SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106002; File No. SR-NasdaqTX-2026-033]

Self-Regulatory Organizations; Nasdaq Texas, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Various NTX Options Rules

July 28, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").[1], and Rule 19b-4 thereunder,[2] notice is hereby given that July 14, 2026, Nasdaq Texas, LLC ("Nasdaq Texas" 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 various NTX Options rules. Specifically, the Exchange proposes to amend rules at Options 1, Section 1, Definitions; Options 2: Section 3, Lead Market Maker Allocations, Section 4, Obligations of Market Makers and Lead Market Makers, and Section 6, Market Maker Orders; Options 3: Section 7, Types of Orders and Order and Quote Protocols; Section 8, Options Opening Process; Section 9, Trading Halts; Section 10, Order Book Allocation; Section 15, Risk Protections; Section 20, Nullification and Adjustment of Options Transactions including Obvious Errors; and Section 22, Limitations on Order Entry. The Exchange also proposes to amend Options 5, Section 4, Order Routing; Options 6, Section 1, Authorization to Give-Up; and Options 7, Section 1, General Provisions.

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

2 17 CFR 240.19b-4.

The text of the proposed rule change is available on the Exchange's Website at https://listingcenter.nasdaq.com/rulebook/nasdaqtx/rulefilings, and at the principal office of the Exchange.

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

NTX Options proposes to amend various rules to align its functionality to that of other Nasdaq affiliated options exchanges. The Exchange proposes various changes to harmonize the Exchange's rules where appropriate with the rules of its affiliated options exchanges. Specifically, the Exchange proposes to adopt rules similar to Nasdaq ISE, LLC ("ISE"), Nasdaq GEMX, LLC ("GEMX"), Nasdaq MRX, LLC ("MRX"), and Nasdaq Phlx LLC ("Phlx").

The Exchange proposes to add a definition for a Lead Market Maker in Options 1, Section 1 (Definitions) and define "LMM" in Options 2, Section 3 (Lead Market Maker Allocations).

The Exchange proposes to adopt order types at Options 3, Section 7 (Types of Orders and Order and Quote Protocols) that are identical to ISE, GEMX, MRX and Phlx. The Exchange proposes to adopt a new Stop Order, Stop Limit Order, Reserve Order and Good-Till-Date Order identical to ISE, GEMX, MRX and Phlx. The Exchange would remove the Minimum Quantity

Order. The Exchange would also amend Options 2, Section 6 (Market Maker Orders), Options 3, Section 8 (Opening and Halt Cross), Options 3, Section 9 (Trading Halts), Options 3, Section 10 (Order Book Allocation), Options 3, Section 20 (Nullification and Adjustment of Options Transactions including Obvious Errors), and Options 3, Section 22 (Limitations on Order Entry) to account for new order types. These proposed changes would be identical to corresponding rules on ISE, GEMX, MRX and Phlx at Options 2, Section 6, Options 3, Section 8, Options 3, Section 9, Options 3, Section 10, Options 3, Section 22 and Phlx Options 3, Section 20.

The Exchange proposes to amend its Optional Risk Protection at Options 3, Section 28 to make it identical to ISE, GEMX, MRX and Phlx. This amendment does not substantively change the functionality of the risk protections.

Options 1, Section 1 and Options 2, Section 3

The Exchange proposes to define the term "Lead Market Maker" at Options 1, Section 1(a)(25) to mean a Market Maker who is registered as an options Lead Market Maker pursuant to Options 2, Section 3. This definition will provide guidance to Members about where to locate information concerning Lead Market Makers. The remainder of the definitions will be renumbered accordingly.

The Exchange also proposes to amend current Options 1, Section 1(a)(45) which describes the term "out-of-the-money" to remove the final sentence which states, "This definition shall only apply for purposes of Market Maker quoting obligations in Options 2, Section 5." The Exchange is removing this sentence as the term applies to all Options Rules and not only Options 2, Section 5.

The Exchange proposes to amend Options 2, Section 3, Lead Market Maker Allocations, to remove "LMM" in Options 2, Section 3A and instead state "Lead Market Maker." The Exchange would define an "LMM" in Options 2, Section 3A(a).

Options 2, Section 6

Options 2, Section 6(a) currently states that Market Makers may enter all order types defined in Options 3, Section 7 in the options classes to which they are appointed and non-appointed, except for Customer Cross Orders. The Exchange proposes to adopt a new Reserve Order at proposed Options 3, Section 7(g) that is identical to ISE, GEMX, MRX and Phlx Reserve Orders at Options 3, Section 7(g). The Exchange proposes to amend Options 2, Section 6(a) to restrict Market Makers from entering Reserve Orders in both appointed and non-appointed options classes. Today, ISE, GEMX, MRX and Phlx Options 2, Section 6 restricts Market Makers from entering Reserve Orders. Unlike other order types, the Reserve Order is a limit order that contains both a displayed portion and a non-displayed portion. Both the displayed and non-displayed portions of a Reserve Order are available for potential execution against incoming marketable orders. When the displayed portion of a Reserve Order is decremented, either in full or in part, it shall be refreshed from the non-displayed portion of the resting Reserve Order. The Exchange believes that because a Reserve Order contains a non-displayed portion, Market Makers should not be permitted to enter this order type. Market Makers are required to make markets that, absent a change in market conditions, will be honored for the number of contracts entered into the Exchange's System in all series of options classes to which the market maker is appointed. The Exchange believes that Market Maker liquidity should be displayed liquidity.

<u>Options 3, Section 7</u>

The Exchange proposes to remove "(a)" and move the rule text of Options 3, Section 7(a) after the first sentence.

Market Orders

The Exchange proposes to amend the description of Market Orders and relocate the order type from Options 3, Section 7(a)(5) to Options 3, Section 7(a) without any substantive change to the rule. Today, Options 3, Section 7(a)(5) states,

> A Market Order is an order to buy or sell at the best price available at the time of execution. Participants can designate that their Market Orders not executed after a pre-established period of time, as established by the Exchange, will be cancelled back to the Participant, once an option series has opened for trading. Market Orders on the Order Book would be immediately cancelled if an options series halted, provided the Participant designated the cancellation of Market Orders.

The Exchange proposes to instead provide that,

> A Market Order is an order to buy or sell a stated number of options contracts that is to be executed at the best price obtainable when the order reaches the Exchange. Participants can designate that their Market Orders not executed after a pre-established period of time, as established by the Exchange, will be cancelled back to the Participant, once an options series has opened for trading. Market Orders on the order book would be immediately cancelled if an options series is halted, provided the Participant designated the cancellation of Market Orders.

The Exchange's amendment to the first sentence does not substantively amend this order type, rather the text is being reworded to align with ISE, GEMX, MRX and Phlx rule text at Options 3, Section 7(a).

Limit Orders

The Exchange proposes to amend and relocate "Limit Orders" from current Options 3, Section 7(a)(3) to proposed Options 3, Section 7(b). Today, Options 3, Section 7(a)(3) states, "Limit Order" is an order to buy or sell an option at a specified price or better. A marketable Limit Order is a Limit Order to buy (sell) at or above (below) the best offer (bid) on the Exchange. The Exchange proposes to slightly modify the text in a non-substantive manner to align to ISE, GEMX, MRX and Phlx Options 3, Section 7(b) with respect to the description of a Limit Order and a Marketable Limit Order to provide at proposed Options 3, Section 7(b) that a Limit Order is an order to buy or sell a stated number of options contracts at a specified price or better. The Exchange proposes to state at Options 3, Section 7(b)(1) that a Marketable Limit Order is a limit order to buy (sell) at or above (below) the best offer (bid) on the Exchange. The Exchange proposes to define a Fill-or-Kill Order as a Limit Order that is to be executed in its entirety as soon as it is received and, if not so executed, treated as cancelled, similar to ISE, GEMX, MRX and Phlx Options 3, Section 7(b)(2).

The Exchange proposes to amend and relocate the Intermarket Sweep Order from current Options 3, Section 7(a)(6) to proposed Options 3, Section 7(b)(3) under Limit Orders. Current Options 3, Section 7(a)(6) states

> "Intermarket Sweep Order" or "ISO" is a Limit Order that meets the requirements of Options 5, Section 1(8). Orders submitted to the Exchange as ISO are not routable and will ignore the ABBO and trade at allowable prices on the Exchange. ISOs may be entered on the Order Book or into the PRISM Mechanism pursuant to Options 3, Section 13(ii)(K). ISOs must have a time-in-force designation of Immediate-or-Cancel. ISO Orders may not be submitted during the opening.

The rule text is substantively identical, except that the Exchange is removing the sentence that states, "ISOs may be entered on the Order Book or into the PRISM Mechanism pursuant to Options 3, Section 13(ii)(K)." The PRISM rule at Options 3, Section 13(ii)(K) describes the use of an ISO in the PRISM Mechanism.

All-or-None Orders

The Exchange proposes to amend and relocate the All-or-None Orders or "AON" Orders from current Options 3, Section 7(a)(7) to proposed Options 3, Section 7(c). Current Options 3, Section 7(a)(7) provides that an

> "All-or-None Order" is a Market or Limit Order which is to be executed in its entirety or not at all. All-or-None Orders are treated as having a time-in-force designation of Immediate or Cancel. All-or-None Orders received prior to the Opening Process or after market close will be rejected.

The Exchange proposes to add a new sentence which states that AON Orders will only execute against multiple, aggregated orders if the executions would occur simultaneously. This is true for NTX Options today. The handling of AONs as described in the proposed rule text in Options 3, Section 7(c) is consistent with the Exchange's allocation methodology in Options 3, Section 10. The additional detail makes clear that because of the size contingency of AON Orders, those orders must be satisfied simultaneously to avoid any priority conflict on the order book, which considers current displayed NBBO prices to avoid locked and crossed markets as well as trade-throughs. Additionally, the rule text will be harmonized to ISE, GEMX, MRX and Phlx Options 3, Section 7(c). The Exchange also proposes to amend the sentence that states, "All-or-None Orders received prior to the Opening Process or after market close will be rejected" to harmonize the rule text to ISE, GEMX, MRX and Phlx Options 3, Section 7(c). The Exchange proposes to modify this sentence to instead provide that AON Orders may not be submitted during the Opening Process.[3] The current rule text similarly prohibits the submission of AON Orders before the market opens, which occurs at the end of the Opening Process.

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[3] NTX Options' Opening Process is described in Options 3, Section 8.

