbol Maker Rebates and Taker Fees, and amend the Qualifying Tier Thresholds is reasonable. While the Exchange is removing the Tier 2 Qualifying Tier Threshold and increasing the remaining qualifications for four tiers, requiring a greater amount of executed Customer Total Consolidated Volume and executed Priority Customer Maker volume, the Exchange is also increasing certain Penny and Non-Penny Symbol Maker Rebates to continue to award participants who remove liquidity from GEMX. The proposal increases the Penny Symbol Priority Customer Maker Rebate in Tier 1 (from \$0.25 to \$0.35 per contract) and new Tier 3 (from \$0.51 to \$0.53 per contract) as well as a new Market Maker Tier 3 Maker Rebate (from \$0.32 to \$0.39 per contract) while requiring more qualifying executions. Further, the Exchange also proposes to increase several Non-Penny Symbol Priority Customer Maker Rebates in new Tier 1 (from \$0.75 to \$0.80 per contract) and new Tier 4 (from \$0.90 to \$1.05 per contract). The Exchange

also proposes to lower certain Penny Symbol Market Maker and Non-Nasdaq GEMX Market Maker (FarMM) Taker Fees at new Tier 3 (from \$0.50 to \$0.49 per contract) and new Tier 4 (from \$0.48 to \$0.47 per contract). The Exchange also proposes to lower Firm Proprietary/ Broker-Dealer and Professional Customer Taker Fees for new Tier 3 (from \$0.50 to \$0.49 per contract). Increasing Maker Rebates and lowering Taker Fees will attract additional order flow to GEMX to the benefit of all Members who may interact with that order flow.

While the Exchange is increasing Penny Symbol Priority Customer Taker Fees at Tier 1 and new Tier 2 (from \$0.41 to \$0.48 per contract), new Tier 3 (from \$0.41 to \$0.44 per contract) and new Tier 4 (from \$0.41 to \$0.42 per contract), the Exchange notes that this increase will allow the Exchange to offer certain increased Maker Rebates. Also, the Priority Customer Taker Fees will continue to be the lowest Taker Fees as compared to all other market participants. The Exchange also notes that it is not amending other Maker Rebates and Taker Fees in Penny and Non-Penny Symbols. With respect to this pricing, with the removal of Tier 2, certain Penny and Non-Penny Symbols Maker Rebates and Taker Fees will require more volume to be executed as a result of the changes to the Qualifying Tier Thresholds and the Exchange would pay the same Maker Rebates and assess the same Taker Fees (other than the changes mentioned above). Some Members who currently qualify for Tier 2 Maker Rebates or Taker Fees would not qualify for the new Tier 2 Maker Rebates or Taker Fees and would be eligible for Tier 1. This is also the case for the other higher tiers. Notwithstanding the potential to be in a lower tier for Penny Symbol and Non-Penny Symbol Maker Rebates or Taker Fees, the Exchange believes that the pricing will continue to attract order flow to GEMX. The

Exchange is increasing the Tier 1 Penny and Non-Penny Symbol Maker Rebates which every Member would continue to qualify for provided they execute one contract. The Exchange believes the amendments to the Qualifying Tier Thresholds are reasonable, despite being increased, because the Exchange is seeking to attract more order flow on GEMX. The Exchange believes that despite the increased qualifications for executed volume, it will continue to encourage market participants to send liquidity to GEMX. All Members may interact with the order flow on GEMX.

The Exchange's proposal to restructure its Penny and Non-Penny Symbol Maker Rebates and Taker Fees from 5 tiers to 4 tiers, amend certain Penny and Non-Penny Symbol Maker Rebates and Taker Fees, and amend the Qualifying Tier Thresholds is equitable and not unfairly discriminatory for various reasons. The Qualifying Tier Thresholds will apply uniformly to all GEMX Members in determining a Member's applicable tier. The proposed pricing will continue to offer the highest Penny and Non-Penny Symbol Maker Rebates and lowest Penny Symbol Taker Fees to Priority Customers. Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants, to the benefit of all market participants who may interact with the order flow. Market Makers will also continue to be paid Penny and Non-Penny Symbol Maker Rebates unlike Non-Nasdaq GEMX Market Makers (FarMM), Firms Proprietary/Broker-Dealers and Professional Customers because Market Makers have different requirements and obligations to the

Exchange that other market participants do not (such as quoting requirements).¹⁷

Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

The Exchange's proposal to amend note 13 of Options 7, Section 3 to remove the incentive for Members that execute Priority Customer Maker volume of 0.04% or more of Customer Total Consolidated Volume in a given month and qualify for MARS who are eligible for a Priority Customer Maker Rebate of (\$0.43) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$0.90) per contract in Non-Penny Symbols is reasonable because, despite the removal of those incentives, Members who execute Priority Customer Maker volume of 0.07% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will continue to be eligible for a Priority Customer Maker Rebate of (\$0.48) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$1.00) per contract in Non-Penny Symbols. The Exchange believes that the remaining incentive will continue to attract order flow to GEMX.

The proposed amendment to note 13 of Options 7, Section 3 is equitable and not unfairly discriminatory because the note will be applied uniformly to all Members who meet the criteria for note 13.

The Exchange's proposal to amend note 15 of Options 7, Section 3 to amend the Market Maker Penny Symbol Tier 5 reference to Tier 4 is reasonable because Tier 4 will be the highest tier with the changes to the rebates and Tier 5 Penny Symbol Maker Rebates will no longer exist. This proposed change conforms this reference in note 15 to

¹⁷ See GEMX Options 2, Section 5.

the tier's new location. The Exchange's proposal to amend the Priority Customer Penny Symbol Tier 5 reference to instead cite to Tier 2 is reasonable because the Exchange is increasing the current Penny Symbol Priority Customer Taker Fees¹⁸ and, with this change, note 15, which currently increases those Penny Symbol Priority Customer Taker Fees in Tiers 1 and 2 from \$0.41 to \$0.48 per contract for options in SPY, QQQ and IWM, would offer Members the opportunity to lower the Tier 1 and 2 Priority Customer Penny Symbol Taker Fees from \$0.48 to \$0.45 per contract. Proposed Tier 3 and 4 of the Penny Symbol Priority Customer Taker Fees are lower than \$0.45 per contract.¹⁹ The proposed incentive is intended to incentivize Members to send volume to GEMX in SPY, QQQ and IWM at the lower Taker Fee.

