

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="25"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="02"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Nasdaq MRX, 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"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<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	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>
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**Description**

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

Proposed rule change to amend the Pricing Schedule at Options 7, Section 3, entitled Regular Order Fees and Rebates.

**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 \*  Last Name \*

Title \*

E-mail \*

Telephone \*  Fax

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date

By

(Name \*)

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

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 \***

Add Remove View

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 Advance 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, security-based swap submission, or advance notice 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**

Add Remove View

Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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 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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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 MRX, LLC (“MRX” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend the Pricing Schedule at Options 7, Section 3, entitled “Regular Order Fees and Rebates.”

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on February 1, 2019.

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the “Board”) on September 26, 2018. 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

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

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

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

a. Purpose

The purpose of the proposed rule change is to amend the Pricing Schedule at Options 7, Section 3, entitled "Regular Order Fees and Rebates" at Table 2 to (1) amend PIM Fees for Crossing Orders<sup>3</sup> for both Penny and Non-Penny Symbols; (2) increase Non-Penny Fees for Responses to Crossing Orders; (3) adopt a letter "(c)" within Options 7, Section 1 for ease of reference to defined terms. The Exchange will describe each amendment below.

**Fees for Crossing Orders**

Today, MRX assesses a Fee for Crossing Orders in Penny and Non-Penny Symbols of \$0.20 per contract for Market Maker,<sup>4</sup> Non-Nasdaq MRX Market Maker,<sup>5</sup> Firm Proprietary<sup>6</sup>, Broker-Dealer,<sup>7</sup> and Professional Customer<sup>8</sup> orders, and \$0.00 per

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<sup>3</sup> A "Crossing Order" is an order executed in the Exchange's Facilitation Mechanism, Solicited Order Mechanism, Price Improvement Mechanism ("PIM") or submitted as a Qualified Contingent Cross order. For purposes of this Pricing Schedule, orders executed in the Block Order Mechanism are also considered Crossing Orders.

<sup>4</sup> A "Market Maker" is a market maker as defined in Nasdaq MRX Rule 100(a)(30). Market Maker fees discussed in this section also apply to Market Maker orders sent to the Exchange by Electronic Access Members.

<sup>5</sup> A "Non-Nasdaq MRX 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.

<sup>6</sup> A "Firm Proprietary" order is an order submitted by a Member for its own proprietary account.

<sup>7</sup> A "Broker-Dealer" order is an order submitted by a Member for a broker-dealer account that is not its own proprietary account.

contract for Priority Customer Orders.<sup>9</sup> These fees apply to both originating and contra-side orders for all Crossing Orders.

MRX proposes to continue assessing the Fees for Crossing Orders in Table 2 for Penny and Non-Penny Symbols with respect to originating PIM Orders. MRX proposes to assess a Fee for Crossing Orders in all symbols for PIM orders of \$0.05 per contract provided a market participant is on the contra-side of a PIM auction. This fee would apply to all market participants. This fee represents a reduced fee for Market Maker, Non-Nasdaq MRX Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer orders (from \$0.20 to \$0.05 per contract) and an increased fee for Priority Customers (from \$0.00 to \$0.05 per contract).<sup>10</sup>

Further, MRX proposes to pay a rebate to an originating Priority Customer PIM Order that executes with a response (an order or quote), other than the PIM contra-side order, of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols. The Exchange believes that this proposal will encourage greater participation in PIM auctions.

The Exchange proposes to amend note 1 within the Pricing Schedule at Options 7, Section 3 to add “-side” after the term “contra” in the existing sentence. The Exchange

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<sup>8</sup> A “Professional Customer” is a person or entity that is not a broker/dealer and is not a Priority Customer.

<sup>9</sup> 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 MRX Rule 100(a)(37A).

<sup>10</sup> MRX is not amending fees with respect the Facilitation Mechanism, Solicited Order Mechanism, or an order submitted as a Qualified Contingent Cross order or an order executed in the Block Order Mechanism.

also proposes to add the following text to that sentence, "...except for PIM Orders. With respect to PIM Orders, the Fees for Crossing Orders apply to PIM originating orders, however all market participants on the contra-side of a PIM auction will be assessed a Fee for Crossing Orders of \$0.05 per contract. An originating Priority Customer PIM Order that executes with any response (order or quote), other than the PIM contra-side order, will receive a rebate of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols."

### **Fees for Responses to Crossing Orders**

Today, MRX assesses a Fee for Responses to Crossing Orders of \$0.50 per contract in Penny Symbols to all market participants and \$0.95 per contract in Non-Penny Symbols to all market participants.

