

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="31"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2020"/> - * <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 type="checkbox"/>	Exhibit 3 Sent As Paper Document <input 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 MRX Pricing Schedule

**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 EFFS website.

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

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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**

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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 proposal to amend MRX’s Pricing Schedule. Specifically, the Exchange proposes to amend Options 7, Section 3, titled “Regular Order Fees and Rebates.”

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 25, 2019. 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

MRX proposes to amend its Pricing Schedule at Options 7, Section 3, titled “Regular Order Fees and Rebates.” There are two changes that are proposed to Options 7, Section 3: (1) an amendment to the Tier 2 Market Maker Penny and Non-Penny Symbol Regular Order Fees in Table 1; and (2) an amendment to the Qualifying Tier Thresholds in Table 3. Each proposed amendment will be discussed below.

The Exchange originally filed the proposed pricing changes on January 2, 2020 (SR-MRX-2020-01). On January 13, 2020, the Exchange withdrew that filing and submitted this filing.

Market Maker Fees

Today, the Exchange assesses the following Penny Symbol Regular Order Fees and Rebates within Table 1 of Options 7, Section 3:

**Penny Symbols**

<b>Market Participant</b>	<b>Maker Fee Tier 1</b>	<b>Maker Fee Tier 2</b>	<b>Taker Fee Tier 1</b>	<b>Taker Fee Tier 2</b>
Market Maker <sup>(1)</sup>	\$0.20	\$0.00	\$0.50 <sup>(2)</sup>	\$0.50 <sup>(2)</sup>
Non-Nasdaq MRX Market Maker (FarMM)	\$0.47	\$0.47	\$0.50	\$0.50
Firm Proprietary / Broker-Dealer	\$0.47	\$0.47	\$0.50	\$0.50
Professional Customer	\$0.47	\$0.47	\$0.50	\$0.50
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00

Today, the Exchange assesses the following Non-Penny Symbol Regular Order Fees and Rebates within Table 1 of Options 7, Section 3:

**Non-Penny Symbols**

<b>Market Participant</b>	<b>Maker</b>	<b>Maker</b>	<b>Taker</b>	<b>Taker</b>
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	<b>Fee Tier 1</b>	<b>Fee Tier 2</b>	<b>Fee Tier 1</b>	<b>Fee Tier 2</b>
Market Maker <sup>(1)</sup>	\$0.20	\$0.00	\$0.90 <sup>(2)</sup>	\$0.90 <sup>(2)</sup>
Non-Nasdaq MRX Market Maker (FarMM)	\$0.90	\$0.90	\$0.90	\$0.90
Firm Proprietary / Broker-Dealer	\$0.90	\$0.90	\$0.90	\$0.90
Professional Customer	\$0.90	\$0.90	\$0.90	\$0.90
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00

Today, the Tier 2 Market Maker<sup>3</sup> Fee for both Penny and Non-Penny Symbols is currently \$0.00 per contract. The Exchange proposes to increase this fee from \$0.00 to \$0.10 per contract. The Exchange is not proposing to amend other fees within Table 1 other than the Market Maker fees. Non-Nasdaq Market Makers (FarMM), Firm Proprietary/Broker-Dealer and Professional Customers are assessed a fee of \$0.47 per contract for Penny Symbols and \$0.90 per contract for Non-Penny Symbols. Priority Customers do not pay any fees for transacting Penny or Non-Penny Symbols on MRX. Also, the Exchange is continuing to offer Market Makers the opportunity to reduce its Maker Fee if it qualifies for Tier 2. The Market Maker Fee for Tier 1 remains at \$0.20 for both Penny and Non-Penny Pilot Symbols and is not being amended. The Exchange believes its fees remain competitive and will continue to attract order flow.

### Tier 2

Today the Exchange has two tiers as part of its Qualifying Tier Thresholds in Table 3 of Options 7, Section 3 as follows:

### **Table 3**

### **Qualifying Tier Thresholds**

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<sup>3</sup> This fee also applies to Market Maker orders sent to the Exchange by Electronic Access Members. See Options 7, Section 3 at note 1 of the Pricing Schedule.