The proposed amendment of note 15 to Options 7, Section 3 is equitable and not unfairly discriminatory because the note will be applied uniformly to all Members who meet the criteria for note 15.

The Exchange's proposal to amend note 17 of Options 7, Section 3 that currently provides that Priority Customer Tier 1 through Tier 5 Taker Fees in SPY, QQQ, and IWM are decreased by \$0.02 per contract when the Preferred Market Maker transacts against a Priority Customer Order directed to that Preferred Market Maker for execution is reasonable. Despite the Exchange's proposal to remove the current note 17 incentive, the Exchange is adopting a new incentive that will decrease the new Tier 4 Taker Fees in SPY by \$0.01 per contract for Market Makers / Non-Nasdaq GEMX Market Makers

¹⁸ Currently, the Exchange assesses Penny Symbol Priority Customer Taker Fees of \$0.41 per contract in Tiers 1 through 5.

¹⁹ As proposed the Tier 3 Priority Customer Penny Symbol Taker Fee would be \$0.44 per contract and Tier 4 would be \$0.42 per contract.

(FarMM). The Exchange believes that this new incentive will continue to incentivize Market Makers and Non-Nasdaq GEMX Market Makers to add liquidity in SPY despite the removal of the current note 17 incentive, the note 15 incentives for SPY, QQQ and IWM will continue to be available. The Exchange believes that assessing different pricing for SPY, as compared to other symbols, is reasonable because trading in SPY is different from trading in other symbols in that it is more liquid, has higher volume and competition for executions is more intense in comparison.

The Exchange believes that the proposed new note 17 incentive is equitable and not unfairly discriminatory because Market Makers have different requirements and additional obligations that other market participants do not (such as quoting requirements).²⁰ The proposed new note 17 incentive is designed to continue to incentivize Market Makers to add liquidity activity in SPY thereby facilitating tighter spreads and contributing towards a robust, well-balanced market ecosystem, to the benefit of all market participants. Market Makers have different requirements and obligations to the Exchange that other market participants do not (such as quoting requirements).²¹ Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction. Non-Nasdaq GEMX Market Makers (FarMM) qualify as market makers on other exchanges. The Exchange believes that market makers not registered on GEMX will be encouraged to send orders in SPY to GEMX as an away market maker (Non-Nasdaq GEMX Market Makers (FarMM)) with this incentive. Because the incentive is being offered to both market makers registered

²⁰ See GEMX Options 2, Section 5.

²¹ See GEMX Options 2, Section 5.

on GEMX and those not registered on GEMX, the Exchange believes that the proposal is equitable and not unfairly discriminatory because it encourages market makers to direct liquidity to GEMX in SPY to the benefit of all Members who may interact with the order flow in SPY. This proposal recognizes the overall contributions made by market makers to a listed options market.

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.

Intermarket Competition

The Exchange believes its proposal remains competitive with other options markets, and will offer market participants with another choice of venue to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intramarket Competition

The Exchange's proposal to restructure its Penny and Non-Penny Symbol Maker Rebates and Taker Fees from 5 tiers to 4 tiers, amend certain Penny and Non-Penny Symbol Maker Rebates and Taker Fees, and amend the Qualifying Tier Thresholds does

not impose an undue burden on competition because the Qualifying Tier Thresholds will apply uniformly to all GEMX Members in determining a Member's applicable tier. The proposed pricing will continue to offer the highest Penny and Non-Penny Symbol Maker Rebates and lowest Penny Symbol Taker Fees to Priority Customers. Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants, to the benefit of all market participants who may interact with the order flow. Also, Market Makers will also continue to be paid Penny and Non-Penny Symbol Maker Rebates unlike Non-Nasdaq GEMX Market Makers (FarMM), Firms Proprietary/Broker-Dealers and Professional Customers because Market Makers have different requirements and obligations to the Exchange that other market participants do not (such as quoting requirements).²² Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

The proposed amendments to notes 13, 15 and 17 to Options 7, Section 3 does not impose any undue burden on competition because the notes will be applied uniformly to all Members who meet the applicable criteria.

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.

²² See GEMX Options 2, Section 5.

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,²³ 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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

Not applicable.

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

Not applicable.

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

Not applicable.

²³ 15 U.S.C. 78s(b)(3)(A)(ii).

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-GEMX-2025-08)

March __, 2025

Self-Regulatory Organizations; Nasdaq GEMX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Pricing Schedule at Options 7, Section 3

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 March 11, 2025, 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 amend GEMX’s Pricing Schedule at Options 7, Section 3, “Regular Order Fees and Rebates” to (1) remove the Penny Symbol and Non-Penny Symbol Tier 2 Maker Rebates and Taker Fees; (2) increase certain Penny and Non-Penny Symbol Market Maker³ and Priority Customer⁴ Maker Rebates, decrease

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively. See Options 1, Section 1(a)(21).

⁴ A “Priority Customer” is a person or entity that is not a broker/dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s), as defined in Nasdaq GEMX Options 1, Section 1(a)(36). Unless otherwise noted, when used in this Pricing Schedule the term “Priority Customer” includes “Retail.” A “Retail” order is a Priority Customer order that originates from a natural person, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See Options 1, Section 1(c).

certain Penny and Non-Penny Symbol Non-Priority Customers⁵ Taker Fees and increase the Priority Customer Penny Symbol Taker Fees; (3) increase criteria for Qualifying Tier Thresholds and remove the Tier 2 qualifying criteria; and (4) amend notes 13, 15 and 17.⁶

The text of the proposed rule change is available on the Exchange's Website at <https://listingcenter.nasdaq.com/rulebook/gemx/rulefilings>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

GEMX proposes to amend GEMX's Pricing Schedule at Options 7, Section 3, "Regular Order Fees and Rebates" to (1) remove the Penny Symbol and Non-Penny Symbol Tier 2 Maker Rebates and Taker Fees; (2) increase certain Penny and Non-Penny Symbol Market Maker and Priority Customer Maker Rebates, decrease certain Penny and Non-Penny Symbol Non-Priority Customers Taker Fees and increase the Priority

⁵ "Non-Priority Customers" include Market Makers, Non-Nasdaq GEMX Market Makers (FarMMs), Firm Proprietary / Broker-Dealers, and Professional Customers. See Option 7, Section 1(c).