MRX proposes to increase the Fees for Responses to Crossing Orders in Non-Penny Symbols from \$0.95 to \$1.10 per contract for all market participants. No changes are proposed to Penny Symbols for Fees for Responses to Crossing Orders. The Exchange proposes to utilize the increased rate to offer rebates to Priority Customers who submit PIM Orders as described above.<sup>11</sup>

### **Options 7, Section 1**

The Exchange proposes to amend Options 7, Section 1 to add a letter "(c)" before certain defined terms for ease of reference.

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<sup>11</sup> MRX proposes herein to pay a rebate to an originating Priority Customer PIM Order that executes with any response, other than the PIM contra-side order, of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>12</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>13</sup> 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 Exchange believes that the proposed changes will attract PIM order flow to MRX, which will create trading opportunities on MRX to the benefit of all Members.

**Fees for Crossing Orders**

The Exchange believes that its proposal to assess contra-side PIM Orders a reduced Fee for Crossing Orders in both Penny and Non-Penny Symbols of \$0.05 per contract instead of \$0.20 per contract to Market Maker, Non-Nasdaq MRX Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer orders is reasonable because the Exchange proposes to encourage these market participants to submit a greater amount of order flow to the MRX PIM auction. The Exchange believes that it is reasonable to assess Priority Customers an increased \$0.05 per contract Fee for Crossing Orders<sup>14</sup> for contra-side PIM Orders in Penny and Non-Penny Symbols because the Exchange is also offering Priority Customers an opportunity to receive a rebate of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols for any

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<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>14</sup> Today, Priority Customers pay no Fee for Crossing Orders (originating or contra-side orders) with respect to PIM transactions in either Penny or Non-Penny Symbols.

originating Priority Customer PIM Order that executes with any response, other than the PIM contra-side order. As is the case today, Priority Customers will not pay a Fee for Crossing Orders in Penny and Non-Penny Symbols with respect to originating PIM Orders and non-PIM Crossing Order transactions.

The Exchange believes that its proposal to assess contra-side PIM Orders a lower Fee for Crossing Orders in both Penny and Non-Penny Symbols of \$0.05 per contract instead of \$0.20 per contract to Market Maker, Non-Nasdaq MRX Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer orders is equitable and not unfairly discriminatory because the Exchange will uniformly charge all market participants, except Priority Customers, a lower contra-side Fee for Crossing PIM Orders in Penny and Non-Penny Symbols. While a Priority Customer's contra-side Fee for Crossing PIM Orders will increase from \$0.00 to \$0.05 per contract in both Penny and Non-Penny Symbols, the Priority Customer has an opportunity to receive a rebate of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols for any originating Priority Customer PIM Order that executes with any response, other than the PIM contra-side order. As is the case today, Priority Customers will not pay an originating Fee for PIM Orders. Further, the Exchange notes that Priority Customer interest brings valuable liquidity to the market, which liquidity benefits other market participants. 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.

#### **Fees for Responses to Crossing Orders**

The Exchange believes that its proposal to increase the Non-Penny Symbol Fees



for Responses to Crossing Orders from \$0.95 to \$1.10 per contract for all market participants is reasonable because while these fees are increasing the Exchange believes that the fees remain competitive and will continue to attract order flow to the Exchange. Further, the Exchange proposes to utilize the increased rate to offer rebates to Priority Customers who submit PIM Orders as described herein.<sup>15</sup> 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.

The Exchange believes that its proposal to increase the Non-Penny Symbol Fees for Responses to Crossing Orders from \$0.95 to \$1.10 per contract for all market participants is equitable and not unfairly discriminatory because all market participants will be uniformly assessed the increased fee in Non-Penny Symbols.

#### **Options 7, Section 1**

The Exchange's proposal to amend Options 7, Section 1 to add a letter "(c)" before certain defined terms is reasonable, equitable and not unfairly discriminatory because this non-substantive amendment merely makes the section easier to reference.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal does not impose a burden on inter-market competition because the proposed fee structure for Crossing Orders remains competitive with other

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<sup>15</sup> See note 9 above.

options exchanges. MRX 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. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. 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.

### **Fees for Crossing Orders**

The Exchange believes that its proposal to assess contra-side PIM Orders a lower Fee for Crossing Orders in both Penny and Non-Penny Symbols of \$0.05 per contract instead of \$0.20 per contract to Market Maker, Non-Nasdaq MRX Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer orders does not impose a burden on intra-market competition because the Exchange will uniformly pay all market participants, except Priority Customers, a lower contra-side Fee for Crossing PIM Orders in Penny and Non-Penny Symbols. While a Priority Customer's contra-side Fee for Crossing PIM Orders will increase from \$0.00 to \$0.05 per contract in Penny and Non-Penny Symbols, the Priority Customer has an opportunity to receive a rebate of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols for any originating Priority Customer PIM Order that executes with any response, other than the PIM contra-side order. As is the case today, Priority Customers will not pay an originating Fee for PIM Orders. Further, the Exchange notes that Priority Customer interest brings valuable liquidity to the market, which liquidity benefits other market participants. 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.