<b>Tier</b>	<b>Total Affiliated and/or Appointed Member ADV<sup>4</sup></b>
Tier 1	0-49,999
Tier 2	50,000 or more

All market participants can qualify for Tiers 1 and 2, provided they meet the requisite volume thresholds specified in Table 3 above. The maker and taker fees for all market participants represented in Table 1, displayed above, are dependent on qualifying for a particular tier (either Tier 1 or Tier 2). With respect to these tiers, the highest tier threshold attained applies retroactively in a given month to all eligible traded contracts and applies to all eligible market participants.<sup>5</sup>

The Exchange proposes to amend the current Qualifying Tier Thresholds by replacing the ADV thresholds with total industry percentage thresholds. Specifically, a member would be eligible for Tier 1 if it executes 0.00%-0.7499% of Customer Total Consolidated Volume, and Tier 2 if it executes 0.75% or more of Customer Total Consolidated Volume. The Exchange also proposes to note that for purposes of measuring Total Affiliated and/or Appointed Member ADV, Customer Total Consolidated Volume means the total volume cleared at The Options Clearing Corporation in the Customer range in equity and ETF options in that month. The Exchange notes that these new volume tiers are more stringent.<sup>6</sup> The Exchange is

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<sup>4</sup> Total Affiliated and/or Appointed Member ADV means all average daily volume (“ADV”) executed on the Exchange in all symbols and order types, including volume executed by Affiliated Members and/or Appointed Members.

<sup>5</sup> The Exchange proposes to amend the word “Tier” in Table 3 of Options 7, Section 3 to “Tiers.”

<sup>6</sup> For example, 0.75% of Customer Total Consolidated Volume is approximately 115,000 contracts per day.

proposing to effectively raise the volume requirements to align with increasing member activity on MRX over time. While the proposed tiers are more stringent, the proposed pricing is intended to continue to reward members that bring order flow to the Exchange and thereby increase liquidity and trading opportunities for all members. The Total Affiliated Member ADV category includes all volume executed on the Exchange in all symbols and order types, as is the case today.

While the maker/taker fees will remain the same for Non-Nasdaq MRX Market Maker orders, Firm Proprietary / Broker-Dealer orders, and Professional Customer orders regardless of the tier achieved,<sup>7</sup> the proposed volume requirements will impact Market Makers that are eligible to qualify for the lower Tier 2 maker fee.<sup>8</sup> Nonetheless, the Exchange believes that the proposed fee structure will remain attractive to Market Makers as they will continue to be charged substantially lower maker fees based on their contributions to the market.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>10</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and

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<sup>7</sup> In particular, these market participants will continue to be uniformly charged the same \$0.47 per contract (Penny Symbols) and \$0.90 per contract (Non-Penny Symbols) maker fees for Tier 1 and Tier 2. Priority Customer orders currently do not get charged any maker/taker fees, which will not change under this proposal.

<sup>8</sup> Currently, Market Makers are charged maker fees of \$0.20 per contract for Tier 1 and \$0.00 per contract for Tier 2. As proposed above, the Tier 2 maker fee for Market Makers will be increased from \$0.00 to \$0.10 per contract.

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(4) and (5).

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.

#### Market Maker Fees

The Exchange's proposal to increase the Tier 2 Market Maker Fee for both Penny and Non-Penny Symbols from \$0.00 to \$0.10 per contract is reasonable. While the Exchange is proposing to increase these fees for Market Makers in Tier 2, it continues to remain competitive and will continue to attract order flow. MRX is continuing to offer Market Makers the opportunity to reduce the Penny and Non-Penny Symbol Market Maker Fee if it qualifies for Tier 2 (\$0.20 per contract as compared to the proposed \$0.10 per contract).<sup>11</sup> This discount will reward Market Makers that bring more order flow to the Exchange. Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

The Exchange's proposal to increase the Tier 2 Market Maker Fee for both Penny and Non-Penny Symbols from \$0.00 to \$0.10 per contract is equitable and not unfairly discriminatory. Market Makers would continue to pay a lower fee as compared to fees for orders from other non-Priority Customers. Non-Nasdaq Market Makers (FarMM), Firm Proprietary/Broker-Dealer and Professional Customers are assessed a fee of \$0.47 per contract for Penny Symbols and \$0.90 per contract for Non-Penny Symbols. Market Makers add value to MRX through quoting obligations<sup>12</sup> and their commitment of capital, unlike other market participants, and are therefore entitled to the lower fee.