Stop Orders

The Exchange proposes to adopt a Stop Order on NTX Options at proposed Options 3, Section 7(d). The Exchange proposes to describe a Stop Order as an order that becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Order to sell is elected when the option is offered or trades on the Exchange at, or below, the specified stop price. A Stop Order shall be cancelled if it is immediately electable upon receipt. Stop Orders may only be entered through FIX. A Stop Order shall not be elected by a trade that is reported late or out of sequence.[4]

The Exchange also proposes to adopt a Stop Limit Order at proposed Options 3, Section 7(e). The Exchange proposes to provide that a Stop Limit Order is an order that becomes a Limit Order when the stop price is elected. A Stop Limit Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Limit Order to sell becomes a sell limit order when the option is offered or trades on the Exchange at, or below, the specified stop price. A Stop Limit Order shall be cancelled if it is immediately electable upon receipt. Stop Limit Orders may only be entered through FIX. A Stop Limit Order shall not be elected by a trade that is reported late or out of sequence.

A Stop Order is not elected by a trade that is reported late to ensure systemically that a Stop Order would be elected on the Exchange by the execution price at the actual time of the execution, instead of at a later time. Absent this provision, it would be possible for a Stop Order to be elected by a trade that is reported late, which could result in such Stop Order being

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4 ISE and MRX Options 3, Section 7(c) also provide that a Stop Order is not elected by a Complex Order trading with another Complex Order. NTX Options does not offer complex orders, therefore it is not adding that sentence.

converted into a Market Order or a Limit Order and, in the case of a Stop Order executed at a significantly different price than the election price of the Stop Order.[5]

Cancel or Replace Orders

The Exchange proposes to rename a "Cancel-and Replacement Order" to a "Cancel and Replace Order" and amend and relocate the description from Options 3, Section 7(a)(1) to proposed Options 3, Section 7(f). Currently, Options 3, Section 7(a)(1) states,

> "Cancel-Replacement Order" is a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order with new terms and conditions. If the previously placed order is already filled partially or in its entirety, the replacement order is automatically canceled or reduced by the number of contracts that were executed. The replacement order will retain the priority of the cancelled order, if the order posts to the Order Book, provided the price is not amended, and the size is not increased. If the replacement portion of a Cancel-Replacement Order does not satisfy the System's price or other reasonability checks (e.g., Order Price Protection and Market Order Spread Protection within Options 3, Section 15(a)(1) and (a)(2), respectively); the existing order shall be cancelled and not replaced.

The new Cancel and Replace Order will mirror the functionality on ISE, GEMX, MRX and Phlx at Options 3, Section 7(f) by stating,

> Cancel and Replace Orders shall mean a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order. If the previously placed order is already filled partially or in its entirety, the replacement order is automatically canceled or reduced by the number of contracts that were executed. The replacement order will retain the priority of the cancelled order, if the order posts to the Order Book, provided the price is not amended or size is not increased. In the case of Reserve Orders, the replacement order will retain the priority of the cancelled order, if the order posts to the Order Book, provided the price is not amended or size (displayed and non-displayed) is not changed. If the replacement portion of a Cancel Replace Order does not satisfy the System's price or other reasonability checks (e.g., Order Price Protection and Market Order Spread Protection within Options 3, Section 15(a)(1) and (a)(2), respectively); the existing order shall be cancelled and not replaced.

[5] For example, if a Stop Order to sell at \$3.00 is elected by a trade reported late or out-of-sequence with an execution price of \$3.00 when the actual bid price at the time of the report is \$1.00, the Stop Order would be converted into a market order and executed at \$1.00.

The Exchange is not proposing to substantively amend the description of the renamed Cancel and Replace Order, except that the Exchange proposes to introduce Reserve Orders, as explained below, and add a sentence to describe how the System would handle Reserve Orders. The Exchange proposes to state that in the case of Reserve Orders, the replacement order will retain the priority of the cancelled order, if the order posts to the Order Book, provided the price is not amended or size (displayed and non-displayed) is not changed. Because a Reserve Order has both a displayed and non-displayed portion, this additional language makes clear the System handling for this order type.

Reserve Orders

The Exchange proposes to adopt a Reserve Order at Options 3, Section 7(g) that is identical to the order type in ISE, GEMX, MRX and Phlx Options 3, Section 7(g). As proposed, a Reserve Order would be a limit order that contains both a displayed portion and a non-displayed portion. Both the displayed and non-displayed portions of a Reserve Order would be available for potential execution against incoming marketable orders. A non-marketable Reserve Order would rest on the order book. The displayed portion of a Reserve Order would be ranked at the specified limit price and the time of order entry. The displayed portion of a Reserve Order would trade in accordance with Options 3, Section 10(a)(1)(A) for Public Customer Orders, and Options 3, Section 10(a)(1)(F) for non-Public Customer Orders. Reserve Orders would be entered with an instruction for the displayed portion of the order to be refreshed: (A) upon full execution of the displayed portion or upon any partial execution; and (B) up to the initial size of the displayed portion or with a random refresh quantity within a range determined by the Participant. When the displayed portion of a Reserve Order is decremented, either in full or in part, it would be refreshed from the non-displayed portion of the resting Reserve Order. If the displayed portion is refreshed in part, the new displayed portion would include the previously displayed portion. Upon any refresh, the entire displayed portion would be ranked at the specified limit price and obtain a new time stamp, i.e., the time that the new displayed portion of the order was refreshed. The new displayed portion would trade in accordance with Options 3, Section 10(a)(1)(C)(1)(a) and 10(a)(1)(C)(2)(i) for Public Customer Orders, and Options 3, Section 10(a)(1)(C)(1)(d) and 10(a)(1)(C)(2)(iv) and (v) for non-Public Customer Orders. The initial non-displayed portion of a Reserve Order rests on the order book and would be ranked based on the specified limit price and time of order entry. Thereafter, non-displayed portions, if any, always obtain the same time stamp as that of the new displayed portion as described in proposed Options 3, Section 7(g)(5). The non-displayed portion of any Reserve Order would be available for execution only after all displayed interest has been executed. The non-displayed portion of any Reserve Order would trade in accordance with Options 3, Section 10(a)(1)(C)(1)(a) and 10(a)(1)(C)(2)(i) for Public Customer Orders, and Options 3, Section 10(a)(1)(C)(1)(d) and 10(a)(1)(C)(2)(iv) and (v) for non-Public Customer Orders. The Exchange believes that the adoption of this new order type will allow all Participants the ability to trade their orders with displayed and non-displayed portions similar to ISE, GEMX, MRX and Phlx Options 3, Section 7(g).

Customer Cross Order

NTX Options at Options 3, Section 12(a) describes a Customer Cross Order. Similar to ISE, GEMX, MRX and Phlx Options 3, Section 7(i), the Exchange proposes to note this order at NTX Options at Options 3, Section 7(i) and state that a Customer Cross Order is comprised of a

Priority Customer Order to buy and a Priority Customer Order to sell at the same price and for the same quantity. Such orders will trade in accordance with Options 3, Section 12(a).

Add Liquidity Orders

The Exchange proposes to relocate the Add Liquidity Order ("ALO") from current Options 3, Section 7(a)(12)[6] to proposed Options 3, Section 7(n) and add the following sentence to the description, "Add Liquidity Orders may only have a time-in-force designation of Day."

Today, Add Liquidity Orders may only have a time-in-force designation of Day,[7] so they would rest on the order book in the event that the order could not execute. Requiring Add Liquidity Orders to be entered only as Day Orders is consistent with the Act because an Add Liquidity Order may not remove liquidity from the order book. The Add Liquidity Order is designed to encourage displayed liquidity and offer Participants greater flexibility to post liquidity on the Exchange. Therefore, limiting the time-in-force is consistent with removing impediments to and perfecting the mechanisms of a free and open market and a national market system as there would be no logical outcome for an Add Liquidity Order to have a Time-in-

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6 Current NTX Options at Options 3, Section 7(a)(12) states that an "Add Liquidity Order" is a Limit Order that is to be executed in whole or in part on the Exchange (i) only after being displayed on the Exchange's Limit Order Book; and (ii) without routing any portion of the order to another market center. Participants may specify whether an Add Liquidity Order shall be cancelled or re-priced to the minimum price variation above the national best bid price (for sell orders) or below the national best offer price (for buy orders) if, at the time of entry, the order (i) is executable on the Exchange; or (ii) the order is not executable on the Exchange but would lock or cross the national best bid or offer. If at the time of entry, an Add Liquidity Order would lock or cross one or more non-displayed orders or quotes on the Exchange, the Add Liquidity Order shall be cancelled or re-priced to the minimum price variation above the best non-displayed bid price (for sell orders) or below the best non-displayed offer price (for buy orders). Notwithstanding the aforementioned, if an Add Liquidity Order would not lock or cross an order or quote on the System but would lock or cross the NBBO, the order will be handled pursuant to Options 3, Section 5(d). An Add Liquidity Order will be ranked in the Exchange's Limit Order Book in accordance with Options 3, Section 10. Add Liquidity Orders may only be submitted when an options series is open for trading.

7 A Time in Force designation of Day is described as an order to buy or sell entered with a TIF of "DAY," which, if not executed, expires at the end of the day on which it was entered. All orders by their terms are Day orders unless otherwise specified. Day orders may be entered through FIX or OTTO. See proposed Supplementary Material .02(a) to Options 3, Section 7.

Force of Immediate-or-Cancel.[8] Currently, Options 3, Section 7(n) states that Add Liquidity Orders may only be submitted when an options series is open for trading, therefore a Time-In-Force of "OPG" is not permissible.[9] Finally, with respect to a Time-in-Force of Good-Till-Date[10] or Good-Till-Canceled,[11] these Time-in-Force designations if permitted to be entered may persist into the next trading day if the orders did not execute and, as a result, would participate in the Opening Process. Because Add Liquidity Orders may not participate in the Opening Process as noted in Options 3, Section 7(n), the Exchange proposes not to permit an Add Liquidity Order with a Time-in-Force of GTD or GTC. The proposed text represents current System functionality. Additionally, the Exchange's proposal would harmonize NTX Options' Add Liquidity Order to that of The Nasdaq Options Market LLC ("NOM") in that NOM's Add Liquidity Order may only have a Time-in-Force of Day.[12]

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8 A Time in Force designation of Immediate-or-Cancel is described as an order entered with a TIF of "IOC" that is to be executed in whole or in part upon receipt. Any portion not so executed is to be treated as cancelled. See proposed Supplementary Material .02(d) to Options 3, Section 7.