### **Fees for Responses to Crossing Orders**

The Exchange believes that its proposal to increase the Non-Penny Symbol Fees for Responses to Crossing Orders from \$0.95 to \$1.10 per contract for all market participants does not impose a burden on intra-market competition because all market participants will be uniformly assessed the increased fee in Non-Penny Symbols.

### **Options 7, Section 1**

The Exchange's proposal to amend Options 7, Section 1 to add a letter "(c)" before certain defined terms does not impose an undue burden on intra-market competition because this non-substantive amendment merely makes the section easier to reference.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>16</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-

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<sup>16</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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

Not applicable.

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

Not applicable.

11. Exhibits

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-MRX-2019-02)

February \_\_, 2019

Self-Regulatory Organizations; Nasdaq MRX, 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”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 31, 2019, Nasdaq MRX, LLC (“MRX” 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 the Pricing Schedule at Options 7, Section 3, entitled “Regular Order Fees and Rebates.”

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on February 1, 2019.

The text of the proposed rule change is available on the Exchange’s Website at <http://nasdaqmrx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to amend the Pricing Schedule at Options 7, Section 3, entitled "Regular Order Fees and Rebates" at Table 2 to (1) amend PIM Fees for Crossing Orders<sup>3</sup> for both Penny and Non-Penny Symbols; (2) increase Non-Penny Fees for Responses to Crossing Orders; (3) adopt a letter "(c)" within Options 7, Section 1 for ease of reference to defined terms. The Exchange will describe each amendment below.

**Fees for Crossing Orders**

Today, MRX assesses a Fee for Crossing Orders in Penny and Non-Penny Symbols of \$0.20 per contract for Market Maker,<sup>4</sup> Non-Nasdaq MRX Market Maker,<sup>5</sup>

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<sup>3</sup> A "Crossing Order" is an order executed in the Exchange's Facilitation Mechanism, Solicited Order Mechanism, Price Improvement Mechanism ("PIM") or submitted as a Qualified Contingent Cross order. For purposes of this Pricing Schedule, orders executed in the Block Order Mechanism are also considered Crossing Orders.

<sup>4</sup> A "Market Maker" is a market maker as defined in Nasdaq MRX Rule 100(a)(30). Market Maker fees discussed in this section also apply to Market Maker orders sent to the Exchange by Electronic Access Members.

Firm Proprietary<sup>6</sup>, Broker-Dealer,<sup>7</sup> and Professional Customer<sup>8</sup> orders, and \$0.00 per contract for Priority Customer Orders.<sup>9</sup> These fees apply to both originating and contra-side orders for all Crossing Orders.

MRX proposes to continue assessing the Fees for Crossing Orders in Table 2 for Penny and Non-Penny Symbols with respect to originating PIM Orders. MRX proposes to assess a Fee for Crossing Orders in all symbols for PIM orders of \$0.05 per contract provided a market participant is on the contra-side of a PIM auction. This fee would apply to all market participants. This fee represents a reduced fee for Market Maker, Non-Nasdaq MRX Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer orders (from \$0.20 to \$0.05 per contract) and an increased fee for Priority Customers (from \$0.00 to \$0.05 per contract).<sup>10</sup>

Further, MRX proposes to pay a rebate to an originating Priority Customer PIM Order that executes with a response (an order or quote), other than the PIM contra-side

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<sup>5</sup> A “Non-Nasdaq MRX 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.

<sup>6</sup> A “Firm Proprietary” order is an order submitted by a Member for its own proprietary account.

<sup>7</sup> A “Broker-Dealer” order is an order submitted by a Member for a broker-dealer account that is not its own proprietary account.

<sup>8</sup> A “Professional Customer” is a person or entity that is not a broker/dealer and is not a Priority Customer.

<sup>9</sup> 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 MRX Rule 100(a)(37A).

<sup>10</sup> MRX is not amending fees with respect the Facilitation Mechanism, Solicited Order Mechanism, or an order submitted as a Qualified Contingent Cross order or an order executed in the Block Order Mechanism.

order, of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols. The Exchange believes that this proposal will encourage greater participation in PIM auctions.