Priority Customers do not pay any fees for transacting Penny or Non-Penny Symbols on

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<sup>11</sup> The Market Maker Fee for Tier 1 remains at \$0.20 for both Penny and Non-Penny Pilot Symbols.

<sup>12</sup> See Options 3, Section 5.



MRX. 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.

### Tier 2

The Exchange's proposal to amend the current Qualifying Tier Thresholds by amending Tier 1 from Total Affiliated and/or Appointed Member ADV of 0-49,999 contracts to 0.00%-0.7499% of Customer Total Consolidated Volume<sup>13</sup> and amending Tier 2 from Total Affiliated and/or Appointed Member ADV of 50,000 or more to 0.75% or more of Customer Total Consolidated Volume is reasonable. The Exchange is proposing to base Tiers 1 and 2 on a percentage of industry volume in recognition of the fact that the volume executed by a member may rise or fall with industry volume. A percentage of industry volume calculation allows the Exchange's tiers to be calibrated to current market volumes rather than requiring the same amount of volume regardless of market conditions. While the amount of volume required by the proposed tiers may change in any given month due to increases or decreases in industry volume, the Exchange believes that the proposed tier requirements are set at appropriate levels. While the proposed percentage of industry volume tier requirements are more stringent than the current ADV requirements,<sup>14</sup> the Exchange is proposing to effectively raise the volume thresholds for the Qualifying Tier Thresholds to align with MRX's growth as a

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<sup>13</sup> For purposes of measuring Total Affiliated and/or Appointed Member ADV, Customer Total Consolidated Volume means the total volume cleared at The Options Clearing Corporation in the Customer range in equity and ETF options in that month. The Exchange notes that these new volume tiers are more stringent.

<sup>14</sup> See supra note 6.

venue (and corresponding increased member activity) over time. While the proposed tiers are more stringent, the maker/taker tiered fee structure is intended to continue to reward members, and in particular, Market Makers who will continue to get charged lower maker fees, to bring more order flow to the Exchange and thereby increase liquidity and trading opportunities for all members.

The Exchange's proposal to amend the current Qualifying Tier Thresholds is equitable and not unfairly discriminatory. The proposed tiers will be applied uniformly to all market participants. Furthermore, the Exchange believes that the qualifying tier thresholds are equitable and not unfairly discriminatory as all market participants may qualify for a higher tier by executing the required volume of contracts, either through the Member, its affiliates, or an Appointed Member, as is the case today. As noted above, the proposed volume requirements will primarily impact Market Makers that are eligible to qualify for the lower Tier 2 maker fee<sup>15</sup> while all other market participants (other than Priority Customers that get the benefit of free executions) will continue to be charged the same fees regardless of the tier achieved.<sup>16</sup> The Exchange, however, anticipates minimal member impact with the proposed changes to Tier 1 and Tier 2 as no members, including Market Makers, meet the current Tier 2 ADV requirements and thus would not fall out of the higher tier as a result of this change. While the proposal effectively increases the volume requirements for Tier 1 and Tier 2, Market Makers will continue to be charged

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<sup>15</sup> Currently, Market Makers are charged maker fees of \$0.20 per contract for Tier 1 and \$0.00 per contract for Tier 2. As proposed above, the Tier 2 maker fee for Market Makers will be increased from \$0.00 to \$0.10 per contract.

<sup>16</sup> In particular, other non-Priority Customers will continue to be uniformly charged the same \$0.47 per contract (Penny Symbols) and \$0.90 per contract (Non-Penny Symbols) maker fees for Tier 1 and Tier 2.

substantially lower maker fees than other non-Priority Customers for both tiers based on their contribution to the market. The Exchange does not believe that continuing to provide lower maker fees for Market Makers is unfairly discriminatory as Market Makers are subject to additional requirements and obligations (such as quoting requirements) that other market participants are not.

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.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where 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. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges that have been exempted from compliance with the statutory standards applicable to 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.

### Intra-market Competition

The proposed fee do not impose an undue burden on intra-market competition.