⁶ SR-GEMX-2025-07 was filed on March 3, 2025. On March 11, 2025, SR-GEMX-2025-07 was withdrawn and this rule change was filed.

Customer Penny Symbol Taker Fees; (3) increase criteria for Qualifying Tier Thresholds and remove the Tier 2 qualifying criteria; and (4) amend notes 13, 15 and 17.

Maker Rebates

Today, GEMX offers 5 tiers of Penny Symbol Maker Rebates. Market Makers are paid the following Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.20 per contract; a Tier 2 Maker Rebate of \$0.25 per contract; a Tier 3 Maker Rebate of \$0.30 per contract; a Tier 4 Maker Rebate of \$0.32 per contract; and a Tier 5 Maker Rebate of \$0.41 per contract. Non-Nasdaq GEMX Market Makers (FarMM),⁷ Firm Proprietary⁸ / Broker Dealers⁹ and Professional Customers¹⁰ are paid the following Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.20 per contract. GEMX does not pay Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and Professional Customers Tier 2 through Tier 5 Penny Symbol Maker Rebates. Finally, Priority Customers are paid the following Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.25 per contract; a Tier 2 Maker Rebate of \$0.43 per contract; a Tier 3 Maker Rebate of \$0.48 per contract; a Tier 4 Maker Rebate of \$0.51 per contract; and a Tier 5 Maker Rebate of \$0.53 per contract.

Today, GEMX offers 5 tiers of Non-Penny Symbol Maker Rebates. Market Makers are paid the following Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of

⁷ A “Non-Nasdaq GEMX Market Maker” is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange. See Options 7, Section 1(c).

⁸ A “Firm Proprietary” order is an order submitted by a member for its own proprietary account. See Options 7, Section 1(c).

⁹ A “Broker-Dealer” order is an order submitted by a member for a broker-dealer account that is not its own proprietary account. See Options 7, Section 1(c).

¹⁰ A “Professional Customer” is a person or entity that is not a broker/dealer and is not a Priority Customer.

\$0.40 per contract; a Tier 2 Maker Rebate of \$0.42 per contract; a Tier 3 Maker Rebate of \$0.45 per contract; a Tier 4 Maker Rebate of \$0.50 per contract; and a Tier 5 Maker Rebate of \$0.75 per contract. Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and Professional Customers are paid the following Non-Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.25 per contract. GEMX does not pay Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and Professional Customers Tier 2 through Tier 5 Non-Penny Symbol Maker Rebates. Finally, Priority Customers are paid the following Non-Penny Symbol Maker Rebates: a Tier 1 Maker Rebate of \$0.75 per contract; a Tier 2 Maker Rebate of \$0.80 per contract; a Tier 3 Maker Rebate of \$0.85 per contract; a Tier 4 Maker Rebate of \$0.90 per contract; and a Tier 5 Maker Rebate of \$1.05 per contract.

At this time, GEMX proposes to amend the Penny Symbol and Non-Penny Symbol Maker Rebates to instead offer 4 Maker Rebate tiers.

With respect to Penny Symbol Maker Rebates, the Exchange would increase the Tier 1 Maker Rebate for Priority Customers from \$0.25 to \$0.35 per contract. All other Tier 1 Penny Symbol Maker Rebates would remain the same. The Exchange proposes to remove the current Tier 2 Penny Symbol Maker Rebates. The Exchange proposes to renumber the Tier 3 Penny Symbol Maker Rebates as “Tier 2” and make no changes to the current rates. The Exchange proposes to renumber the Tier 4 Penny Symbol Maker Rebates as “Tier 3” and increase the Maker Rebate for Market Makers from \$0.32 to \$0.39 per contract and increase the Priority Customer Maker Rebate from \$0.51 to \$0.53 per contract. The Exchange proposes to renumber the Tier 5 Penny Symbol Maker Rebates as “Tier 4” and make no changes to the current rates.

With respect to Non-Penny Symbol Maker Rebates, the Exchange would increase the Tier 1 Maker Rebate for Priority Customers from \$0.75 to \$0.80 per contract. The Exchange proposes to remove the current Tier 2 Non-Penny Symbol Maker Rebates. The Exchange proposes to renumber the Tier 3 Non-Penny Symbol Maker Rebates as “Tier 2” and make no changes to the current rates. The Exchange proposes to renumber the Tier 4 Non-Penny Symbol Maker Rebates as “Tier 3” and increase the Maker Rebate for Market Makers from \$0.50 to \$0.75 per contract and increase the Priority Customer Maker Rebate from \$0.90 to \$1.05 per contract. The Exchange proposes to renumber the Tier 5 Non-Penny Symbol Maker Rebates as “Tier 4” and make no changes to the current rates.

Taker Fees

Today, GEMX offers 5 tiers of Penny Symbol Taker Fees. Market Makers and Non-Nasdaq GEMX Market Makers (FarMM) are assessed the following Penny Symbol Taker Fees: a Tier 1 Taker Fee of \$0.50 per contract; a Tier 2 Taker Fee of \$0.50 per contract; a Tier 3 Taker Fee of \$0.50 per contract; a Tier 4 Taker Fee of \$0.50 per contract; and a Tier 5 Taker Fee of \$0.48 per contract. Firm Proprietary / Broker Dealers and Professional Customers are assessed the following Penny Symbol Taker Fees: a Tier 1 Taker Fee of \$0.50 per contract; a Tier 2 Taker Fee of \$0.50 per contract; a Tier 3 Taker Fee of \$0.50 per contract; a Tier 4 Taker Fee of \$0.50 per contract; and a Tier 5 Taker Fee of \$0.49 per contract. Finally, Priority Customers are assessed a Tier 1 through Tier 5 Penny Symbol Taker Fee of \$0.41 per contract.