9 An Opening Only ("OPG") order is entered with a TIF of "OPG." This order can only be executed in the Opening Process pursuant to Options 3, Section 8. Any portion of the order that is not executed during the Opening Process is cancelled. OPG orders may not route. This order type is not subject to any protections listed in Options 3, Section 15, except Size Limitation and Market Wide Risk Protection. See proposed Supplementary Material .02(e) to Options 3, Section 7.

10 An order to buy or sell entered with a TIF of "GTD," which, if not executed, will be cancelled at the sooner of the end of the expiration date assigned to the order, or the expiration of the series; provided, however, that GTD orders will be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. GTD orders may be entered through FIX. See proposed Supplementary Material .02(c) to Options 3, Section 7.

11 An order to buy or sell entered with a TIF of "GTC" that remains in force until the order is filled, canceled or the option contract expires; provided, however, that GTC orders will be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. GTC orders may be entered through FIX. See proposed Supplementary Material .02(b) to Options 3, Section 7.

12 See NOM Options 3, Section 7(a)(9).

Opening Sweep

The Exchange proposes to relocate the Opening Sweep order type from current Options 3, Section 7(a)(8) to proposed Options 3, Section 7(b)(6)[13] without change.

Block Order

The Exchange proposes to relocate Block Order from current Options 3, Section 7(a)(11)[14] to proposed Options 3, Section 7(u) without any substantive change. The Exchange proposes to capitalize the term "Block Order."

PRISM Order

The Exchange proposes to relocate the description of a PRISM Order from current Options 3, Section 7(a)(9)[15] to proposed Options 3, Section 7(y) without substantive change.

The Exchange is adding an italicized header to each order type to conform the format to that of ISE, GEMX, MRX and Phlx Options 3, Section 7. Also, the Exchange proposes to reserve the section where NTX Options does not have a similar order type to those in ISE, GEMX, MRX and Phlx Options 3, Section 7. The Exchange is reserving Supplementary Material .01 to Options 3, Section 7 because NTX Options does not offer Qualified Contingent Cross Orders and ISE, GEMX, MRX and Phlx Supplementary Material .01 to Options 3, Section 7 describe a "qualified contingent trade" in that rule.

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13 Current NTX Options at Options 3, Section 7(a)(8) provides, "Opening Sweep" is a one-sided order entered by a Market Maker through SQF for execution against eligible interest in the System during the Opening Process. This order type is not subject to any protections listed in Options 3, Section 15, except for Automated Quotation Adjustments and Market Wide Risk Protection. The Opening Sweep will only participate in the Opening Process pursuant to Options 3, Section 8 and will be cancelled upon the open if not executed.

14 Current NTX Options at Options 3, Section 7(a)(9) provides Block Order. A Block Order is an order entered into the Block Order Mechanism as described in Options 3, Section 11(a).

15 Current NTX Options at Options 3, Section 7(a)(8) provides that a "PRISM Order" is as described in Options 3, Section 13.

Time in Force Provisions

The Exchange proposes to relocate the rule text concerning Time in Force from current Options 3, Section 7(b)[16] to Supplementary Material .02 to Options 3, Section 7 without change.

Day Order

The Exchange proposes to relocate Day Order from current Options 3, Section 7(b)(3)[17] to proposed Supplementary Material .02(a) to Options 3, Section 7 without substantive change. The minor proposed wording changes to the rule text of Day Order are intended to mirror the text in ISE, GEMX, MRX and Phlx Supplementary Material .02(a) to Options 3, Section 7. NTX Options does not have a Precise protocol.[18]

Good-Till-Canceled

The Exchange proposes to rename "Good Til Cancelled" to "Good-Till-Canceled" and amend and relocate the description from Options 3, Section 7(b)(4)[19] to proposed Supplementary Material .02(b) to Options 3, Section 7. The Exchange is not amending the System functionality of this order type. The Exchange proposes to amend the current rule text to instead provide that an order to buy or sell entered with a TIF of "GTC" remains in force until the order is filled, canceled or the option contract expires; provided, however, that GTC orders will be canceled in

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16 Current NTX Options at Options 3, Section 7(b) states, The term "Time in Force" or "TIF"" shall mean the period of time that the System will hold an order for potential execution, and shall include:.

17 Current NTX Options at Options 3, Section 7(b)(3) states, "DAY" is an order entered with a TIF of "Day" that expires at the end of the day on which it was entered, if not executed. All orders by their terms are Day Orders unless otherwise specified. Day orders may be entered through FIX.

18 NTX Options adopted an OTTO protocol. See Securities Exchange Act Release No. 101743 (November 25, 2024), 89 FR 95321 (December 2, 2024) (SR-NTX Options -2024-048) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt an OTTO Protocol). This rule change is effective but not yet operative.

19 Current NTX Options at Options 3, Section 7(b)(4) states "Good Til Cancelled" or "GTC" is an order entered with a TIF of "GTC" that, if not fully executed, will remain available for potential display and/or execution unless cancelled by the entering party, or until the option expires, whichever comes first. GTC Orders shall be available for entry from the time prior to market open specified by the Exchange until market close.

the event of a corporate action that results in an adjustment to the terms of an option contract. The first sentence of the current text is simply worded differently; today GTC orders are canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. The Exchange is adding this rule text concerning a corporate action to clarify the current System behavior. The proposed GTC description is identical to the rule text in ISE, GEMX, MRX and Phlx Supplementary Material .02(b) to Options 3, Section 7.

Good-Till-Date

The Exchange proposes to adopt a new TIF designation, Good-Till-Date or "GTD" at Supplementary Material .02(c) to Options 3, Section 7 which is identical to ISE, GEMX, MRX and Phlx's Good-Till-Date TIF at Supplementary Material .02(c) to Options 3, Section 7. A Good-Till-Date TIF is an order to buy or sell entered with a TIF of "GTD," which, if not executed, would be cancelled at the sooner of the end of the expiration date assigned to the order, or the expiration of the series; provided, however, that GTD orders would be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. GTD Orders will only be available on FIX, similar to ISE, GEMX, MRX and Phlx Supplementary Material .02(c) to Options 3, Section 7. The Exchange believes this additional TIF will provide Participants with additional opportunities when trading on NTX Options.

Immediate-or-Cancel

The Exchange proposes to relocate Immediate-or-Cancel from Options 3, Section 7(c)(2)[20] to Supplementary Material .02(d) to Options 3, Section 7 with minor non-substantive

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20 Current NTX Options at Options 3, Section 7(b)(2) states (d) "Immediate-or-Cancel" or "IOC" is a Market Order or Limit Order to be executed in whole or in part upon receipt. Any portion not so executed is cancelled. (A) Orders entered with a TIF of IOC are not eligible for routing. (B) IOC orders may be entered through FIX or SQF, provided that an IOC Order entered by a Market Maker through SQF is not subject to the Order Price Protection, the Market Order Spread Protection, or Size Limitation in Options 3, Section 15(a)(1), (a)(2), and (b)(2), respectively; (C) Block Orders, Customer Cross Orders, and

wording amendments that are intended to align with rule text in ISE, GEMX, MRX and Phlx Supplementary Material .02(d) to Options 3, Section 7.

Opening Only

The Exchange proposes to relocate Opening Only from current Options 3, Section 7(b)(1)[21] to proposed Supplementary Material .02(e) of Options 3, Section 7 without change.[22]

Minimum Quantity Orders

The Exchange proposes to no longer offer Minimum Quantity Orders at Options 3, Section 7(a)(4). A Minimum Quantity Order is an order that requires that a specified minimum quantity of contracts be obtained, or the order is cancelled. Minimum Quantity Orders are treated as having a time-in-force designation of Immediate or Cancel. Minimum Quantity Orders received prior to the Opening Process or after market close will be rejected. This order type is not utilized frequently on the Exchange and is not currently offered on ISE, GEMX or MRX. Due to the lack of demand for this order type, the Exchange is no longer utilizing it.

Order Entry Protocols

The Exchange proposes to relocate the order entry protocols from current Options 3, Section 7(e) to proposed Supplementary Material .03 to Options 3, Section 7. The Exchange proposes to re-letter the subsections from "A, B, and C" to "a, b, and c." The Exchange proposes to remove the rule text that provides, "(e) Entry and Display or Orders and Quotes. Participants

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PRISM Orders are considered to have a TIF of IOC. By their terms, these orders will be: (1) executed either on entry or after an exposure period, or (2) cancelled.

21 Current NTX Options at Options 3, Section 7(b)(1) provides that an Opening Only order ("OPG") is entered with a TIF of "OPG". This order can only be executed in the Opening Process pursuant to Options 3, Section 8. This order type is not subject to any protections listed in Options 3, Section 15, except Size Limitation and Market Wide Risk Protection. Any portion of the order that is not executed during the Opening Process is cancelled. OPG orders may not route.

22 The order of the text is slightly changed but not amended.

may enter orders and quotes into the System as specified below" to align the rule text with ISE, GEMX, MRX and Phlx Supplementary Material .03 to Options 3, Section 7.

The Exchange's proposal to amend the FIX protocol to note that similar to ISE, GEMX, MRX and Phlx at Supplementary Material .03(a) to Options 3, Section 7, that the Exchange will commence offering post trade allocation messages is consistent with the Act as it will allow Participants the same functionality that is currently available to ISE, GEMX, MRX and Phlx market participants. A post trade allocation message allows market participants to specify how an order should be subdivided among one or more accounts.[23] Today, ISE, GEMX, MRX and Phlx provide post trade allocation messages through FIX.[24]

The Exchange proposes to remove a reference to "complex instruments" in the OTTO protocol description at proposed Supplementary .03(b) to Options 3, Section 7. NTX Options does not offer complex instruments. The reference to complex instruments was inadvertent.

Routing

The Exchange proposes to relocate the rule text at Options 3, Section 7(c)[25] to Supplementary Material .04 of Options 3, Section 7 without change.

Order Size

The Exchange is removing the sentence that provides, "The term "Order Size" shall mean the number of contracts up to 999,999 associated with the Order." This term is not used in the Exchange's rules.

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23 For example, a Participant may specify the account(s) and their respective order quantities which make up the order.

24 See ISE, GEMX and MRX Supplementary Material .03(a)(i) of Options 3, Section 7.

25 Current NTX Options at Options 3, Section 7(c) provides that orders may be entered on the Exchange with a routing strategy of FIND, SRCH or Do-Not-Route ("DNR") as provided in Options 5, Section 4 through FIX only.