### Market Maker Fees

The Exchange's proposal to increase the Tier 2 Market Maker Fee for both Penny and Non-Penny Symbols from \$0.00 to \$0.10 per contract does not impose an undue burden on intra-market competition. Market Makers would continue to pay a lower fee as compared to fees for orders from other non-Priority Customers. Non-Nasdaq Market Makers (FarMM), Firm Proprietary/Broker-Dealer and Professional Customers are assessed a fee of \$0.47 per contract for Penny Symbols and \$0.90 per contract for Non-Penny Symbols. Makers add value to MRX through quoting obligations<sup>17</sup> and their commitment of capital, unlike other market participants, and are therefore entitled to the lower fee. Priority Customers do not pay any fees for transacting Penny or Non-Penny Symbols on MRX. 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.

### Tier 2

The Exchange's proposal to amend the current Qualifying Tier Thresholds does not impose an undue burden on intra-market competition. The tiers will be applied uniformly to all market participants. Furthermore, all market participants can qualify for a higher tier by executing the required volume of contracts, either through the member, its affiliates, or an appointed member, as is the case today. As noted above, the proposed

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<sup>17</sup> See Options 3, Section 5.

volume requirements will primarily impact Market Makers that are eligible to qualify for the lower Tier 2 maker fee while all other market participants (other than Priority Customers that get the benefit of free executions) will continue to be charged the same maker/taker fees regardless of the tier achieved. The Exchange, however, anticipates minimal member impact with the proposed changes to Tier 1 and Tier 2 as no members, including Market Makers, meet the current Tier 2 ADV requirements and thus would not fall out of the higher tier as a result of this change. Furthermore, while the proposal effectively increases the volume requirements for Tier 1 and Tier 2, Market Makers will continue to be charged substantially lower maker fees than other non-Priority Customers for both tiers. For the foregoing reasons, the Exchange does not believe that its proposal will have an undue burden on intramarket competition.

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>18</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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-2020-02)

January \_\_, 2020

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend MRX Pricing Schedule

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 13, 2020, 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 MRX’s Pricing Schedule. Specifically, the Exchange proposes to amend Options 7, Section 3, titled “Regular Order Fees and Rebates.”

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

MRX proposes to amend its Pricing Schedule at Options 7, Section 3, titled “Regular Order Fees and Rebates.” There are two changes that are proposed to Options 7, Section 3: (1) an amendment to the Tier 2 Market Maker Penny and Non-Penny Symbol Regular Order Fees in Table 1; and (2) an amendment to the Qualifying Tier Thresholds in Table 3. Each proposed amendment will be discussed below.

The Exchange originally filed the proposed pricing changes on January 2, 2020 (SR-MRX-2020-01). On January 13, 2020, the Exchange withdrew that filing and submitted this filing.

Market Maker Fees

Today, the Exchange assesses the following Penny Symbol Regular Order Fees and Rebates within Table 1 of Options 7, Section 3:

**Penny Symbols**

	<b>Maker Fee</b>	<b>Maker Fee</b>	<b>Taker Fee</b>	<b>Taker Fee</b>
<b>Market Participant</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 1</b>	<b>Tier 2</b>
Market Maker <sup>(1)</sup>	\$0.20	\$0.00	\$0.50 <sup>(2)</sup>	\$0.50 <sup>(2)</sup>
Non-Nasdaq MRX Market	\$0.47	\$0.47	\$0.50	\$0.50



## Maker (FarMM)

Firm Proprietary / Broker-Dealer	\$0.47	\$0.47	\$0.50	\$0.50
Professional Customer	\$0.47	\$0.47	\$0.50	\$0.50
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00

Today, the Exchange assesses the following Non-Penny Symbol Regular Order Fees and Rebates within Table 1 of Options 7, Section 3:

**Non-Penny Symbols**

<b>Market Participant</b>	<b>Maker</b>	<b>Maker</b>	<b>Taker</b>	<b>Taker</b>
	<b>Fee</b>	<b>Fee</b>	<b>Fee</b>	<b>Fee</b>
	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 1</b>	<b>Tier 2</b>
Market Maker <sup>(1)</sup>	\$0.20	\$0.00	\$0.90 <sup>(2)</sup>	\$0.90 <sup>(2)</sup>
Non-Nasdaq MRX Market Maker (FarMM)	\$0.90	\$0.90	\$0.90	\$0.90
Firm Proprietary / Broker-Dealer	\$0.90	\$0.90	\$0.90	\$0.90
Professional Customer	\$0.90	\$0.90	\$0.90	\$0.90
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00