Today, GEMX offers 5 tiers of Non-Penny Symbol Taker Fees. Market Makers, Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and

Professional Customers are assessed the following Non-Penny Symbol Taker Fees: a Tier 1 Taker Fee of \$0.99 per contract; a Tier 2 Taker Fee of \$0.99 per contract; a Tier 3 Taker Fee of \$0.99 per contract; a Tier 4 Taker Fee 5 of \$0.99 per contract; and a Tier 5 Taker Fee of \$0.94 per contract. Finally, Priority Customers are assessed the following Non-Penny Symbol Taker Fees: a Tier 1 Taker Fee of \$0.85 per contract; a Tier 2 Taker Fee of \$0.85 per contract; a Tier 3 Taker Fee of \$0.85 per contract; a Tier 4 Taker Fee of \$0.85 per contract; and a Tier 5 Taker Fee of \$0.82 per contract

At this time, GEMX proposes to amend the Penny Symbol and Non-Penny Symbol Taker Fees to instead assess 4 Taker Fee tiers.

With respect to Penny Symbol Taker Fees, the Exchange would increase the Tier 1 Taker Fee for Priority Customers from \$0.41 to \$0.48 per contract. The Exchange proposes to remove the current Tier 2 Penny Symbol Taker Fees. The Exchange proposes to renumber the Tier 3 Penny Symbol Taker Fees as “Tier 2” and increase the Tier 2 Taker Fee for Priority Customers from \$0.41 to \$0.48 per contract and no change the remaining rates. The Exchange proposes to renumber the Tier 4 Penny Symbol Taker Fees as “Tier 3” and decrease the Taker Fees for Market Makers, Non-Nasdaq GEMX Market Makers (FarMM), Firm Proprietary / Broker Dealers and Professional Customers from \$0.50 to \$0.49 per contract. The Exchange also proposes to increase the Penny Symbol Priority Customer Taker Fee from \$0.41 to \$0.44 per contract. The Exchange proposes to renumber the Tier 5 Penny Symbol Taker Fees as “Tier 4” and decrease the Market Makers and Non-Nasdaq GEMX Market Makers (FarMM) Penny Symbol Taker Fees from \$0.48 to \$0.47 per contract and increase the Penny Symbol Priority Customer Taker Fee from \$0.41 to \$0.42 per contract and not change the remaining rates.

With respect to Non-Penny Symbol Taker Fees, the Exchange would not amend the Non-Penny Tier 1 Taker Fees. The Exchange would remove the current Tier 2 Non-Penny Symbol Taker Fees. The Exchange proposes to renumber the Tier 3 Non-Penny Symbol Taker Fees as “Tier 2” and make no changes to the current rates. The Exchange proposes to renumber the Tier 4 Non-Penny Symbol Taker Fees as “Tier 3” and make no changes to the current rates. The Exchange proposes to renumber the Tier 5 Non-Penny Symbol Taker Fees as “Tier 4” and make no changes to the current rates.

Qualifying Tier Thresholds

Today, the Exchange has the following Qualifying Tier Thresholds in Options 7, Section 3:

Table 1

Tier	% of Customer Total Consolidated Volume	Priority Customer Maker % of Customer Total Consolidated Volume
Tier 1	Executes less than 0.65% of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of less than 0.10% of Customer Total Consolidated Volume
Tier 2	Executes 0.65% to less than 1.5% of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 0.10% to less than 0.65% of Customer Total Consolidated Volume
Tier 3	Executes 1.5% to less than 2.25% of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 0.65% to less than 1.05% of Customer Total Consolidated Volume
Tier 4	Executes 2.25% to less than 2.50% of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 1.05% to less than 1.20% of Customer Total Consolidated Volume
Tier 5	Executes 2.5% or greater of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 1.20% or greater of Customer Total Consolidated Volume

The Exchange proposes to amend the Qualifying Tier Thresholds, in Options 7, Section 3, with respect to the percentage of Customer Total Consolidated Volume to remove the Tier 2 criteria and amend the remaining tiers. With respect to the percentage

of Customer Total Consolidated Volume, current Tier 1 requires executions less than 0.65% of Customer Total Consolidated Volume. The Exchange propose to increase the Tier 1 criteria to 1.5% of Customer Total Consolidated Volume. With respect to the percentage of Customer Total Consolidated Volume, Tier 3 is being renamed “Tier 2” because current Tier 2 is being removed.¹¹ New Tier 2 (current Tier 3) will continue to require executions of 1.5% to less than 2.25% of Customer Total Consolidated Volume with respect to the percentage of Customer Total Consolidated Volume. With respect to the percentage of Customer Total Consolidated Volume, new Tier 3 (current Tier 4) will be amended from executes 2.25% to less than 2.50% of Customer Total Consolidated Volume to executes 2.25% to less than 3.0% of Customer Total Consolidated Volume. Finally, with respect to the percentage of Customer Total Consolidated Volume, new Tier 4 (current Tier 5) will be amended from executes 2.5% or greater of Customer Total Consolidated Volume to executes 3.0% or greater of Customer Total Consolidated Volume.

Likewise, the Exchange proposes to amend the Qualifying Tier Thresholds, in Options 7, Section 3, with respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume to remove the Tier 2 criteria and amend the remaining tiers. With respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, current Tier 1 requires a Member to execute Priority Customer Maker volume of less than 0.10% of Customer Total Consolidated Volume. The Exchange propose to increase the Tier 1 criteria to 0.65% of Customer Total

¹¹ With respect to the percentage of Customer Total Consolidated Volume, current Tier 2 requires executions of 0.65 to less than 1.5% of Customer Total Consolidate Volume.