Options 3, Section 8

The Exchange proposes to amend Options 3, Section 8, Options Opening Process, at Options 3, Section 8(b) to note the eligible interest that will be included in the Opening Process. The Exchange currently provides at Options 3, Section 8(b) that, "Eligible interest during the Opening Process includes Valid Width Quotes, Opening Sweeps, and orders." First, the Exchange proposes to state, "Eligible interest during the Opening Process includes Valid Width Quotes, Opening Sweeps and orders, including Opening Only Orders, but excluding orders with a Time in Force of Immediate-or-Cancel and Add Liquidity Orders." The Exchange notes that today Opening Only Orders are included in eligible interest and orders with a Time in Force of "Immediate-or-Cancel" and Add Liquidity Orders are not included because there is no order book during the Opening Process and those orders are not accepted. Second, the Exchange proposes to add a sentence that states, "The displayed and non-displayed portions of the Reserve Orders are considered for execution and in determining the Opening Price throughout the Opening Process." This sentence describes the handling of newly adopted Reserve Orders in the Opening Process.

Also, similar to ISE, GEMX, MRX and Phlx Options 3, Section 8(g), the Exchange proposes to account for the addition of Reserve Orders with respect to the Potential Opening Price[26] in Options 3, Section 8(h). To calculate the Potential Opening Price, the System takes into consideration all Valid Width Quotes and orders (including Opening Sweeps and displayed and non-displayed portions of Reserve Orders) for the option series and identify the price at which the maximum number of contracts can trade ("maximum quantity criterion"). The

[26] The Potential Opening Price indicates a price where the System may open once all other Opening Process criteria is met.

addition of this rule text will make clear the manner in which the System will handle a Reserve Order during the Opening Process.

Similar to other changes noted herein, the Exchange proposes to amend NTX Options at Options 3, Section 8(k)(3)(F) to note how Reserve Orders will be handled in the Opening Process for purposes of execution. The Exchange proposes to state, "The System will execute orders at the Opening Price that have contingencies (such as without limitation, Reserve Orders) and non-routable orders, such as "Do Not Route" or "DNR" Orders, to the extent possible. This rule text will add transparency to the Exchange's rule text and mirror rule text in ISE, GEMX and MRX Options 3, Section 8(j)(6) and Phlx Options 3, Section 8(k)(6). Additionally, the Exchange proposes to state, "The System will only route non-contingency orders, except Reserve Orders may route up to their full volume." With this proposal, NTX Options would have the following contingency orders that will not route: a Stop Order, an All-or-None Order and a Fill-or-Kill Order.

Finally, the Exchange proposes to amend rule text in the Opening Process Cancel Timer at NTX Options at Options 3, Section 8(l). With the retention of the "Good Til Cancelled Order," renamed "Good-Till-Canceled," and adoption of the "Good-Till-Date Order," the Exchange proposes to amend the order types in the last sentence of Options 3, Section 8(l) for consistency.

The Exchange proposes to amend Options 2, Section 4, Obligations of Market Makers and Lead Market Makers at paragraph (l)(2)(a) to change "Opening Cross" to "Opening Process" to conform to Options 3, Section 8.

Options 3, Section 9

The Exchange proposes to amend Options 3, Section 9, Trading Halts. Specifically, the Exchange proposes to amend Options 3, Section 9(d)(1) to change the word “Exchange” to “System” which more precisely describes the functionality.

The Exchange proposes to amend Options 3, Section 9(d)(2) to describe the manner in which the newly adopted Stop Order will be treated during a trading halt. The Exchange proposes to mirror the treatment of Stop Orders in ISE, GEMX, MRX and Phlx Options 3, Section 9(d)(3). The Exchange proposes to add this sentence to Options 3, Section 9(d)(2), “Provided the Exchange has opened an affected option for trading, the Exchange shall elect Stop Orders if the condition as provided in Options 3, Section 7(d) is met, and, because they become Market Orders, shall cancel them back and notify Participants of the reason for such rejection.” Stop Orders would become elected as provided for in proposed Options 3, Section 7(d).[27] If they elect as Market Orders, those Market Orders would be rejected. This aligns to the current treatment for Market Orders during a trading halt.

Options 3, Section 10

The Exchange proposes to amend NTX Options at Options 3, Section 10, Order Book Allocation. Similar to the ISE, GEMX and MRX applicability language in Options 3, Section 10, the Exchange proposes to clarify that the allocations specified in Options 3, Section 10 do not apply to the Price Improvement Auction (“PRISM”) described within Options 3, Section 13, unless Options 3, Section 10 is specifically referenced. This sentence provides greater information as to the applicability of Options 3, Section 10.

27 As proposed in NTX Options at Options 3, Section 7(d) a Stop Order becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Order to sell is elected when the option is offered or trades on the Exchange at, or below, the specified stop price.

The Exchange proposes to add a sentence at Options 3, Section 10(a)(A) with respect to Price/Time allocation that states, "Allocation of displayed interest shall occur before allocation of non-displayed interest at each price level." This additional rule text accounts for the allocation of Reserve Orders which have both displayed and non-displayed interest.

Today, ISE, GEMX and MRX Options 3, Section 10(c) provide for a Size Pro-Rata allocation. Currently Options 3, Section 10(a)(1)(B) describes Size Pro-Rata allocation as follows:

> (B) Size Pro-Rata - The System shall execute trading interest within the System in price priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more quotes or orders at the best price, trading interest will be executed based on the size of each Participant's quote or order as a percentage of the total size of all orders and quotes resting at that price. If the result is not a whole number, it will be rounded up to the nearest whole number.

The Exchange proposes to amend NTX Options at Options 3, Section 10(a)(1)(B) to provide

> The System shall execute trading interest within the System in price priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more quotes or orders at the same price, the System allocates contracts from an incoming order or quote to resting orders and quotes beginning with the resting order or quote displaying the largest size proportionally according to displayed size, based on the total number of contracts displayed at that price. If the result is not a whole number, it will be rounded up to the nearest whole number. If there are still contracts to be allocated after the displayed size of all orders at that price has been executed, the remaining size from the incoming order will be allocated proportionally against non-displayed interest according to remaining total size of each resting order at such price, beginning with the order which has the largest total size remaining.

The Exchange is aligning the description of Size Pro-Rata to ISE, GEMX and MRX Options 3, Section 10(c) to account for the fact that it is adopting Reserve Orders which will have both a displayed size and a non-displayed size. The Size Pro-Rata allocation divides the remainder proportionally among the non-displayed interest. Both the displayed and non-displayed portions of a Reserve Order are available for potential execution against incoming marketable orders or quotes. The non-displayed portion of any Reserve Order is available for execution only after all displayed interest on the single-leg order book has been executed.

The Exchange proposes to correct references to "book" with "order book" in various places throughout Options 3, Section 10. Finally, the Exchange proposes to include the word "Process" after "Opening" in Options 3, Section 10(a)(5).

Options 3, Section 15

Acceptable Trade Range

The Exchange proposes to amend the last sentence of Acceptable Trade Range or "ATR" at Options 3, Section 15(b)(1) that states, "The Acceptable Trade Range will not be available for All-or-None Orders or Minimum Quantity Orders." The Exchange proposes to remove Minimum Quantity Orders as they will no longer be offered.

Options 3, Section 20

The Exchange proposes to add language at Options 3, Section 20(i), Nullification and Adjustment of Options Transactions including Obvious Errors, to describe the treatment of Stop and Stop-Limit Orders triggered by an erroneous trade. The Exchange proposes to note that transactions resulting from the triggering of a Stop or Stop-Limit Order by an erroneous trade in an option contract shall be nullified by the Exchange, provided a party notifies an Official[28] in a timely manner as set forth below. If a party believes that it participated in an erroneous transaction pursuant to this paragraph it must notify an Official within the timeframes set forth in

[28] The term "Official" shall mean an Exchange staff member or contract employee designated as such by the Chief Regulatory Officer. A list of individual Officials shall be displayed on the Exchange website. The Chief Regulatory Officer shall maintain the list of Officials and update the website each time a name is added to, or deleted from, the list of Officials. In the event no Official is available to rule on a particular matter, the Chief Regulatory Officer or his/her designee shall rule on such matter. See Options 3, Section (a)(3).

sub-paragraph (c)(2),[29] with the allowed notification timeframe commencing at the time of notification of the nullification of transaction(s) that triggered the Stop or Stop-Limit Order. The Exchange also proposes to re-letter current (i) – (k). This proposed rule text is identical to Phlx Options 3, Section 20(i).

Options 3, Section 22

The Exchange proposes to amend Options 3, Section 22, Limitations on Order Entry, to adopt a new Supplementary Material .01 to provide that, "With respect to the non-displayed reserve portion of a Reserve Order, the exposure requirement of paragraphs (a) and (c) are satisfied if the displayable portion of the Reserve Order is displayed at its displayable price for one second." ISE, GEMX and MRX Supplementary Material .02 to Options 3, Section 22 contains identical rule text.

Options 3, Section 28

The Exchange proposes to amend Options 3, Section 28, "Optional Risk Protections." The Exchange proposes to align the rule text to ISE, GEMX, MRX and Phlx Options 3, Section 28 rule text. The proposed changes do not amend the functionality of the optional risk protections.

The Exchange proposes to add the words "daily" before the aggregate notional dollar value and aggregate quantity to be more explicit about those values. Further, the Exchange proposes to make clear in amended paragraph (c) the per order and on aggregate optional protections values applicable to each order protection. The Exchange proposes to make clear in amended paragraph (c) that the System will reject all incoming aggregated Participant orders for

29 Options 3, Section 20(c)(2) describes the time deadlines for a party that believes that it participated in a transaction that was the result of an Obvious Error to notify an Official in the manner specified by the Exchange.

any of the (a)(2) and (a)(4) risk protections after the value configured by the Participant is exceeded whereas amended paragraph (d) makes clear that the System will reject all incoming Participant orders for any of the (a)(1) and (a)(3) risk protections upon arrival if the value configured by the Participant is exceeded by the incoming order. The Exchange believes that the specific language makes clear the difference in handling between aggregate and individual order protections is necessary to allow for complete processing of the final order that puts a Participant's configured value over the aggregate values configured. While individual orders can be directly measured against the configured values for (a)(1) and (a)(3), the aggregate values must be calculated after complete processing of an order and thus the rejection of orders begins upon the arrival of the next order after the aggregate values in (a)(2) or (a)(4) have been exceeded. Finally, the Exchange proposes a new paragraph (f) that states that the proposed risk protections are only available for orders entered through FIX, as is the case today. Additionally, all of the proposed settings will be firm level, as is the case today. The Exchange is also re-lettering "d" to "e."

