

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104018; File No. SR-24X-2025-04]

## Self-Regulatory Organizations; 24X National Exchange LLC; Notice of Filing of a Proposed Rule Change to Implement a Warrant Performance Incentive Program

September 23, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 10 2025, 24X National Exchange LLC (“24X” or the “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 text of the proposed rule change is available on the Exchange’s website (<https://equities.24exchange.com/regulation>) 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.

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

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

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

1. Purpose

The Exchange proposes to implement the Program to allow Members of the Exchange who participate in the Program (“Participants”) to earn the right to purchase Non-Voting Common Units<sup>3</sup> of 24X US Holdings LLC (“24X US Holdco”), the Exchange’s parent company. As described in more detail below, each Member of the Exchange may become a Participant in the Program by prepaying \$500,000 in Exchange fees (“Prepayment Fee”) and satisfying the Program eligibility requirements. Upon joining the Program, each Participant will receive a warrant that vests based on the Participant’s achievement of certain minimum trading volumes (“Target Volume”)<sup>4</sup> on the Exchange during each designated pre-determined period in which the Program is in effect (“Measurement Period”)<sup>5</sup> and the Exchange’s achievement of a minimum market share during such Measurement Periods (“24X Minimum Overall Market Share”).<sup>6</sup> When the warrants vest, Participants will have the right to exercise the warrants to purchase a

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<sup>3</sup> 24X notes that it will submit a separate proposed rule change to make changes to the Limited Liability Company Agreement of 24X US Holdings LLC, as amended (“24X US Holdco LLC Agreement”) to accommodate aspects of the proposal that affect the 24X US Holdco LLC Agreement. Such proposed changes will include amendments to authorize the issuance of Non-Voting Common Units as well as the implementation of the liquidity program discussed below.

<sup>4</sup> As discussed in more detail below, the “Target Volume” is 5% of the average daily trading volume on the Exchange, where the daily trading volume is calculated based on total aggregated average daily volume traded over each Measurement Period.

<sup>5</sup> As discussed in more detail below, the “Measurement Period” for Year 1 (2025) is September 29, 2025 through December 31, 2025 (subject to the Exchange commencing trading on or prior to October 15, 2025); the Measurement Periods for Year 2 (2026) are (1) January 1 – March 31, 2026, (2) April 1 – June 30, 2026, (3) July 1 – September 30, 2026, and (4) October 1 – December 31, 2026; and the Measurement Periods for Year 3 (2027) are (1) January 1 – March 31, 2027, (2) April 1 – June 30, 2027, (3) July 1 – September 30, 2027, and (4) October 1 – December 31, 2027.

<sup>6</sup> As discussed in more detail below, the “24X Minimum Overall Market Share” is defined as follows: (1) for each Measurement Period of Year 2, the 24X Minimum Overall Market Share is 0.50% of the Consolidated Average Daily Volume (“CADV”) for all NMS Stocks eligible for trading on 24X; and (2) for each Measurement Period of Year 3, the 24X Minimum Overall Market Share is 1.00% of the CADV for all NMS Stocks eligible for trading on 24X.

certain number of 24X US Holdco Non-Voting Common Units. It is anticipated that the Program will commence on and including September 29, 2025 and will end on and including December 31, 2027 (“Program Period”).

The purpose of the Program is to promote the long-term interests of the Exchange by providing incentives designed to encourage 24X Members to contribute to the growth and success of the Exchange via actively providing liquidity on the 24X market. The warrants held by Participants in the Program will vest and become exercisable for Non-Voting Common Units of 24X US Holdco through the process described in the following paragraphs and consequently the Participants will have the opportunity to share in the benefits of 24X’s increased enterprise value.

a. Requirements for Participation in Program

The Program which provides equity-like consideration in exchange for market making or the provision of liquidity, order flow or volume is open to all 24X Members. All 24X Members may participate subject to their satisfaction of certain eligibility requirements. All applicants for participation in the Program will be subject to the same eligibility criteria, and all Participants will participate in the Program on the same terms, conditions and restrictions.

To be eligible to be a Participant, an applicant must (i) be a Member in good standing<sup>7</sup> of 24X; (ii) be a registered broker-dealer pursuant to Section 15 of the Exchange Act;<sup>8</sup> (iii) qualify as an “accredited investor” as such term is defined in Regulation D of the Securities Act of 1933;<sup>9</sup> (iv) have executed the required documentation for participation in the Program – the

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<sup>7</sup> For these purposes with regard to the Program, the term “good standing” means that a Member is not delinquent with respect to Exchange fees or other charges and is not suspended or barred from being a Member.

<sup>8</sup> 15 U.S.C. 78o.