Today, the Tier 2 Market Maker<sup>3</sup> Fee for both Penny and Non-Penny Symbols is currently \$0.00 per contract. The Exchange proposes to increase this fee from \$0.00 to \$0.10 per contract. The Exchange is not proposing to amend other fees within Table 1 other than the Market Maker fees. Non-Nasdaq Market Makers (FarMM), Firm Proprietary/Broker-Dealer and Professional Customers are assessed a fee of \$0.47 per contract for Penny Symbols and \$0.90 per contract for Non-Penny Symbols. Priority Customers do not pay any fees for transacting Penny or Non-Penny Symbols on MRX. Also, the Exchange is continuing to offer Market Makers the opportunity to reduce its Maker Fee if it qualifies for Tier 2. The Market Maker Fee for Tier 1 remains at \$0.20 for both Penny and Non-Penny Pilot Symbols and is not being amended. The Exchange

<sup>3</sup> This fee also applies to Market Maker orders sent to the Exchange by Electronic Access Members. See Options 7, Section 3 at note 1 of the Pricing Schedule.

believes its fees remain competitive and will continue to attract order flow.

### Tier 2

Today the Exchange has two tiers as part of its Qualifying Tier Thresholds in Table 3 of Options 7, Section 3 as follows:

### **Table 3**

#### **Qualifying Tier Thresholds**

<b>Tier</b>	<b>Total Affiliated and/or Appointed Member ADV<sup>4</sup></b>
Tier 1	0-49,999
Tier 2	50,000 or more

All market participants can qualify for Tiers 1 and 2, provided they meet the requisite volume thresholds specified in Table 3 above. The maker and taker fees for all market participants represented in Table 1, displayed above, are dependent on qualifying for a particular tier (either Tier 1 or Tier 2). With respect to these tiers, the highest tier threshold attained applies retroactively in a given month to all eligible traded contracts and applies to all eligible market participants.<sup>5</sup>

The Exchange proposes to amend the current Qualifying Tier Thresholds by replacing the ADV thresholds with total industry percentage thresholds. Specifically, a member would be eligible for Tier 1 if it executes 0.00%-0.7499% of Customer Total Consolidated Volume, and Tier 2 if it executes 0.75% or more of Customer Total

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<sup>4</sup> Total Affiliated and/or Appointed Member ADV means all average daily volume (“ADV”) executed on the Exchange in all symbols and order types, including volume executed by Affiliated Members and/or Appointed Members.

<sup>5</sup> The Exchange proposes to amend the word “Tier” in Table 3 of Options 7, Section 3 to “Tiers.”

Consolidated Volume. The Exchange also proposes to note that for purposes of measuring Total Affiliated and/or Appointed Member ADV, Customer Total Consolidated Volume means the total volume cleared at The Options Clearing Corporation in the Customer range in equity and ETF options in that month. The Exchange notes that these new volume tiers are more stringent.<sup>6</sup> The Exchange is proposing to effectively raise the volume requirements to align with increasing member activity on MRX over time. While the proposed tiers are more stringent, the proposed pricing is intended to continue to reward members that bring order flow to the Exchange and thereby increase liquidity and trading opportunities for all members. The Total Affiliated Member ADV category includes all volume executed on the Exchange in all symbols and order types, as is the case today.

While the maker/taker fees will remain the same for Non-Nasdaq MRX Market Maker orders, Firm Proprietary / Broker-Dealer orders, and Professional Customer orders regardless of the tier achieved,<sup>7</sup> the proposed volume requirements will impact Market Makers that are eligible to qualify for the lower Tier 2 maker fee.<sup>8</sup> Nonetheless, the Exchange believes that the proposed fee structure will remain attractive to Market

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<sup>6</sup> For example, 0.75% of Customer Total Consolidated Volume is approximately 115,000 contracts per day.

<sup>7</sup> In particular, these market participants will continue to be uniformly charged the same \$0.47 per contract (Penny Symbols) and \$0.90 per contract (Non-Penny Symbols) maker fees for Tier 1 and Tier 2. Priority Customer orders currently do not get charged any maker/taker fees, which will not change under this proposal.

<sup>8</sup> Currently, Market Makers are charged maker fees of \$0.20 per contract for Tier 1 and \$0.00 per contract for Tier 2. As proposed above, the Tier 2 maker fee for Market Makers will be increased from \$0.00 to \$0.10 per contract.