Consolidated Volume. With respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, Tier 3 is being renamed “Tier 2” because current Tier 2 is being removed.¹² New Tier 2 (current Tier 3) requires a Member to execute Priority Customer Maker volume of 0.65% to less than 1.05% of Customer Total Consolidated Volume and will be amended to require a Member to execute Priority Customer Maker volume of 0.65% to less than 1.2% of Customer Total Consolidated Volume. With respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, new Tier 3 (current Tier 4) currently requires a Member to execute Priority Customer Maker volume of 1.05% to less than 1.2% of Customer Total Consolidated Volume. New Tier 3 (current Tier 4) will be amended to require a Member to execute Priority Customer Maker volume of 1.2% to less than 1.6% of Customer Total Consolidated Volume. Finally, with respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, new Tier 4 (current Tier 5) currently requires a Member to execute Priority Customer Maker volume of 1.2% or greater of Customer Total Consolidated Volume. New Tier 4 (current Tier 5) will be amended to require a Member to execute Priority Customer Maker volume of 1.6% or greater of Customer Total Consolidated Volume.

While the Exchange is increasing all the remaining Qualifying Tier Thresholds for its Maker Rebates and Taker Fees, the Exchange is also increasing several Maker Rebates and lowering several Taker Fees.¹³ Despite these increases to the Penny Symbol

¹² With respect to the Priority Customer Maker percentage of Customer Total Consolidated Volume, current Tier 2 requires a Member to execute Priority Customer Maker volume of 0.10% to less than 0.65% of Customer Total Consolidated Volume.

¹³ In summary, Penny Symbol Priority Customer Maker Rebates in Tier 1 (from \$0.25 to \$0.35 per contract) and new Tier 3 (from \$0.51 to \$0.53 per contract) as well as a Market Maker new Tier 3 Maker Rebate (from \$0.32 to \$0.39 per contract). Additionally, the Exchange is lowering Penny

Priority Customer Taker Fees, Priority Customers will continue to be assessed the lowest Taker Fees as compared to all other market participants.

Notes to Options 7, Section 3

The Exchange proposes to amend note 13 of Options 7, Section 3 that currently states,

Members who execute Priority Customer Maker volume of 0.04% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will be eligible for a Priority Customer Maker Rebate of (\$0.43) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$0.90) per contract in Non-Penny Symbols. Members who execute Priority Customer Maker volume of 0.07% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will be eligible for a Priority Customer Maker Rebate of (\$0.48) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$1.00) per contract in Non-Penny Symbols. Priority Customer orders that qualify for this note 13 incentive and qualify for the tiered Priority Customer Maker Rebates above will receive the greater of the note 13 incentive or the applicable tiered Priority Customer Maker Rebate, but not both.

At this time, the Exchange proposes to remove the first sentence, “Members who execute Priority Customer Maker volume of 0.04% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will be eligible for a Priority Customer Maker Rebate of (\$0.43) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$0.90) per contract in Non-Penny Symbols.” With this proposal, the Exchange would remove the ability to be paid a Priority Customer Maker Rebate to \$0.43 per contract in Penny Symbols or to be paid a Priority Customer Maker Rebate to \$0.90

Symbol Market Maker and Non-Nasdaq GEMX Market Maker (FarMM) Taker Fees for new Tier 3 (from \$0.50 to \$0.49 per contract) and new Tier 4 (from \$0.48 to \$0.47 per contract) as well as new Tier 3 (from \$0.50 to \$0.49 per contract) Firm Proprietary/ Broker-Dealer and Professional Customer Taker Fees. With respect to Non-Penny Symbol Maker Rebates, the Exchange is increasing the Priority Customer Tier 1 (from \$0.75 to \$0.80 per contract), the new Tier 3 (from \$0.90 to \$1.05 per contract) Maker Rebates, and the new Tier 3 (from \$0.50 to \$0.75 per contract) Maker Rebate for Market Makers.

per contract in Non-Penny Symbols, provided the qualifying criteria was met. The Exchange notes that despite the removal of those incentives, Members who execute Priority Customer Maker volume of 0.07% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will continue to be eligible for a Priority Customer Maker Rebate of (\$0.48) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$1.00) per contract in Non-Penny Symbols.

The Exchange proposes to amend note 15 of Options 7, Section 3 that currently states, “Market Maker Tier 1 through Tier 5 Maker Rebates in Penny Symbols will be (\$0.41) per contract for the following option symbols: SPY, QQQ and IWM. Priority Customer Tier 1 through Tier 5 Taker Fees in Penny Symbols will be \$0.45 per contract for the following option symbols: SPY, QQQ and IWM.” At this time, the Exchange proposes to retain the incentives for Penny Symbol Market Makers and Priority Customers in SPY, QQQ and IWM, however the Exchange proposes to amend the Market Maker Penny Symbol Maker Rebate Tier 5 reference to Tier 4, as that will be the highest tier with the changes to the rebates. With this proposal, Tier 5 Penny Symbol Maker Rebates will no longer exist. This proposed change conforms this reference in note 15 to the tier’s new location. The Exchange also proposes to amend the Priority Customer Penny Symbol Tier 5 Taker Fee reference in note 15 to Tier 2. Currently, the Exchange assesses Penny Symbol Priority Customer Taker Fees of \$0.41 per contract in Tiers 1 through 5, and note 15 increases those Penny Symbol Priority Customer Taker Fees in Tiers 1 through 5 from \$0.41 to \$0.45 per contract for options in SPY, QQQ and IWM. With this proposal, the Exchange proposes to increase the Penny Symbol Priority Customer Taker Fees in Tier 1 and new Tier 2 from \$0.41 to \$0.48 per contract. The

Exchange is also proposing to increase the Penny Symbol Priority Customer Taker Fee in new Tier 3 from \$0.41 to \$0.44 per contract and proposes to increase the new Penny Symbol Priority Customer Taker Fee in Tier 4 fee from \$0.41 to \$0.42 per contract. At this time, the Exchange proposes to also amend note 15, with respect to the Penny Symbol Priority Customer Taker Fees to reduce the Tier 1 and Tier 2 fees from the proposed \$0.48 to \$0.45 per contract. The new proposed Tier 3 and 4 Penny Symbol Priority Customer Taker Fees are lower than the Tier 1 and 2 fees, and therefore are not being offered the incentive. With this proposal, Members in the Tier 1 and 2 Priority Customer Penny Symbol Taker Fees will be able to lower their Taker Fees for SPY, QQQ and IWM from \$0.48 to \$0.45 per contract. The proposed incentive is intended to incentivize Members to send volume to GEMX in SPY, QQQ and IWM at the lower Taker Fee.