<sup>9</sup> The purpose of this criterion relates to the ability of 24X US Holdco to sell securities (in this case, Non-Voting Common Units) pursuant to an exemption from registration under the Securities Act of 1933. The definition

subscription agreement and confidentiality agreement; and (v) tendered the Prepayment Fee no later than September 26, 2025 to participate in the Program at its commencement, or by the first day of each subsequent quarter of the Program Period to participate in the Program as of such subsequent quarter until October 1, 2027.<sup>10</sup>

Once an eligible applicant for the Program has executed all required documentation for participation in the Program and has paid the Prepayment Fee no later than September 26, 2025 (or by the first day of subsequent quarters for the rolling application process as discussed above), the applicant would be accepted into the Program as a Participant and granted a warrant.

b. Application of Prepayment Fee

The Exchange will apply the Prepayment Fee to any fees charged the Participant by 24X as set forth on the 24X Fee Schedule, including, but not limited to, fees related to connectivity, market data, members and transactions, but excluding rebates<sup>11</sup> and CAT fees (each as applicable) (“Program Exchange Fees”).<sup>12</sup> The Exchange will apply the Prepayment Fee to the

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of “accredited investor” under Rule 501(a)(1) of the Securities Act of 1933 includes any broker or dealer registered pursuant to Section 15 of the Act. As noted above, a Participant will be required to be registered as a broker or dealer pursuant to Section 15 of the Exchange Act. Therefore, all Participants will satisfy this criterion.

<sup>10</sup> The following are examples of the timing of participation in the Program: (1) if Participant A joins the Program by tendering the Prepayment Fee and executing the required documentation on September 26, 2025, then Participant A’s trading starting on September 29, 2025 (assuming the Program commences on September 29, 2025) will be counted toward meeting the Target Volumes for Year 1 and thereafter until the end of the Program Period; (2) if Participant B joins the Program by tendering the Prepayment Fee and executing the required documentation on July 22, 2026, then Participant B’s trading starting on October 1, 2026 will be counted toward the Target Volume for the fourth quarter of Year 2 (*i.e.*, the last Measurement Period for Year 2) and thereafter until the end of the Program Period; and (3) if Participant C joins the Program by tendering the Prepayment Fee and executing the required documentation on October 1, 2027, then Participant C’s trading starting on October 1, 2027 will be counted toward the Target Volume for the final quarter of Year 3 (*i.e.*, the last Measurement Period for Year 3). No Member may become a Participant after October 1, 2027.

<sup>11</sup> For avoidance of doubt, Participants remain eligible to receive rebates as set forth on the 24X Fee Schedule.

<sup>12</sup> To date, the Exchange has filed proposed rule changes to implement certain transaction fees and membership fees for the Exchange. See SR-24X-2025-02 (transaction fees) and SR-24X-2025-03 (membership fee). The Exchange notes that it may file additional proposed rule change(s) to implement additional fees with the Commission pursuant to Section 19(b)(3)(A)(iii) of the Exchange Act and Rule 19b-4(f)(2) thereunder prior to the commencement of trading currently anticipated for September 29, 2025. The Exchange has provided (and will

Program Exchange Fees automatically on the Participant's fee invoice. The Prepayment Fee does not expire, so there is no time limit on when the Prepayment Fee may be applied to any Program Exchange Fees. The Exchange will apply the Prepayment Fee to a Participant's Program Exchange Fees regardless of whether the Participant achieves Target Volumes, the Exchange meets the 24X Minimum Overall Market Share, the 24X Overnight Trading (as defined below) has commenced, or if trading does not commence on the Exchange by October 15, 2025. Once a Participant has incurred Program Exchange Fees whereby the total accumulated Program Exchange Fees equal \$500,000, all subsequently incurred Program Exchange Fees will be billed and collected at the appropriate rates as defined in the 24X Fee Schedule.

c. Number of Non-Voting Common Units Available for Program and Program Time Periods

Warrants received by Participants when they join the Program vest when (1) 24X has met any applicable 24X Minimum Overall Market Share, and (2) a Participant has met the Target Volume for each relevant Measurement Period. When the warrants vest for a Measurement Period, Participants will have the right to exercise the warrants to purchase a certain number of 24X US Holdco Non-Voting Common Units for that Measurement Period. The number of Non-Voting Common Units that may be exercised for each Measurement Period by each Participant will be determined as follows.

A total of 1,098,040 Non-Voting Common Units representing 10% of the outstanding total Units on a fully diluted basis of 24X US Holdco as of September 29, 2025 may be

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continue to provide) a draft of the 24X Fee Schedule to any current or potential Participant that expresses interest in joining the Program (with the condition that additional fees are subject to filing with the Commission), so that such Participant can evaluate the proposed fees and make a fully-informed decision on whether it wishes to join the Program.

purchased by Participants throughout the Program Period. This total number of Non-Voting Common Units will be allocated among the Measurement Periods for each of the three years of the Program and among Participants as set forth below.