Makers as they will continue to be charged substantially lower maker fees based on their contributions to the market.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>10</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.

### Market Maker Fees

The Exchange's proposal to increase the Tier 2 Market Maker Fee for both Penny and Non-Penny Symbols from \$0.00 to \$0.10 per contract is reasonable. While the Exchange is proposing to increase these fees for Market Makers in Tier 2, it continues to remain competitive and will continue to attract order flow. MRX is continuing to offer Market Makers the opportunity to reduce the Penny and Non-Penny Symbol Market Maker Fee if it qualifies for Tier 2 (\$0.20 per contract as compared to the proposed \$0.10 per contract).<sup>11</sup> This discount will reward Market Makers that bring more order flow to the Exchange. Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

The Exchange's proposal to increase the Tier 2 Market Maker Fee for both Penny and Non-Penny Symbols from \$0.00 to \$0.10 per contract is equitable and not unfairly

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<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>11</sup> The Market Maker Fee for Tier 1 remains at \$0.20 for both Penny and Non-Penny Pilot Symbols.

discriminatory. Market Makers would continue to pay a lower fee as compared to fees for orders from other non-Priority Customers. Non-Nasdaq Market Makers (FarMM), Firm Proprietary/Broker-Dealer and Professional Customers are assessed a fee of \$0.47 per contract for Penny Symbols and \$0.90 per contract for Non-Penny Symbols. Market Makers add value to MRX through quoting obligations<sup>12</sup> and their commitment of capital, unlike other market participants, and are therefore entitled to the lower fee. Priority Customers do not pay any fees for transacting Penny or Non-Penny Symbols on MRX. 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.

### Tier 2

The Exchange's proposal to amend the current Qualifying Tier Thresholds by amending Tier 1 from Total Affiliated and/or Appointed Member ADV of 0-49,999 contracts to 0.00%-0.7499% of Customer Total Consolidated Volume<sup>13</sup> and amending Tier 2 from Total Affiliated and/or Appointed Member ADV of 50,000 or more to 0.75% or more of Customer Total Consolidated Volume is reasonable. The Exchange is proposing to base Tiers 1 and 2 on a percentage of industry volume in recognition of the fact that the volume executed by a member may rise or fall with industry volume. A percentage of industry volume calculation allows the Exchange's tiers to be calibrated to

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<sup>12</sup> See Options 3, Section 5.

<sup>13</sup> For purposes of measuring Total Affiliated and/or Appointed Member ADV, Customer Total Consolidated Volume means the total volume cleared at The Options Clearing Corporation in the Customer range in equity and ETF options in that month. The Exchange notes that these new volume tiers are more stringent.

current market volumes rather than requiring the same amount of volume regardless of market conditions. While the amount of volume required by the proposed tiers may change in any given month due to increases or decreases in industry volume, the Exchange believes that the proposed tier requirements are set at appropriate levels. While the proposed percentage of industry volume tier requirements are more stringent than the current ADV requirements,<sup>14</sup> the Exchange is proposing to effectively raise the volume thresholds for the Qualifying Tier Thresholds to align with MRX's growth as a venue (and corresponding increased member activity) over time. While the proposed tiers are more stringent, the maker/taker tiered fee structure is intended to continue to reward members, and in particular, Market Makers who will continue to get charged lower maker fees, to bring more order flow to the Exchange and thereby increase liquidity and trading opportunities for all members.

The Exchange's proposal to amend the current Qualifying Tier Thresholds is equitable and not unfairly discriminatory. The proposed tiers will be applied uniformly to all market participants. Furthermore, the Exchange believes that the qualifying tier thresholds are equitable and not unfairly discriminatory as all market participants may qualify for a higher tier by executing the required volume of contracts, either through the Member, its affiliates, or an Appointed Member, as is the case today. As noted above, the proposed volume requirements will primarily impact Market Makers that are eligible to qualify for the lower Tier 2 maker fee<sup>15</sup> while all other market participants (other than

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<sup>14</sup> See supra note 6.

<sup>15</sup> Currently, Market Makers are charged maker fees of \$0.20 per contract for Tier 1 and \$0.00 per contract for Tier 2. As proposed above, the Tier 2 maker fee for Market Makers will be increased from \$0.00 to \$0.10 per contract.