Finally, the Exchange is amending note 17 of Options 7, Section 3 that currently states, “Priority Customer Tier 1 through Tier 5 Taker Fees in SPY, QQQ, and IWM set forth in note 15 above will be decreased by \$0.02 per contract when the Preferred Market Maker transacts against a Priority Customer Order directed to that Preferred Market Maker for execution.” The Exchange proposes to remove note 17 and adopt a new incentive that instead provides, “Market Maker / Non-Nasdaq GEMX Market Maker (FarMM) in Tier 4 Taker Fees in SPY will be decreased by 0.01 per contract.” While the Priority Customer \$0.02 reduction in addition to the note 15 incentive in SPY, QQQ and IWM will no longer be offered, the Exchange would commence offering a \$0.01 per contract decrease to all Market Maker / Non-Nasdaq GEMX Market Maker (FarMM) in SPY who qualify for the Tier 4 Taker Fee. The Exchange believes that this new

incentive will attract additional SPY order flow to the Exchange. Also, the note 15 incentives for SPY, QQQ and IWM will continue to be available.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁵ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed changes to the Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for order flow, which constrains its pricing determinations. The fact that the market for order flow is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated, “[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’”¹⁶

¹⁴ See 15 U.S.C. 78f(b).

¹⁵ See 15 U.S.C. 78f(b)(4) and (5).

¹⁶ See NetCoalition, 615 F.3d at 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options transaction services. The Exchange is only one of eighteen options exchanges to which market participants may direct their order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. Within the foregoing context, the proposal represents a reasonable attempt by the Exchange to attract additional order flow to the Exchange and increase its market share relative to its competitors.

The Exchange's proposal to restructure its Penny and Non-Penny Symbol Maker Rebates and Taker Fees from 5 tiers to 4 tiers, amend certain Penny and Non-Penny Symbol Maker Rebates and Taker Fees, and amend the Qualifying Tier Thresholds is reasonable. While the Exchange is removing the Tier 2 Qualifying Tier Threshold and increasing the remaining qualifications for four tiers, requiring a greater amount of executed Customer Total Consolidated Volume and executed Priority Customer Maker volume, the Exchange is also increasing certain Penny and Non-Penny Symbol Maker Rebates to continue to award participants who remove liquidity from GEMX. The proposal increases the Penny Symbol Priority Customer Maker Rebate in Tier 1 (from \$0.25 to \$0.35 per contract) and new Tier 3 (from \$0.51 to \$0.53 per contract) as well as a new Market Maker Tier 3 Maker Rebate (from \$0.32 to \$0.39 per contract) while requiring more qualifying executions. Further, the Exchange also proposes to increase several Non-Penny Symbol Priority Customer Maker Rebates in new Tier 1 (from \$0.75 to \$0.80 per contract) and new Tier 4 (from \$0.90 to \$1.05 per contract). The Exchange

also proposes to lower certain Penny Symbol Market Maker and Non-Nasdaq GEMX Market Maker (FarMM) Taker Fees at new Tier 3 (from \$0.50 to \$0.49 per contract) and new Tier 4 (from \$0.48 to \$0.47 per contract). The Exchange also proposes to lower Firm Proprietary/ Broker-Dealer and Professional Customer Taker Fees for new Tier 3 (from \$0.50 to \$0.49 per contract). Increasing Maker Rebates and lowering Taker Fees will attract additional order flow to GEMX to the benefit of all Members who may interact with that order flow.

While the Exchange is increasing Penny Symbol Priority Customer Taker Fees at Tier 1 and new Tier 2 (from \$0.41 to \$0.48 per contract), new Tier 3 (from \$0.41 to \$0.44 per contract) and new Tier 4 (from \$0.41 to \$0.42 per contract), the Exchange notes that this increase will allow the Exchange to offer certain increased Maker Rebates. Also, the Priority Customer Taker Fees will continue to be the lowest Taker Fees as compared to all other market participants. The Exchange also notes that it is not amending other Maker Rebates and Taker Fees in Penny and Non-Penny Symbols. With respect to this pricing, with the removal of Tier 2, certain Penny and Non-Penny Symbols Maker Rebates and Taker Fees will require more volume to be executed as a result of the changes to the Qualifying Tier Thresholds and the Exchange would pay the same Maker Rebates and assess the same Taker Fees (other than the changes mentioned above). Some Members who currently qualify for Tier 2 Maker Rebates or Taker Fees would not qualify for the new Tier 2 Maker Rebates or Taker Fees and would be eligible for Tier 1. This is also the case for the other higher tiers. Notwithstanding the potential to be in a lower tier for Penny Symbol and Non-Penny Symbol Maker Rebates or Taker Fees, the Exchange believes that the pricing will continue to attract order flow to GEMX. The

Exchange is increasing the Tier 1 Penny and Non-Penny Symbol Maker Rebates which every Member would continue to qualify for provided they execute one contract. The Exchange believes the amendments to the Qualifying Tier Thresholds are reasonable, despite being increased, because the Exchange is seeking to attract more order flow on GEMX. The Exchange believes that despite the increased qualifications for executed volume, it will continue to encourage market participants to send liquidity to GEMX. All Members may interact with the order flow on GEMX.

The Exchange's proposal to restructure its Penny and Non-Penny Symbol Maker Rebates and Taker Fees from 5 tiers to 4 tiers, amend certain Penny and Non-Penny Symbol Maker Rebates and Taker Fees, and amend the Qualifying Tier Thresholds is equitable and not unfairly discriminatory for various reasons. The Qualifying Tier Thresholds will apply uniformly to all GEMX Members in determining a Member's applicable tier. The proposed pricing will continue to offer the highest Penny and Non-Penny Symbol Maker Rebates and lowest Penny Symbol Taker Fees to Priority Customers. Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants, to the benefit of all market participants who may interact with the order flow. Market Makers will also continue to be paid Penny and Non-Penny Symbol Maker Rebates unlike Non-Nasdaq GEMX Market Makers (FarMM), Firms Proprietary/Broker-Dealers and Professional Customers because Market Makers have different requirements and obligations to the

Exchange that other market participants do not (such as quoting requirements).¹⁷

Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

The Exchange's proposal to amend note 13 of Options 7, Section 3 to remove the incentive for Members that execute Priority Customer Maker volume of 0.04% or more of Customer Total Consolidated Volume in a given month and qualify for MARS who are eligible for a Priority Customer Maker Rebate of (\$0.43) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$0.90) per contract in Non-Penny Symbols is reasonable because, despite the removal of those incentives, Members who execute Priority Customer Maker volume of 0.07% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will continue to be eligible for a Priority Customer Maker Rebate of (\$0.48) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$1.00) per contract in Non-Penny Symbols. The Exchange believes that the remaining incentive will continue to attract order flow to GEMX.