The Exchange proposes to amend note 1 within the Pricing Schedule at Options 7, Section 3 to add “-side” after the term “contra” in the existing sentence. The Exchange also proposes to add the following text to that sentence, “...except for PIM Orders. With respect to PIM Orders, the Fees for Crossing Orders apply to PIM originating orders, however all market participants on the contra-side of a PIM auction will be assessed a Fee for Crossing Orders of \$0.05 per contract. An originating Priority Customer PIM Order that executes with any response (order or quote), other than the PIM contra-side order, will receive a rebate of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols.”

#### **Fees for Responses to Crossing Orders**

Today, MRX assesses a Fee for Responses to Crossing Orders of \$0.50 per contract in Penny Symbols to all market participants and \$0.95 per contract in Non-Penny Symbols to all market participants.

MRX proposes to increase the Fees for Responses to Crossing Orders in Non-Penny Symbols from \$0.95 to \$1.10 per contract for all market participants. No changes are proposed to Penny Symbols for Fees for Responses to Crossing Orders. The Exchange proposes to utilize the increased rate to offer rebates to Priority Customers who submit PIM Orders as described above.<sup>11</sup>

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<sup>11</sup> MRX proposes herein to pay a rebate to an originating Priority Customer PIM Order that executes with any response, other than the PIM contra-side order, of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols.



### **Options 7, Section 1**

The Exchange proposes to amend Options 7, Section 1 to add a letter “(c)” before certain defined terms for ease of reference.

#### **2. Statutory Basis**

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>12</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>13</sup> 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 Exchange believes that the proposed changes will attract PIM order flow to MRX, which will create trading opportunities on MRX to the benefit of all Members.

#### **Fees for Crossing Orders**

The Exchange believes that its proposal to assess contra-side PIM Orders a reduced Fee for Crossing Orders in both Penny and Non-Penny Symbols of \$0.05 per contract instead of \$0.20 per contract to Market Maker, Non-Nasdaq MRX Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer orders is reasonable because the Exchange proposes to encourage these market participants to submit a greater amount of order flow to the MRX PIM auction. The Exchange believes that it is reasonable to assess Priority Customers an increased \$0.05 per contract Fee for Crossing

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<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(4) and (5).

Orders<sup>14</sup> for contra-side PIM Orders in Penny and Non-Penny Symbols because the Exchange is also offering Priority Customers an opportunity to receive a rebate of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols for any originating Priority Customer PIM Order that executes with any response, other than the PIM contra-side order. As is the case today, Priority Customers will not pay a Fee for Crossing Orders in Penny and Non-Penny Symbols with respect to originating PIM Orders and non-PIM Crossing Order transactions.

The Exchange believes that its proposal to assess contra-side PIM Orders a lower Fee for Crossing Orders in both Penny and Non-Penny Symbols of \$0.05 per contract instead of \$0.20 per contract to Market Maker, Non-Nasdaq MRX Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer orders is equitable and not unfairly discriminatory because the Exchange will uniformly charge all market participants, except Priority Customers, a lower contra-side Fee for Crossing PIM Orders in Penny and Non-Penny Symbols. While a Priority Customer's contra-side Fee for Crossing PIM Orders will increase from \$0.00 to \$0.05 per contract in both Penny and Non-Penny Symbols, the Priority Customer has an opportunity to receive a rebate of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols for any originating Priority Customer PIM Order that executes with any response, other than the PIM contra-side order. As is the case today, Priority Customers will not pay an originating Fee for PIM Orders. Further, the Exchange notes that Priority Customer interest brings valuable liquidity to the market, which liquidity benefits other market

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<sup>14</sup> Today, Priority Customers pay no Fee for Crossing Orders (originating or contra-side orders) with respect to PIM transactions in either Penny or Non-Penny Symbols.

participants. 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.

### **Fees for Responses to Crossing Orders**

The Exchange believes that its proposal to increase the Non-Penny Symbol Fees for Responses to Crossing Orders from \$0.95 to \$1.10 per contract for all market participants is reasonable because while these fees are increasing the Exchange believes that the fees remain competitive and will continue to attract order flow to the Exchange. Further, the Exchange proposes to utilize the increased rate to offer rebates to Priority Customers who submit PIM Orders as described herein.<sup>15</sup> 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.

The Exchange believes that its proposal to increase the Non-Penny Symbol Fees for Responses to Crossing Orders from \$0.95 to \$1.10 per contract for all market participants is equitable and not unfairly discriminatory because all market participants will be uniformly assessed the increased fee in Non-Penny Symbols.