Options 5, Section 4

The Exchange proposes to amend Options 5, Section 4, Order Routing, to account for new order types and align its rule to ISE Options 5, Section 4.

The Exchange proposes to amend Options 5, Section 4(a) to account for Stop Orders and Stop Limits Orders with respect to routing. The Exchange proposes to state, "For purposes of this rule, the Exchange's best bid or offer or "BBO" does not include Stop Orders and Stop-Limit Orders which have not been triggered. The "internal BBO" shall refer to the actual better price of an order resting on the Exchange's Order Book, which is not displayed, but available for execution, excluding Stop Orders and Stop-Limit Orders which have not been triggered." The

Exchange's proposal adopts the Stop Order at ISE Options 3, Section 7(d) and Stop Limit Order at ISE Options 3, Section 7(e). Stop Orders and Stop-Limit Orders are not included in the BBO because they have not been triggered. The Exchange believes that this sentence will bring greater clarity to the Exchange's rule.

The Exchange proposes some modifications to its SRCH Order in NTX Options at Options 5, Section 4(iii)(C) to conform to ISE Options 5, Section 4(iii)(C). By way of background, a SRCH Order is routable at any time the option series is open for trading. The Exchange is adding a Good-Till-Date Order or GTD at proposed Supplementary Material .02(c) to NTX Options at Options 3, Section 7. Today, the Exchange does not offer a GTD Order. The GTD Order would be identical to ISE, GEMX, MRX and Phlx's Good-Till-Date TIF at Supplementary Material .02(c) to Options 3, Section 7. The Exchange proposes to add GTD to into NTX Options at Options 5, Section 4(iii)(C), similar to ISE Options 5, Section 4(iii)(C), to reflect how a GTD TIF would be handled by the System for a SRCH Order.[30]

Options 6, Section 1

By way of background, Options 6, Section 1 allows a Clearing Member to opt in, at The Options Clearing Corporation ("OCC") clearing number level, to a feature that, if enabled by the Clearing Member, will allow the Clearing Member to specify which Participants are authorized to give up that OCC clearing number. For each transaction in which a Participant participates, the Participant may indicate, at the time of the trade or through post trade allocation, any OCC number of a Clearing Member through which a transaction will be cleared ("Give Up"), provided the Clearing Member has not elected to "Opt In," and restrict one or more of its OCC number(s) ("Restricted OCC Number"). A Participant may Give Up a Restricted OCC Number provided

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30 A GTD SRCH Order may be routed as part of the Opening Process.

the Participant has written authorization ("Authorized Member"). Clearing Members may request the Exchange restrict one or more of their OCC clearing numbers ("Opt In"). An Opt In remains in effect until the Clearing Member terminates the Opt In. If a Clearing Member does not Opt In, that Clearing Member's OCC number may be subject to Give Up by any Participant.

The Exchange proposes to amend Options 6, Section 1, Authorization to Give Up, to align NTX Options' process to that of ISE, GEMX and MRX Options 6, Section 1. The Exchange proposes to amend Options 6, Section 1(c) which currently states, "The System will not allow an unauthorized Give Up with a Restricted OCC Number to be submitted at the firm mnemonic[31] level at the point of order entry." Today, the System will block the entry of the order from the outset. This is because a valid mnemonic will be required for any order to be submitted directly to the System, and a mnemonic will only be set up for a Participant if there is already a clearing arrangement in place for that firm either through a Letter of Guarantee or in the case of a Restricted OCC Number, the Participant becoming an Authorized Participant. The System also restricts any post trade allocation changes if the Participant is not authorized to use a Restricted OCC Number.

At this time, the Exchange proposes to instead provide that "The System will not allow an unauthorized Participant to Give Up a Restricted OCC Number. If an unauthorized Give Up with a Restricted OCC Number is submitted to the System, the System will process that transaction using the Participant's default OCC clearing number." With this change, if an unauthorized Give Up with a Restricted OCC Number is submitted to the System, the System will process that transaction using the Participant's default OCC clearing number. With this

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[31] The term "mnemonic" means an acronym comprised of letters and/or numbers assigned to Participants. A Participant account may be associated with multiple mnemonics. See Options 1, Section 1(a)(26).

proposal, a Participant may amend the OCC clearing number to any valid OCC clearing number at the time of the trade, or through post trade allocation. Today, Participants may not amend the OCC clearing number; rather, they may only utilize a permissible mnemonic to Give-Up a transaction. With this proposal, the Exchange also proposes to remove the sentence in Options 6, Section 1(a) which states, "All transactions will automatically clear through the Participant's guarantor at the time of the trade," as this will no longer be the case. This amendment provides Participants with greater flexibility.

Implementation

The Exchange will implement this rule change on or before June 30, 2027. The Exchange will issue an Options Trader Alert to Participants to provide notification of the implementation date.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[32] in general, and furthers the objectives of Section 6(b)(5) of the Act,[33] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

Options 1, Section 1 and Options 2, Section 3

The Exchange's proposal to define the term "Lead Market Maker" at Options 1, Section 1(a)(25) to mean a Market Maker who is registered as an options Lead Market Maker pursuant to

32 15 U.S.C. 78f(b).

33 15 U.S.C. 78f(b)(5).

Options 2, Section 3 is consistent with the Act as the definition will provide guidance to Members about where to locate information concerning Lead Market Makers.

The Exchange's proposal to amend current Options 1, Section 1(a)(45) which describes the term "out-of-the-money" to remove the final sentence which states, "This definition shall only apply for purposes of Market Maker quoting obligations in Options 2, Section 5" is consistent with the Act because the term applies to all Options Rules and not only Options 2, Section 5.

The Exchange's proposal to amend Options 2, Section 3, Lead Market Maker Allocations, to remove "LMM" in Options 2, Section 3A and instead state "Lead Market Maker" and define an "LMM" in Options 2, Section 3A(a) is a non-substantive amendment.

Options 2, Section 6

The Exchange's proposal to restrict Market Makers from entering Reserve Orders, in both appointed and non-appointed options classes, is consistent with the Act. Today, ISE, GEMX, MRX and Phlx Options 2, Section 6 restricts Market Makers from entering Reserve Orders. Unlike other order types, the Reserve Order is a limit order that contains both a displayed portion and a non-displayed portion. Both the displayed and non-displayed portions of a Reserve Order are available for potential execution against incoming marketable orders. When the displayed portion of a Reserve Order is decremented, either in full or in part, it shall be refreshed from the non-displayed portion of the resting Reserve Order. The Exchange believes that because a Reserve Order contains a non-displayed portion, Market Makers should not be permitted to enter this order type. Market Makers are required to make markets that, absent changed market conditions, will be honored for the number of contracts entered into the Exchange's System in all series of options classes to which the market maker is appointed.

Options 3, Section 7

Generally, the Exchange's proposal is intended to add or align its order types in Options 3, Section 7 with those of ISE, GEMX, MRX Options 3, Section 7 to provide a more consistent technology offering across affiliated Nasdaq options exchanges. A more harmonized technology offering, in turn, will simplify technology implementation, changes, and maintenance by market participants of the Exchange that are also participants on Nasdaq affiliated options exchanges. The Exchange's proposal also seeks to provide greater harmonization between the rules of the Exchange and its affiliates, which would result in greater uniformity, and less burdensome and more efficient regulatory compliance by market participants. As such, the proposal would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes that more consistent rules will increase the understanding of the Exchange's operations for market participants that are also participants on the Nasdaq affiliated options exchanges, thereby contributing to the protection of investors and the public interest.

The Exchange believes that the proposed changes to the rules governing Exchange order types are consistent with the Act. As discussed above, the proposed changes consist of several functional enhancements to align the Exchange's order types to existing ISE, GEMX, MRX and Phlx order types, and rule adjustments that add more specificity and clarity to existing order types.

Market Orders

The Exchange's proposal to amend the description of Market Orders and relocate the order type from Options 3, Section 7(a)(5) to Options 3, Section 7(a) without any substantive change is consistent with the Act. The Exchange's amendment to the first sentence does not substantively amend this order type, rather the text is being reworded to align to ISE, GEMX, MRX and Phlx rule text at Options 3, Section 7(a).

Limit Orders

The Exchange's proposal to amend and relocate "Limit Orders" from current Options 3, Section 7(a)(3) to proposed Options 3, Section 7(b) is consistent with the Act. The Exchange proposes to slightly modify the text in a non-substantive manner to align to ISE, GEMX, MRX and Phlx Options 3, Section 7(b) with respect to the description of a Limit Order and a Marketable Limit Order to provide at proposed Options 3, Section 7(b) that a Limit Order is an order to buy or sell a stated number of options contracts at a specified price or better.

The Exchange also proposes to break out Limit Order further to define a Marketable Limit Order at proposed Options 3, Section 7(b)(1) as a Limit Order to buy (sell) at or above (below) the best offer (bid) on the Exchange. Finally, the Exchange proposes to define a Fill-or-Kill Order at proposed Options 3, Section 7(b)(2) as a Limit Order that is to be executed in its entirety as soon as it is received and, if not so executed, treated as cancelled. This proposed new rule text aligns NTX Options' order type to ISE, GEMX, MRX and Phlx Options 3, Section 7(b)(2) and will provide NTX Participants the same ability to send this type of IOC order as ISE, GEMX, MRX and Phlx members.

All-or-None Orders

The Exchange's proposal to amend and relocate the All-or-None Orders or "AON" Orders from current Options 3, Section 7(a)(7) to proposed Options 3, Section 7(c) is consistent with the Act. The Exchange proposes to add a new sentence which states that AON Orders will only execute against multiple, aggregated orders if the executions would occur simultaneously.

This is true for NTX Options today. Similar to ISE, GEMX, MRX and Phlx, the Exchange proposes to modify All-or-None Orders so that they would execute against multiple, aggregated orders if the executions would occur simultaneously. The proposed description of the handling of All-or-None Orders is consistent with the Exchange's allocation methodology in Options 3, Section 10 by making clear that because of the size contingency of the All-or-None Order (i.e., executed in its entirety or not at all), those orders must be satisfied simultaneously to avoid any priority conflict on the order book, which considers current displayed NBBO prices to avoid locked and crossed markets as well as trade-throughs. Finally, the current rule text similarly prohibits the submission of AON Orders before the market opens, which occurs at the end of the Opening Process, as is the case today on NTX Options.