Priority Customers that get the benefit of free executions) will continue to be charged the same fees regardless of the tier achieved.<sup>16</sup> The Exchange, however, anticipates minimal member impact with the proposed changes to Tier 1 and Tier 2 as no members, including Market Makers, meet the current Tier 2 ADV requirements and thus would not fall out of the higher tier as a result of this change. While the proposal effectively increases the volume requirements for Tier 1 and Tier 2, Market Makers will continue to be charged substantially lower maker fees than other non-Priority Customers for both tiers based on their contribution to the market. The Exchange does not believe that continuing to provide lower maker fees for Market Makers is unfairly discriminatory as Market Makers are subject to additional requirements and obligations (such as quoting requirements) that other market participants are not.

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.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where 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

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<sup>16</sup> In particular, other non-Priority Customers will continue to be uniformly charged the same \$0.47 per contract (Penny Symbols) and \$0.90 per contract (Non-Penny Symbols) maker fees for Tier 1 and Tier 2.

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 that have been exempted from compliance with the statutory standards applicable to 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.

Intra-market Competition

The proposed fee do not impose an undue burden on intra-market competition.

Market Maker Fees

The Exchange's proposal to increase the Tier 2 Market Maker Fee for both Penny and Non-Penny Symbols from \$0.00 to \$0.10 per contract does not impose an undue burden on intra-market competition. Market Makers would continue to pay a lower fee as compared to fees for orders from other non-Priority Customers. Non-Nasdaq Market Makers (FarMM), Firm Proprietary/Broker-Dealer and Professional Customers are assessed a fee of \$0.47 per contract for Penny Symbols and \$0.90 per contract for Non-Penny Symbols. Makers add value to MRX through quoting obligations<sup>17</sup> and their commitment of capital, unlike other market participants, and are therefore entitled to the lower fee. Priority Customers do not pay any fees for transacting Penny or Non-Penny Symbols on MRX. 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

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<sup>17</sup> See Options 3, Section 5.



an additional corresponding increase in order flow from other market participants.

### Tier 2

The Exchange's proposal to amend the current Qualifying Tier Thresholds does not impose an undue burden on intra-market competition. The tiers will be applied uniformly to all market participants. Furthermore, all market participants can qualify for a higher tier by executing the required volume of contracts, either through the member, its affiliates, or an appointed member, as is the case today. As noted above, the proposed volume requirements will primarily impact Market Makers that are eligible to qualify for the lower Tier 2 maker fee while all other market participants (other than Priority Customers that get the benefit of free executions) will continue to be charged the same maker/taker fees regardless of the tier achieved. The Exchange, however, anticipates minimal member impact with the proposed changes to Tier 1 and Tier 2 as no members, including Market Makers, meet the current Tier 2 ADV requirements and thus would not fall out of the higher tier as a result of this change. Furthermore, while the proposal effectively increases the volume requirements for Tier 1 and Tier 2, Market Makers will continue to be charged substantially lower maker fees than other non-Priority Customers for both tiers. For the foregoing reasons, the Exchange does not believe that its proposal will have an undue burden on intramarket competition.

### 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>18</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-2020-02 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-2020-02. 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>18</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-2020-02 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>19</sup>

Jill M. Peterson  
Assistant Secretary

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<sup>19</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 5**

*New text is underlined; deleted text is in brackets.*

**Nasdaq MRX, LLC Rules**

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**Options Rules**

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**Options 7 Pricing Schedule**

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**Section 3. Regular Order Fees and Rebates****Table 1****Penny Symbols**

<b>Market Participant</b>	<b>Maker</b>	<b>Maker</b>	<b>Taker</b>	<b>Taker</b>
	<b>Fee</b>	<b>Fee</b>	<b>Fee</b>	<b>Fee</b>
	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 1</b>	<b>Tier 2</b>
Market Maker <sup>(1)</sup>	\$0.20	\$0. <u>[00]</u> <u>10</u>	\$0.50 <sup>(2)</sup>	\$0.50 <sup>(2)</sup>
Non-Nasdaq MRX Market Maker (FarMM)	\$0.47	\$0.47	\$0.50	\$0.50
Firm Proprietary / Broker-Dealer	\$0.47	\$0.47	\$0.50	\$0.50
Professional Customer	\$0.47	\$0.47	\$0.50	\$0.50
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00