### **Options 7, Section 1**

The Exchange's proposal to amend Options 7, Section 1 to add a letter "(c)" before certain defined terms is reasonable, equitable and not unfairly discriminatory

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<sup>15</sup> See note 9 above.

because this non-substantive amendment merely makes the section easier to reference.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal does not impose a burden on inter-market competition because the proposed fee structure for Crossing Orders remains competitive with other options exchanges. MRX 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. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. 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.

**Fees for Crossing Orders**

The Exchange believes that its proposal to assess contra-side PIM Orders a lower Fee for Crossing Orders in both Penny and Non-Penny Symbols of \$0.05 per contract instead of \$0.20 per contract to Market Maker, Non-Nasdaq MRX Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer orders does not impose a burden on intra-market competition because the Exchange will uniformly pay all market participants, except Priority Customers, a lower contra-side Fee for Crossing PIM Orders in Penny and Non-Penny Symbols. While a Priority Customer's contra-side Fee for Crossing PIM Orders will increase from \$0.00 to \$0.05 per contract in Penny and Non-

Penny Symbols, the Priority Customer has an opportunity to receive a rebate of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols for any originating Priority Customer PIM Order that executes with any response, other than the PIM contra-side order. As is the case today, Priority Customers will not pay an originating Fee for PIM Orders. Further, the Exchange notes that Priority Customer interest brings valuable liquidity to the market, which liquidity benefits other market participants. 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.

#### **Fees for Responses to Crossing Orders**

The Exchange believes that its proposal to increase the Non-Penny Symbol Fees for Responses to Crossing Orders from \$0.95 to \$1.10 per contract for all market participants does not impose a burden on intra-market competition because all market participants will be uniformly assessed the increased fee in Non-Penny Symbols.

#### **Options 7, Section 1**

The Exchange's proposal to amend Options 7, Section 1 to add a letter "(c)" before certain defined terms does not impose an undue burden on intra-market competition because this non-substantive amendment merely makes the section easier to reference.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>16</sup> 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MRX-2019-02 on the subject line.

#### Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MRX-2019-02. This file number should be included on the subject line if e-mail is used. To help the Commission process

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<sup>16</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

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

All submissions should refer to File Number SR-MRX-2019-02 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

Eduardo A. Aleman  
Assistant Secretary

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

**EXHIBIT 5**

New text is underlined; deleted text is in brackets.

**Nasdaq MRX Rulebook**

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**Options Rules**

\* \* \* \* \*

**Options 7 Pricing Schedule****Section 1. General Provisions**

(a) No change.

(b) All fee disputes concerning fees which are billed by the Exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation. All fee disputes must be submitted no later than sixty calendar (60) days after receipt of a billing invoice.

(c) For purposes of assessing fees, the following references should serve as guidance. Terms not defined in this Pricing Schedule shall have the meaning ascribed to them under Nasdaq MRX Rules. Fees and rebates are listed per contract per leg unless otherwise noted.

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**Section 3. Regular Order Fees and Rebates**

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**Table 2****Penny Symbols**

<b>Market Participant</b>	<b>Fee for Crossing Orders <sup>(1)</sup></b>	<b>Fee for Responses to Crossing Orders</b>
Market Maker <sup>(4)</sup>	\$0.20	\$0.50
Non-Nasdaq MRX Market Maker (FarMM)	\$0.20	\$0.50
Firm Proprietary / Broker-Dealer	\$0.20	\$0.50
Professional Customer	\$0.20	\$0.50



Priority Customer	\$0.00	\$0.50
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**Non-Penny Symbols**

<b>Market Participant</b>	<b>Fee for Crossing Orders<sup>(1)</sup></b>	<b>Fee for Responses to Crossing Orders</b>
Market Maker <sup>(4)</sup>	\$0.20	\$(0.95)1.10
Non-Nasdaq MRX Market Maker (FarMM)	\$0.20	\$(0.95)1.10
Firm Proprietary / Broker-Dealer	\$0.20	\$(0.95)1.10
Professional Customer	\$0.20	\$(0.95)1.10
Priority Customer	\$0.00	\$(0.95)1.10

1. Fees apply to the originating and contra-side orders, except for PIM Orders. With respect to PIM Orders, the Fees for Crossing Orders apply to PIM originating orders, however all market participants on the contra-side of a PIM auction will be assessed a Fee for Crossing Orders of \$0.05 per contract. An originating Priority Customer PIM Order that executes with any response (order or quote), other than the PIM contra-side order, will receive a rebate of \$0.40 per contract in Penny Symbols and \$1.00 per contract in Non-Penny Symbols.

2. Reserved.

3. Reserved.

4. This fee also applies to Market Maker orders sent to the Exchange by Electronic Access Members.

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