The proposed amendment to note 13 of Options 7, Section 3 is equitable and not unfairly discriminatory because the note will be applied uniformly to all Members who meet the criteria for note 13.

The Exchange's proposal to amend note 15 of Options 7, Section 3 to amend the Market Maker Penny Symbol Tier 5 reference to Tier 4 is reasonable because Tier 4 will be the highest tier with the changes to the rebates and Tier 5 Penny Symbol Maker Rebates will no longer exist. This proposed change conforms this reference in note 15 to

¹⁷ See GEMX Options 2, Section 5.

the tier's new location. The Exchange's proposal to amend the Priority Customer Penny Symbol Tier 5 reference to instead cite to Tier 2 is reasonable because the Exchange is increasing the current Penny Symbol Priority Customer Taker Fees¹⁸ and, with this change, note 15, which currently increases those Penny Symbol Priority Customer Taker Fees in Tiers 1 and 2 from \$0.41 to \$0.48 per contract for options in SPY, QQQ and IWM, would offer Members the opportunity to lower the Tier 1 and 2 Priority Customer Penny Symbol Taker Fees from \$0.48 to \$0.45 per contract. Proposed Tier 3 and 4 of the Penny Symbol Priority Customer Taker Fees are lower than \$0.45 per contract.¹⁹ The proposed incentive is intended to incentivize Members to send volume to GEMX in SPY, QQQ and IWM at the lower Taker Fee.

The proposed amendment of note 15 to Options 7, Section 3 is equitable and not unfairly discriminatory because the note will be applied uniformly to all Members who meet the criteria for note 15.

The Exchange's proposal to amend note 17 of Options 7, Section 3 that currently provides that Priority Customer Tier 1 through Tier 5 Taker Fees in SPY, QQQ, and IWM are decreased by \$0.02 per contract when the Preferred Market Maker transacts against a Priority Customer Order directed to that Preferred Market Maker for execution is reasonable. Despite the Exchange's proposal to remove the current note 17 incentive, the Exchange is adopting a new incentive that will decrease the new Tier 4 Taker Fees in SPY by \$0.01 per contract for Market Makers / Non-Nasdaq GEMX Market Makers

¹⁸ Currently, the Exchange assesses Penny Symbol Priority Customer Taker Fees of \$0.41 per contract in Tiers 1 through 5.

¹⁹ As proposed the Tier 3 Priority Customer Penny Symbol Taker Fee would be \$0.44 per contract and Tier 4 would be \$0.42 per contract.

(FarMM). The Exchange believes that this new incentive will continue to incentivize Market Makers and Non-Nasdaq GEMX Market Makers to add liquidity in SPY despite the removal of the current note 17 incentive, the note 15 incentives for SPY, QQQ and IWM will continue to be available. The Exchange believes that assessing different pricing for SPY, as compared to other symbols, is reasonable because trading in SPY is different from trading in other symbols in that it is more liquid, has higher volume and competition for executions is more intense in comparison.

The Exchange believes that the proposed new note 17 incentive is equitable and not unfairly discriminatory because Market Makers have different requirements and additional obligations that other market participants do not (such as quoting requirements).²⁰ The proposed new note 17 incentive is designed to continue to incentivize Market Makers to add liquidity activity in SPY thereby facilitating tighter spreads and contributing towards a robust, well-balanced market ecosystem, to the benefit of all market participants. Market Makers have different requirements and obligations to the Exchange that other market participants do not (such as quoting requirements).²¹ Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction. Non-Nasdaq GEMX Market Makers (FarMM) qualify as market makers on other exchanges. The Exchange believes that market makers not registered on GEMX will be encouraged to send orders in SPY to GEMX as an away market maker (Non-Nasdaq GEMX Market Makers (FarMM)) with this incentive. Because the incentive is being offered to both market makers registered

²⁰ See GEMX Options 2, Section 5.

²¹ See GEMX Options 2, Section 5.

on GEMX and those not registered on GEMX, the Exchange believes that the proposal is equitable and not unfairly discriminatory because it encourages market makers to direct liquidity to GEMX in SPY to the benefit of all Members who may interact with the order flow in SPY. This proposal recognizes the overall contributions made by market makers to a listed options market.

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.

Intermarket Competition

The Exchange believes its proposal remains competitive with other options markets, and will offer market participants with another choice of venue to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intramarket Competition

The Exchange's proposal to restructure its Penny and Non-Penny Symbol Maker Rebates and Taker Fees from 5 tiers to 4 tiers, amend certain Penny and Non-Penny Symbol Maker Rebates and Taker Fees, and amend the Qualifying Tier Thresholds does

not impose an undue burden on competition because the Qualifying Tier Thresholds will apply uniformly to all GEMX Members in determining a Member's applicable tier. The proposed pricing will continue to offer the highest Penny and Non-Penny Symbol Maker Rebates and lowest Penny Symbol Taker Fees to Priority Customers. Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants, to the benefit of all market participants who may interact with the order flow. Also, Market Makers will also continue to be paid Penny and Non-Penny Symbol Maker Rebates unlike Non-Nasdaq GEMX Market Makers (FarMM), Firms Proprietary/Broker-Dealers and Professional Customers because Market Makers have different requirements and obligations to the Exchange that other market participants do not (such as quoting requirements).²² Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

The proposed amendments to notes 13, 15 and 17 to Options 7, Section 3 does not impose any undue burden on competition because the notes will be applied uniformly to all Members who meet the applicable criteria.

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.

²² See GEMX Options 2, Section 5.