**Non-Penny Symbols**

<b>Market Participant</b>	<b>Maker</b>	<b>Maker</b>	<b>Taker</b>	<b>Taker</b>
	<b>Fee</b>	<b>Fee</b>	<b>Fee</b>	<b>Fee</b>
	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 1</b>	<b>Tier 2</b>
Market Maker <sup>(1)</sup>	\$0.20	\$0. <u>[00]</u> <u>10</u>	\$0.90 <sup>(2)</sup>	\$0.90 <sup>(2)</sup>
Non-Nasdaq MRX Market Maker (FarMM)	\$0.90	\$0.90	\$0.90	\$0.90
Firm Proprietary / Broker-Dealer	\$0.90	\$0.90	\$0.90	\$0.90
Professional Customer	\$0.90	\$0.90	\$0.90	\$0.90
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00

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

2. A taker fee of \$0.05 per contract applies instead when trading with Priority Customer orders entered by an Affiliated Member or Appointed Member if the Member has a Total Affiliated and/or Appointed Priority Customer ADV of 5,000 contracts or more. A taker fee of \$0.00 per contract applies instead when trading with Priority Customer orders entered by an Affiliated Member or Appointed Member if the Member has a Total Affiliated and/or Appointed Priority Customer ADV of 50,000 contracts or more.

**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

**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	\$1.10
Non-Nasdaq MRX Market Maker (FarMM)	\$0.20	\$1.10
Firm Proprietary / Broker-Dealer	\$0.20	\$1.10
Professional Customer	\$0.20	\$1.10
Priority Customer	\$0.00	\$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. Notwithstanding the foregoing, Members that execute an ADV of 10,000 PIM originating contracts or greater within a month will be assessed a Fee for Crossing Orders of \$0.02 per contract on the contra-side of a PIM auction (in lieu 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. Notwithstanding the foregoing, Members that execute an ADV of 10,000 PIM originating contracts or greater within a month will receive a rebate of \$1.05 per contract in Non-Penny Symbols (in lieu of \$1.00 per contract).

2. Reserved.

3. Reserved.

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

### Table 3

#### Qualifying Tier Thresholds

Tiers	Total Affiliated and/or Appointed Member ADV
Tier 1	[0-49,999]executes <u>0.00%-0.7499% of Customer Total Consolidated Volume</u>
Tier 2	[50,000 or more]executes <u>0.75% or more of Customer Total Consolidated Volume</u>

- For purposes of measuring Total Affiliated and/or Appointed Member ADV, Customer Total Consolidated Volume means the total volume cleared at The Options Clearing Corporation in the Customer range in equity and ETF options in that month.
- The highest tier threshold attained applies retroactively in a given month to all eligible traded contracts and applies to all eligible market participants.
- Total Affiliated and/or Appointed Priority Customer ADV means all Priority Customer ADV executed on the Exchange in all symbols and order types, including volume executed by Affiliated Members and/or Appointed Members, which will be aggregated with the Member's volume in the manner described below.
- Total Affiliated and/or Appointed Member ADV means all ADV executed on the Exchange in all symbols and order types, including volume executed by Affiliated Members and/or Appointed Members, which will be aggregated with the Member's volume in the manner described below.
- All eligible volume from Affiliated Members will be aggregated in determining applicable tiers.
- All eligible volume from an Appointed Order Flow Provider will be aggregated with its designated Appointed Market Maker's eligible volume in determining the

Appointed Market Maker's applicable tiers, provided the Appointed Market Maker is designated by the Appointed Order Flow Provider in accordance with the below instructions.

- An Appointed Market Maker is eligible to receive and aggregate volume credit from both their Affiliated Members and their Appointed Order Flow Provider.
- An Appointed Order Flow Provider will not receive volume credit from its Appointed Market Maker or the Appointed Market Maker's Affiliated Members in determining its applicable tiers.
- Designating an Appointed Market Maker / Appointed Order Flow Provider: A Market Maker appoints an Electronic Access Member as its Appointed Order Flow Provider and an Electronic Access Member appoints a Market Maker as its Appointed Market Maker, for the purposes of the Schedule of Fees, by each sending an email to sales@nasdaq.com. These corresponding emails will be viewed as acceptance of the appointment.
- The Exchange will recognize one such designation for each party. A party may make a designation not more than once every 6 months, which designation shall remain in effect until the Exchange receives an email from either party indicating that the appointment has been terminated.

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