Stop and Stop Limit Orders

The Exchange's proposal to adopt Stop Orders and Stop Limit Orders in Options 3, Sections 7(d) and 7(e), respectively, is consistent with the Act. The Exchange proposes to describe a Stop Order as an order that becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Order to sell is elected when the option is offered or trades on the Exchange at, or below, the specified stop price. A Stop Order shall be cancelled if it is immediately electable upon receipt. Stop Orders may only be entered through FIX. A Stop Order shall not be elected by a trade that is reported late.[34] A Stop Order is not elected by a trade that is reported late to ensure systemically that a Stop Order would be elected on the Exchange by the execution price at the actual time of the execution, instead of at a later time. Absent this

34 ISE and MRX Options 3, Section 7(c) also provide that a Stop Order is not elected by a Complex Order trading with another Complex Order. NTX Options does not offer complex orders, therefore it is not adding that sentence.

provision, it would be possible for a Stop Order to be elected by a trade that is reported late, which could result in such Stop Order being converted into a Market Order or a Limit Order and, in the case of a Stop Order executed at a significantly different price than the election price of the Stop Order.[35] Offering these order types similar to ISE, GEMX, MRX and Phlx will provide NTX Participants additional opportunities to enter orders with specific instructions thereby contributing to the protection of investors and the public interest. This may encourage market participants to bring additional liquidity to the market, which benefits all investors.

Cancel and Replace Orders

The Exchange's proposal to rename a "Cancel-Replacement Order" to a "Cancel and Replace Order" amend and relocate the description from Options 3, Section 7(a)(1) to proposed Options 3, Section 7(f) to mirror the functionality on ISE, GEMX, MRX and Phlx at Options 3, Section 7(f) is consistent with the Act. Aligning NTX Options' current functionality for a Cancel and Replace Order to that of ISE, GEMX, MRX and Phlx will create consistent rules and will increase the understanding of the Exchange's operations for market participants that are also participants on the Nasdaq affiliated options exchanges, thereby contributing to the protection of investors and the public interest. The Exchange is not proposing to substantively amend the description of a Cancel and Replace Order, except that the Exchange proposes to introduce Reserve Order handling into the order type description.

Reserve Orders

The Exchange's proposal to adopt a Reserve Order at Options 3, Section 7(g) that is identical to the order type in ISE, GEMX, MRX and Phlx Options 3, Section 7(g) is consistent

[35] For example, if a Stop Order to sell at $3.00 is elected by a trade reported late or out-of-sequence with an execution price of $3.00 when the actual bid price at the time of the report is $1.00, the Stop Order would be converted into a market order and executed at $1.00.

with the Act as it will align NTX Options' current functionality for a Reserve Order to that of ISE, GEMX, MRX and Phlx. Aligning NTX Options' functionality will create consistent rules and will increase the understanding of the Exchange's operations for market participants that are also participants on the Nasdaq affiliated options exchanges, thereby contributing to the protection of investors and the public interest. Both the displayed and non-displayed portions of a Reserve Order would be available for potential execution against incoming marketable orders. A non-marketable Reserve Order would rest on the order book. The displayed portion of a Reserve Order would be ranked at the specified limit price and the time of order entry. This new order type will be available to all Participants, except Market Makers as noted herein. The proposed rule change will promote competition as Reserve Orders will provide Participants with additional flexibility to manage and display their orders and additional control over their executions on the Exchange. This may encourage market participants to bring additional liquidity to the market, which benefits all investors.

Customer Cross Order

The Exchange's proposal to memorialize a Customer Cross Order at Options 3, Section 7(i), similar to ISE, GEMX, MRX and Phlx Options 3, Section 7(i) will provide more transparency to this offering on NTX Options. Today, NTX Options at Options 3, Section 12(a) describes a Customer Cross Order. Similar to ISE, GEMX, MRX and Phlx Options 3, Section 7(i), the Exchange proposes to note this order at NTX Options at Options 3, Section 7(i) and state that a Customer Cross Order is comprised of a Priority Customer Order to buy and a Priority Customer Order to sell at the same price and for the same quantity. Such orders will trade in accordance with Options 3, Section 12(a).

Add Liquidity Orders

The Exchange's proposal to relocate and amend the Add Liquidity Order ("ALO") from current Options 3, Section 7(a)(12)[36] to proposed Options 3, Section 7(n) will provide more transparency to this offering on NTX Options. Requiring Add Liquidity Orders to be entered only as Day Orders is consistent with the Act because an Add Liquidity Order may not remove liquidity from the order book. The Add Liquidity Order is designed to encourage displayed liquidity and offer Participants greater flexibility to post liquidity on the Exchange. Therefore, limiting the Time-in-Force is consistent with removing impediments to and perfecting the mechanisms of a free and open market and a national market system as there would be no logical outcome for an Add Liquidity Order to have a Time-in-Force of Immediate-or-Cancel. Currently, Options 3, Section 7(n) states that Add Liquidity Orders may only be submitted when an options series is open for trading, therefore a Time-In-Force of "OPG" is not permissible. Finally, with respect to a Time-in-Force of Good-Till-Date or Good-Till-Canceled, these Time-in-Force designations if permitted to be entered may persist into the next trading day if the orders did not execute and, as a result, would participate in the Opening Process. Because Add Liquidity Orders may not participate in the Opening Process as noted in Options 3, Section 7(n),

36 Current NTX Options at Options 3, Section 7(a)(12) states that An "Add Liquidity Order" is a Limit Order that is to be executed in whole or in part on the Exchange (i) only after being displayed on the Exchange's Limit Order Book; and (ii) without routing any portion of the order to another market center. Participants may specify whether an Add Liquidity Order shall be cancelled or re-priced to the minimum price variation above the national best bid price (for sell orders) or below the national best offer price (for buy orders) if, at the time of entry, the order (i) is executable on the Exchange; or (ii) the order is not executable on the Exchange but would lock or cross the national best bid or offer. If at the time of entry, an Add Liquidity Order would lock or cross one or more non-displayed orders or quotes on the Exchange, the Add Liquidity Order shall be cancelled or re-priced to the minimum price variation above the best non-displayed bid price (for sell orders) or below the best non-displayed offer price (for buy orders). Notwithstanding the aforementioned, if an Add Liquidity Order would not lock or cross an order or quote on the System but would lock or cross the NBBO, the order will be handled pursuant to Options 3, Section 5(d). An Add Liquidity Order will be ranked in the Exchange's Limit Order Book in accordance with Options 3, Section 10. Add Liquidity Orders may only be submitted when an options series is open for trading.

the Exchange proposes not to permit an Add Liquidity Order with a Time-in-Force of GTD or GTC. The proposed text represents current System functionality. Additionally, the Exchange's proposal would harmonize NTX Options' Add Liquidity Order with NOM's Add Liquidity Order which may only have a Time-in-Force of Day.[37]

Opening Sweep

The Exchange's proposal to relocate the Opening Sweep order type from current Options 3, Section 7(a)(8) to proposed Options 3, Section 7(b)(6)[38] without change will provide more transparency to this offering on NTX Options. This amendment is non-substantive.

The Exchange also proposes to amend Options 3, Section 8 to account for the addition of Reserve Orders and the related changes described above.

Block Order

The Exchange's proposal to relocate Block Order from current Options 3, Section 7(a)(11)[39] to proposed Options 3, Section 7(u) without change will provide more transparency to this offering on NTX Options. This amendment is non-substantive.

PRISM Order

The Exchange's proposal to relocate the description of a PRISM Order from current Options 3, Section 7(a)(9)[40] to proposed Options 3, Section 7(y) without substantive change will

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37 See NOM Options 3, Section 7(a)(9).

38 Current NTX Options at Options 3, Section 7(a)(8) provides, "Opening Sweep" is a one-sided order entered by a Market Maker through SQF for execution against eligible interest in the System during the Opening Process. This order type is not subject to any protections listed in Options 3, Section 15, except for Automated Quotation Adjustments and Market Wide Risk Protection. The Opening Sweep will only participate in the Opening Process pursuant to Options 3, Section 8 and will be cancelled upon the open if not executed.

39 Current NTX Options at Options 3, Section 7(a)(9) provides Block Order. A Block Order is an order entered into the Block Order Mechanism as described in Options 3, Section 11(a).

40 Current NTX Options at Options 3, Section 7(a)(8) provides that a "PRISM Order" is as described in Options 3, Section 13.

provide more transparency to this offering on NTX Options. This amendment is non-substantive.

Day Order

The Exchange's proposal to relocate Day Order from current Options 3, Section 7(b)(3) to Supplementary Material .02(a) to Options 3, Section 7 with minor amendments is consistent with the Act. The Exchange is rewording the rule text of Day Order to mirror the text in ISE, GEMX, MRX and Phlx Supplementary Material .02(a) to Options 3, Section 7.

Good-Till-Cancelled

The Exchange's proposal to rename "Good Till Cancelled" as "Good-Till-Canceled" and to relocate the order type from Options 3, Section 7(b)(4) to Supplementary Material .02(b) to Options 3, Section 7 and amend its description is consistent with the Act because it will align the order type with other Nasdaq affiliated exchanges. The Exchange's proposal to provide that a Good-Till-Canceled Order is an order to buy or sell entered with a TIF of "GTC" and remains in force until the order is filled, canceled or the option contract expires; provided, however, that GTC orders will be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract would address a corporate event, noting that GTC orders are canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. This clarifies the current System behavior. The proposed GTC description is identical to the rule text in ISE, GEMX, MRX and Phlx Supplementary Material .02(b) to Options 3, Section 7. There is no System change as a result of the change to the description of the GTC order.

Good-Till-Date

The Exchange's proposal to adopt a new TIF designation, Good-Till-Date Supplementary Material .02(c) to Options 3, Section 7 which is identical to ISE, GEMX, MRX and Phlx's

Good-Till-Date TIF at Supplementary Material .02(c) to Options 3, Section 7 is consistent with the Act. A Good-Till-Date TIF is an order to buy or sell entered with a TIF of "GTD," which, if not executed, would be cancelled at the sooner of the end of the expiration date assigned to the order, or the expiration of the series; provided, however, that GTD orders would be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. GTD orders may be entered through FIX. The Exchange believes this additional TIF will provide Participants with additional opportunities when trading on NTX Options.

Immediate-or-Cancel

The Exchange proposes to relocate Immediate-or-Cancel from Options 3, Section 7(c)(2)[41] to Supplementary Material .02(d) to Options 3, Section 7 with minor non-substantive wording amendments[42] is consistent with the Act. As proposed, the amendments will align the rule text in ISE, GEMX, MRX and Phlx Supplementary Material .02(d) to Options 3, Section 7.

Opening Only

The Exchange's proposal to relocate Opening Only from Options 3, Section 7(b)(1) to proposed Supplementary Material .02(e) of Options 3, Section 7 without change is consistent with the Act. This amendment is non-substantive.