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.²³ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-GEMX-2025-08 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.

²³ 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to file number SR-GEMX-2025-08. 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-GEMX-2025-08 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.²⁴

²⁴ 17 CFR 200.30-3(a)(12).

Sherry R. Haywood,

Assistant Secretary.

Firm												
Proprietary /												
Broker-Dealer ⁽³⁾	(\$0.20) ⁽⁷⁾	[n/a]	n/a	n/a	n/a	\$0.50	[\$0.50]	\$0.50	[\$0.50]	\$0.49	\$0.20	\$0.50
Professional												
Customer ⁽³⁾	(\$0.20) ⁽⁷⁾	[n/a]	n/a	n/a	n/a	\$0.50	[\$0.50]	\$0.50	[\$0.50]	\$0.49	\$0.20	\$0.50
Priority												
Customer ⁽³⁾⁽⁵⁾⁽¹³⁾	(\$0.25) ⁽⁵⁾	[(0.43)]	(\$0.48)	(\$0.51) ⁽³⁾	(\$0.53)	\$0.41 ⁽⁷⁾	[\$0.41] ⁽¹⁷⁾	\$0.41 ⁽⁷⁾	[\$0.41] ⁽¹⁷⁾	\$0.42 ⁽¹⁷⁾	\$0.00	\$0.50

Non-Penny Symbols (Excluding Index Options)⁽⁶⁾

Market Participant	Maker Rebate: Tier 1	Maker Rebate: Tier 2]	Maker Rebate: Tier		Maker Rebate: Tier [4]3	Maker Rebate: Tier [5]4	Taker Fee: Tier 1 (4)(16)	Taker Fee: Tier 2 (4)(16)	Taker Fee: Tier [3]2 (4)(16)	Taker Fee: Tier [4]3 (4)(16)	Taker Fee: Tier [5]4 (4)(16)	Fee for Crossing Orders (excluding PIM) ⁽¹⁾⁽⁸⁾⁽¹¹⁾	Fee for Responses to Crossing Orders (excluding PIM) ⁽⁸⁾⁽¹²⁾
			[3]2	[4]3									
Market Maker ⁽²⁾⁽³⁾⁽⁵⁾	(\$0.40)	[(0.42)]	(\$0.45)	(\$0.50)	[75]	(\$0.75)	\$0.99	[\$0.99]	\$0.99	\$0.99	\$0.94	\$0.20	\$1.10
Non-Nasdaq GEMX Market Maker (FarMM) ⁽³⁾	(\$0.25)	[n/a]	n/a	n/a		n/a	\$0.99	[\$0.99]	\$0.99	\$0.99	\$0.94	\$0.20	\$1.10

Firm													
Proprietary /													
Broker-Dealer ⁽³⁾	(\$0.25)	[n/a]	n/a	n/a	n/a	\$0.99	[\$0.99]	\$0.99	\$0.99	\$0.94	\$0.20	\$1.10	
Professional													
Customer ⁽³⁾	(\$0.25)	[n/a]	n/a	n/a	n/a	\$0.99	[\$0.99]	\$0.99	\$0.99	\$0.94	\$0.20	\$1.10	
Priority													
Customer ⁽³⁾⁽⁵⁾⁽¹³⁾	(\$0. 75 <u>80</u>)	[(\$0.80)]	(\$0.85)	(\$ 0.90 <u>1.05</u>)	(\$1.05)	\$0.85	[\$0.85]	\$0.85	\$0.85	\$0.82	\$0.00	\$1.10	

* * * * *

13. [Members who execute Priority Customer Maker volume of 0.04% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will be eligible for a Priority Customer Maker Rebate of (\$0.43) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$0.90) per contract in Non-Penny Symbols.] Members who execute Priority Customer Maker volume of 0.07% or more of Customer Total Consolidated Volume in a given month and qualify for MARS will be eligible for a Priority Customer Maker Rebate of (\$0.48) per contract in Penny Symbols and a Priority Customer Maker Rebate of (\$1.00) per contract in Non-Penny Symbols. Priority Customer orders that qualify for this note 13 incentive and qualify for the tiered Priority Customer Maker Rebates above will receive the greater of the note 13 incentive or the applicable tiered Priority Customer Maker Rebate, but not both.

* * * * *

15. Market Maker Tier 1 through Tier ~~4~~5 Maker Rebates in Penny Symbols will be (\$0.41) per contract for the following option symbols: SPY, QQQ and IWM. Priority Customer Tier 1 through Tier ~~2~~5 Taker Fees in Penny Symbols will be \$0.45 per contract for the following option symbols: SPY, QQQ and IWM.

* * * * *

17. [Priority Customer Tier 1 through Tier 5 Taker Fees in SPY, QQQ, and IWM set forth in note 15 above will be decreased by \$0.02 per contract when the Preferred Market Maker transacts against a Priority Customer Order directed to that Preferred Market Maker for

execution.]Market Maker / Non-Nasdaq GEMX Market Maker (FarMM) in Tier 4 Taker Fees in SPY will be decreased by \$0.01 per contract.

Qualifying Tier Thresholds

Table 1

Tier	% of Customer Total Consolidated Volume	Priority Customer Maker % of Customer Total Consolidated Volume
Tier 1	Executes less than [0.65] <u>1.5</u> % of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of less than 0.[10] <u>65</u> % of Customer Total Consolidated Volume
[Tier 2]	[Executes 0.65% to less than 1.5% of Customer Total Consolidated Volume]	[Executes Priority Customer Maker volume of 0.10% to less than 0.65% of Customer Total Consolidated Volume]
Tier 2[3]	Executes 1.5% to less than 2.25% of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 0.65% to less than 1.[05] <u>2</u> % of Customer Total Consolidated Volume
Tier 3[4]	Executes 2.25% to less than [2.50] <u>3.0</u> % of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 1.[05] <u>2</u> % to less than 1.[20] <u>6</u> % of Customer Total Consolidated Volume
Tier 5[4]	Executes [2.5] <u>3.0</u> % or greater of Customer Total Consolidated Volume	Executes Priority Customer Maker volume of 1.[20] <u>6</u> % or greater of Customer Total Consolidated Volume

* * * * *