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41 Current NTX Options at Options 3, Section 7(b)(2) states (d) "Immediate-or-Cancel" or "IOC" is a Market Order or Limit Order to be executed in whole or in part upon receipt. Any portion not so executed is cancelled. (A) Orders entered with a TIF of IOC are not eligible for routing. (B) IOC orders may be entered through FIX or SQF, provided that an IOC Order entered by a Market Maker through SQF is not subject to the Order Price Protection, the Market Order Spread Protection, or Size Limitation in Options 3, Section 15(a)(1), (a)(2), and (b)(2), respectively; (C) Block Orders, Customer Cross Orders, and PRISM Orders are considered to have a TIF of IOC. By their terms, these orders will be: (1) executed either on entry or after an exposure period, or (2) cancelled.

42 The Exchange amended the sentence that stated, "Immediate-or-Cancel" or "IOC" is a Market Order or Limit Order to be executed in whole or in part upon receipt. Any portion not so executed is cancelled. The proposed new sentence states, that an Immediate-or-Cancel is an order entered with a TIF of "IOC" that is to be executed in whole or in part upon receipt. Any portion not so executed is to be treated as cancelled.

Minimum Quantity Orders

The Exchange's proposal to no longer offer Minimum Quantity Orders at Options 3, Section 7(a)(4) is consistent with the Act as there is a lack of demand for this order type. A Minimum Quantity Order is an order that requires that a specified minimum quantity of contracts be obtained, or the order is cancelled. Minimum Quantity Orders are treated as having a time-in-force designation of Immediate or Cancel. Minimum Quantity Orders received prior to the Opening Process or after market close will be rejected. This order type is not utilized frequently on the Exchange and is not currently offered on ISE, GEMX or MRX.

Order Entry Protocols

The Exchange's proposal to relocate the order entry protocols from current Options 3, Section 7(e) to proposed Supplementary Material .03 to Options 3, Section 7 is non-substantive. The Exchange's proposal to commence offering post trade allocation messages on FIX, described at proposed Supplementary Material .03(a) to Options 3, Section 7, is consistent with the Act as it will allow market participants to specify how an order should be subdivided among one or more accounts.[43] Today, ISE, GEMX, MRX and Phlx provide post trade allocation messages through FIX.[44] Additionally, the Exchange proposes to add a header for Request for PRISM. No changes are proposed for the remainder of the protocols. The Exchange also proposes to reserve (d).

The Exchange's proposal to remove the words "complex instrument" from the OTTO description at proposed Supplementary Material .03(b) to Options 3, Section 7 is non-substantive as NTX Options does not currently offer complex functionality.

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43 For example, a Participant may specify the account(s) and their respective order quantities which make up the order.

44 See ISE, GEMX and MRX Supplementary Material .03(a)(i) of Options 3, Section 7.

Routing

The Exchange's proposal to relocate the rule text at Options 3, Section 7(c) to Supplementary Material .04 of Options 3, Section 7 without change is a non-substantive amendment.

Order Size

The Exchange's proposal to remove the definition of the term "Order Size" is consistent with the Act as that term is not used in the Exchange's rules.

<u>Options 3, Section 8</u>

The Exchange's proposal to amend Options 3, Section 8, Options Opening Process, at Options 3, Section 8(b) to note the eligible interest that will be included in the Opening Process, is consistent with the Act because the Opening Only Order type was designated for entering interest into the opening whereas an "Immediate-or-Cancel" and Add Liquidity Order are meant to be utilized on an order book and not during the Opening Process where there is no order book.

The Exchange's proposal to add a sentence that states, "The displayed and non-displayed portions of the Reserve Orders are considered for execution and in determining the Opening Price throughout the Opening Process" is consistent with the Act. With the addition of Reserve Orders, the Exchange is proposing to describe the handling of newly adopted Reserve Orders in the Opening Process. The proposed eligibility of these orders mirrors ISE, GEMX, MRX and Phlx Options 3, Section 8(b). Also, similar to ISE, GEMX, MRX and Phlx Options 3, Section 8(g), the Exchange proposes to account for the addition of Reserve Orders with respect to the Potential Opening Price[45] in NTX Options at Options 3, Section 8(h). To calculate the Potential

45 The Potential Opening Price indicates a price where the System may open once all other Opening Process criteria is met.

Opening Price, the System will take into consideration all Valid Width Quotes and orders (including Opening Sweeps and displayed and non-displayed portions of Reserve Orders) for the option series and identify the price at which the maximum number of contracts can trade ("maximum quantity criterion"). The addition of this rule text will make clear the manner in which the System will handle a Reserve Order during the Opening Process. The Exchange also proposes to amend NTX Options at Options 3, Section 8(k)(3)(F) to note how Reserve Orders will be handled in the Opening Process for purposes of execution. This rule text will add transparency to the Exchange's rule text, and mirror rule text in ISE, GEMX, MRX and Phlx Options 3, Section 8(j)(6).

Finally, the Exchange proposes to amend rule text in the Opening Process Cancel Timer in Options 3, Section 8(l). With the retention of the "Good-Till-Canceled Order" and adoption of the "Good-Till-Date Order," the Exchange proposes to amend the order types in the last sentence of Options 3, Section 8(l) for consistency.

The Exchange's proposal to amend Options 2, Section 4, Obligations of Market Makers and Lead Market Makers at paragraph (l)(2)(a) to rename "Opening Cross" to "Opening Process" is a non-substantive amendment.

Options 3, Section 9

The Exchange's proposal to amend Options 3, Section 9, Trading Halts, at (d)(2) to describe the manner in which the newly adopted Stop Order will be treated during a trading halt is consistent with the Act. The Exchange proposes to mirror the treatment of Stop Orders in ISE, GEMX, MRX and Phlx Options 3, Section 9(d)(3). The Exchange proposes to add this sentence to Options 3, Section 9(d)(2), "Provided the Exchange has opened an affected option for trading, the Exchange shall elect Stop Orders if the condition as provided in Options 3, Section 7(d) is met, and, because they become Market Orders, shall cancel them back and notify Participants of the reason for such rejection." Stop Orders would become elected as provided for in proposed Options 3, Section 7(d).[46] If they elect as Market Orders, those Market Orders would be rejected. This aligns to the current treatment for Market Orders during a trading halt. These proposed changes are intended to bring greater clarity to the Exchange's rules.

Options 3, Section 10

The Exchange's proposal to amend Options 3, Section 10, Electronic Execution Priority and Processing in the System, is consistent with the Act.

Similar to the ISE, GEMX and MRX applicability language in Options 3, Section 10, the Exchange's proposal clarifies that the allocations specified in Options 3, Section 10 do not apply to the Price Improvement Auction ("PRISM") described within Options 3, Section 13, unless Options 3, Section 10 is specifically referenced.

The proposal to add a sentence at Options 3, Section 10(a)(A) with respect to Price/Time allocation that states, "Allocation of displayed interest shall occur before allocation of non-displayed interest at each price level" is consistent with the Act as it accounts for the allocation of Reserve Orders which have both displayed and non-displayed interest.

Today, ISE, GEMX and MRX Options 3, Section 10(c) provide for a Size Pro-Rata allocation. The proposal aligns the description of Size Pro Rata to ISE, GEMX and MRX Options 3, Section 10(c) to account for the fact that it is adopting Reserve Orders which will have both a displayed size and a non-displayed size. The Size Pro-Rata allocation divides the remainder proportionally among the non-displayed interest. Both the displayed and non-

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46 As proposed in NTX Options at Options 3, Section 7(d) a Stop Order becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Order to sell is elected when the option is offered or trades on the Exchange at, or below, the specified stop price.

displayed portions of a Reserve Order are available for potential execution against incoming marketable orders or quotes. The non-displayed portion of any Reserve Order is available for execution only after all displayed interest on the single-leg order book has been executed.

The Exchange's proposal to replace the term "Lead Market Maker" with "LMM" and correct references to "book" with "order book" in various places throughout Options 3, Section 10 and to include the word "Process" after "Opening" in Options 3, Section 10(a)(5) are non-substantive amendments.

Options 3, Section 15

Acceptable Trade Range

The Exchange's proposal to amend the last sentence of Acceptable Trade Range or "ATR" at Options 3, Section 15(b)(1) to remove a reference to Minimum Quantity Orders is consistent with the Act. The Exchange proposes to remove Minimum Quantity Orders as they will no longer be offered.

Options 3, Section 20

The Exchange's proposal to add language at Options 3, Section 20(i), Nullification and Adjustment of Options Transactions including Obvious Errors, to describe the treatment of Stop and Stop-Limit Orders triggered by an erroneous trade is consistent with the Act as the new language will describe the System handling for these new orders which are triggered by their Stop Price and may have been triggered by an erroneous trade. The proposed rule text is identical to Phlx Options 3, Section 20(i).

Options 3, Section 22

The Exchange's proposal to amend Options 3, Section 22, Limitations on Order Entry, to adopt a new Supplementary Material .01 is consistent with the Act because the new text will address exposure of non-displayed reserve portion of a Reserve Order as the Exchange is adding this new order type. The proposed text is identical to ISE, GEMX and MRX Supplementary Material .02 to Options 3, Section 22.

Options 3, Section 28

The Exchange's proposal to amend Options 3, Section 28, Optional Risk Protections, to align the rule text to ISE, GEMX, MRX and Phlx Options 3, Section 28 rule text is consistent with the Act as the proposed changes do not amend the functionality of the optional risk protections. The changes to the rule text would provide more guidance to market participants.

Options 5, Section 4

The Exchange's proposal to amend Options 5, Section 4, Order Routing, to account for new order types and align its rule to ISE Options 5, Section 4, is consistent with the Act. The Exchange proposes to amend Options 5, Section 4(a) to account for Stop Orders and Stop Limits Orders with respect to routing. The Exchange's proposal adopts the Stop Order at ISE Options 3, Section 7(d) and Stop Limit Order at ISE Options 3, Section 7(e). Stop Orders and Stop-Limit Orders are not included in the BBO because they have not been triggered. The new rule text will bring greater clarity to the Exchange's rule regarding the Exchange's BBO with respect to the routing of orders.

The Exchange's proposal to amend its SRCH Order in NTX Options at Options 5, Section 4(iii)(C) to conform to ISE Options 5, Section 4(iii)(C) is consistent with the Act because it brings greater clarity to the manner in which the SRCH Order routes. By way of background, a SRCH Order is routable at any time the option series is open for trading. The Exchange is adding a Good-Till-Date Order or GTD at proposed Supplementary Material .02(c) to NTX Options at Options 3, Section 7. Today, the Exchange does not offer a GTD Order. The GTD Order would be identical to ISE, GEMX, MRX and Phlx's Good-Till-Date TIF at

Supplementary Material .02(c) to Options 3, Section 7. Adding GTD to NTX Options at Options 5, Section 4(iii)(C), similar to ISE Options 5, Section 4(iii)(C), will reflect how a GTD TIF would be handled by the System for a SRCH Order.

Options 6, Section 1

The Exchange's proposal to amend Options 6, Section 1, Authorization to Give Up, to align the Exchange's process to that of ISE, GEMX and MRX Options 6, Section 1(c) is consistent with the Act because with the proposed change, the System will process that transaction using the Participant's default OCC clearing number. Therefore, a Participant may amend the OCC clearing number to any valid OCC clearing number at the time of the trade, or through post trade allocation. Today, Participants may not amend the mnemonic, rather they may only utilize a permissible mnemonic to Give-Up a transaction. This amendment provides Participants with greater flexibility similar to ISE, GEMX and MRX. The proposed rule will be identical to ISE, GEMX and MRX.

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.

Options 1, Section 1 and Options 2, Section 3

The Exchange's proposal to define the term "Lead Market Maker" at Options 1, Section 1(a)(25) to mean a Market Maker who is registered as an options Lead Market Maker pursuant to Options 2, Section 3 does not impose an undue burden on competition because it replicates a term that is proposed at Options 2, Section 5. The Exchange's proposal to amend current Options 1, Section 1(a)(45) which describes the term "out-of-the-money" to remove the final sentence which states, "This definition shall only apply for purposes of Market Maker quoting obligations in Options 2, Section 5" is also a non-substantive amendment because, today, the term applies to all Options Rules and not only Options 2, Section 5.

Options 2, Section 6

The Exchange believes that this proposal does not impose an undue burden on inter-market competition because each options exchange generally determines permissible order types for market makers in its trading environment based on the exchange's individual business policy, objectives, and trading system.

The Exchange's proposal reflects its policy and objectives, and does not impose an undue burden on intra-market competition because it treats all Market Makers uniformly with respect to permissible order types. Market Makers, unlike other market participants, are required to abide by certain quoting requirements in the options classes in which they are appointed pursuant to Options 2, Section 5, in order to maintain the status of a Market Maker. Current Options 2, Section 6(b) restricts the number of orders that a Market Maker may enter in an options class to which the Market Maker is not appointed. The Exchange believes that permitting a Market Maker to enter additional eligible order types, except Reserve Orders in addition to the current restriction for Customer Cross Orders, in their appointed options class will permit Market Makers additional latitude to conduct business on NTX Options and effectively compete with other market makers on other options exchanges.

Options 3, Section 7

The Exchange's proposal to amend NTX Options' existing order types so that the selected order types are identical to order types available on ISE, GEMX, MRX and Phlx Options 3, Section 7 and to adopt new order types such as a Fill-or-Kill Order, a Stop Order, a Stop Limit Order, a Reserve Order and a TIF of GTD does not impose an inter-market burden on competition as other exchanges may determine to adopt similar order types. Additionally, removing Minimum Quantity Orders from its offering does not impose an inter-market burden on competition as other exchanges may elect to adopt this order type.

The Exchange's proposal to amend NTX Options' existing order types so that those order types are identical to order types available on ISE, GEMX, MRX and Phlx Options 3, Section 7 and to adopt new order types such as a Fill-or-Kill Order, a Stop Order, a Stop Limit Order, a Reserve Order and a TIF of GTD does not impose an intra-market burden because all Participants would be able to utilize all of the order types, except Market Makers with respect to Reserve Orders. Restricting Market Makers (and Lead Market Makers) from entering Reserve Orders does not impose an intra-market burden on competition because Market Maker (and Lead Market Maker) liquidity should be displayed, and Reserve Orders have non-displayed portions of liquidity. Additionally, removing Minimum Quantity Orders from its offering does not impose an intra-market burden on competition as no Participant would be able to utilize a Minimum Quantity Order. Finally, the Exchange's proposal to restrict the Add Liquidity Order to a Time-in-Force of Day does not impose an intra-market burden on competition because no Participant will be able to enter an Add Liquidity Order with a Time-in-Force other than Day. The Exchange's proposal to restrict the Add Liquidity Order to a Time-in-Force of Day does not impose an inter-market burden on competition because Options 3, Section 7(a)(9) also restricts Add Liquidity Orders to Day Orders only.

The Exchange's proposal to amend the FIX protocol to offer post trade allocation messages does not impose an intra-market burden on competition because all Participants will be offered post trade allocation messages.

The Exchange's proposal to amend the FIX protocol to offer post trade allocation messages does not impose an inter-market burden on competition because today ISE, GEMX, MRX and Phlx provide post trade allocation messages through FIX.[47]

Options 3, Section 8

The Exchange's proposal to amend Options 3, Section 8, Options Opening Process, to add System detail concerning new order types, does not impose an inter-market burden because other exchanges may adopt similar functionality. Today, ISE, GEMX, MRX and Phlx Options 3, Section 8 contain similar functionality.

The Exchange's proposal to amend Options 3, Section 8, Options Opening Process, to add System details concerning new order types, does not impose an intra-market burden because all market participants would be subject to the Opening Process.

Options 3, Section 9

The Exchange's proposal to amend Options 3, Section 9, Trading Halts, to mirror the treatment of Stop Orders in ISE, GEMX, MRX and Phlx Options 3, Section 9(d)(3) does not impose an inter-market burden because other exchanges may adopt similar functionality.

The Exchange's proposal to amend Options 3, Section 9, Trading Halts, to mirror the treatment of Stop Orders in ISE, GEMX, MRX and Phlx Options 3, Section 9(d)(3) does not impose an intra-market burden because all market participants would be subject to the Trading Halts rule.

Options 3, Section 10

The Exchange's proposal to add a sentence at Options 3, Section 10(a)(A) with respect to Price/Time allocation that states, "Allocation of displayed interest shall occur before allocation

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47 See ISE, GEMX and MRX Supplementary Material .03(a)(i) of Options 3, Section 7.

of non-displayed interest at each price level" does not impose an inter-market burden, rather this additional rule text accounts for the allocation of Reserve Orders which have both displayed and non-displayed interest and applies uniformly to all orders allocated in the order book.

The Exchange's proposal to add a sentence at Options 3, Section 10(a)(A) with respect to Price/Time allocation that states, "Allocation of displayed interest shall occur before allocation of non-displayed interest at each price level" does not impose an intra-market burden because displayed interest is allocated before non-displayed interest on ISE, GEMX and MRX pursuant to Options 3, Section 10.

The Exchange's proposal to amend Options 3, Section 10, Electronic Execution Priority and Processing in the System, to adopt a Size Pro-Rata description similar to ISE, GEMX and MRX Options 3, Section 10 does not impose an inter-market burden because other exchanges may apply Size Pro-Rata similarly.

The Exchange's proposal to amend Options 3, Section 10, Electronic Execution Priority and Processing in the System, to adopt a Size Pro-Rata description similar to ISE, GEMX and MRX Options 3, Section 10 does not impose an intra-market burden because the Exchange is amending its order types and would account for Reserve Orders which have both displayed and non-displayed liquidity.

<u>Options 3, Section 15</u>

The Exchange's proposal to remove Minimum Quantity Orders from the Acceptable Trade Range description does not impose an undue burden on competition because that order type will no longer be capable of being utilized by any market participant.

Options 3, Section 20

The Exchange's proposal to add language at Options 3, Section 20(i), Nullification and Adjustment of Options Transactions including Obvious Errors, to describe the treatment of Stop and Stop-Limit Orders triggered by an erroneous trade does not impose an undue burden on intra-market competition as the rule will be applied in a uniform manner.

The Exchange's proposal to add language at Options 3, Section 20(i), Nullification and Adjustment of Options Transactions including Obvious Errors, to describe the treatment of Stop and Stop-Limit Orders triggered by an erroneous trade does not impose an undue burden on inter-market competition because all other options exchanges that offer Stop and Stop-Limit Orders have this rule.

Options 3, Section 22

The Exchange's proposal to amend Options 3, Section 22, Limitations on Order Entry to account for Reserve Orders does not impose an undue burden on intra-market competition as the rule will be applied in a uniform manner.

The Exchange's proposal to amend Options 3, Section 22, Limitations on Order Entry to account for Reserve Orders does not impose an undue burden on inter-market competition because ISE, GEMX, MRX and Phlx Options 3, Section 22 has identical rule text.

Options 3, Section 28

The Exchange's proposal to align the rule text to ISE, GEMX, MRX and Phlx Options 3, Section 28 rule text does not impose an undue burden on inter-market competition because it does not amend the functionality of the optional risk protections and provides additional clarity to market participants.

Options 5, Section 4

The Exchange's proposal to amend its routing rule, similar to ISE Options 5, Section 4, to account for the new order types does not impose an undue burden on inter-market competition because other exchanges may elect to route in a similar manner.

The Exchange's proposal to amend its routing rule, similar to ISE Options 5, Section 4, to account for the new order types does not impose an undue burden on intra-market competition because the routing rules apply equally to all NTX Participants.

Options 6, Section 1

The Exchange's proposal to amend Options 6, Section 1, Authorization to Give Up, does not impose an undue burden on intra-market competition, rather it will permit all Participants to amend the OCC mnemonic to any valid OCC number at the time of the trade, or through post trade allocation. The proposal will create a uniform process for Give-Up for all Participants and harmonize the Exchange's Options 6, Section 1 rule to ISE, GEMX and MRX Options 6, Section 1.

The Exchange's proposal to amend Options 6, Section 1, Authorization to Give Up, does not impose an undue burden on inter-market competition because other markets today have the same Give-Up process.[48]

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.

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48 See ISE, GEMX and MRX Options 6, Section 1(c).

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[49] and subparagraph (f)(6) of Rule 19b-4 thereunder.[50]

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

IV. Solicitation of Comments

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

Electronic Comments:

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

49 15 U.S.C. 78s(b)(3)(A)(iii).

50 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

- Send an email to rule-comments@sec.gov. Please include file number SR-NasdaqTX-2026-033 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-NasdaqTX-2026-033. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (https://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-NasdaqTX-2026-033 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[51]

Sherry R. Haywood,

Assistant Secretary.

[51] 17 CFR 200.30-3(a)(12).