(1) Year 1

Provided that the Exchange commences trading on or prior to October 15, 2025, an aggregate of 219,608 Non-Voting Common Units, which represent 2% of the fully diluted outstanding Units of 24X US Holdco as of September 29, 2025, would be available to be purchased upon the exercise of warrants that vest in accordance with the Program based on trading that occurred during the period from and including September 29, 2025 (or such later date, if the date when trading commences is after September 29, 2025) through and including December 31, 2025, which is the only Measurement Period for Year 1. Such aggregate number of Non-Voting Common Units will be allocated among Participants who qualify by meeting the Target Volume described below. If trading does not commence on the Exchange by October 15, 2025, no warrants would vest in Year 1 and, therefore, Participants would not have the right to purchase Non-Voting Common Units via the Program in Year 1. If trading does not commence on the Exchange by October 15, 2025, then such 219,608 Non-Voting Common Units for Year 1 would be excluded from the Program entirely; they cannot be earned at a later date under the Program. In addition, for purposes of clarity, Year 1 is not subject to the 24X Minimum Overall Market Share requirement.

(2) Year 2

An aggregate of 329,412 Non-Voting Common Units, which represent 3% of the fully diluted outstanding Units of 24X US Holdco as of September 29, 2025, would be available to be purchased upon the exercise of warrants that vest in accordance with the Program based on

trading that occurred during the period from and including January 1, 2026 through and including December 31, 2026 (“Year 2”), except as provided below. Provided that the Exchange meets the 24X Minimum Overall Market Share requirement, such aggregate number of Non-Voting Common Units will be allocated among Participants who qualify by meeting the Target Volume described below. Such 3% of the fully diluted outstanding Units of 24X US Holdco (329,412 Non-Voting Common Units) will be allocated to each of the four Measurement Periods for Year 2; therefore, 0.75% of the fully diluted outstanding Unit count (82,353 Non-Voting Common Units) will be allocated to each of the four Measurement Periods for Year 2. For purposes of clarity, if 24X does not achieve the 24X Minimum Overall Market Share for any particular Measurement Period in Year 2, no warrants would vest for such Measurement Period in Year 2 and, therefore, Participants would not have the right to purchase Non-Voting Common Units via the Program in such Measurement Period in Year 2, even if a Participant meets its Target Volume for such Measurement Period. In such case, the 82,353 Non-Voting Common Units allocated to such Measurement Period in Year 2 would be excluded from the Program entirely; they cannot be earned at a later date under the Program.

(3) Year 3

An aggregate of 549,020 Non-Voting Common Units, which represent 5% of the fully diluted outstanding Units of 24X US Holdco as of September 29, 2025, would be available to be purchased upon the exercise of warrants that vest in accordance with the Program based on trading that occurred during the period from and including January 1, 2027 through and including December 31, 2027 (“Year 3”), except as provided below. Provided that the Exchange meets the 24X Minimum Overall Market Share requirement, such aggregate number of Non-Voting Common Units will be allocated among Participants who qualify by meeting the Target

Volume described below. Such 5% of the fully diluted outstanding Units of 24X US Holdco (549,020 Non-Voting Common Units) will be allocated to each of the four Measurement Periods for Year 3; therefore, 1.25% of the fully diluted outstanding Unit count (137,255 Non-Voting Common Units) will be allocated to each of the four Measurement Periods for Year 3. For purposes of clarity, if 24X does not achieve the 24X Minimum Overall Market Share for any particular Measurement Period in Year 3, no warrants would vest for such Measurement Period in Year 3 and, therefore, Participants would not have the right to purchase Non-Voting Common Units via the Program in such Measurement Period in Year 3, even if a Participant meets its Target Volume for such Measurement Period. In such case, the 137,255 Non-Voting Common Units allocated to such Measurement Period in Year 3 would be excluded from the Program entirely; they cannot be earned at a later date under the Program.

Notwithstanding the above, the number of Non-Voting Common Units available to be purchased upon the exercise of warrants that vest in accordance with the Program for Year 3 will vary depending on when 24X Overnight Trading commences. “24X Overnight Trading” would be a trading session in which trading is permitted during the period from the 8 p.m. ET to 9:30 a.m. ET for each overnight period except for Friday to Saturday and Saturday to Sunday.<sup>13</sup>

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<sup>13</sup> 24X anticipates commencing trading during the Pre-Market Session, Post-Market Session and Core Market Session on September 29, 2025. 24X Overnight Trading refers to a new trading session covering the entire period from 8 p.m. ET to 9:30 a.m. ET each overnight period except for Friday to Saturday and Saturday to Sunday. For purposes of clarity, 24X Overnight Trading requires the implementation of a new trading session that covers these trading hours. When it commences, 24X Overnight Trading is anticipated to include the current hours of the Pre-Market Session as well as the additional overnight hours of 8 p.m. through 4 a.m. for each overnight period except for Friday to Saturday and Saturday to Sunday. For purposes of this filing, 24X Overnight Trading is separate and distinct from the existing Pre-Market Session and therefore until the 24X Overnight Trading session is implemented trading during the hours of the existing Pre-Market Session shall not be deemed to constitute 24X Overnight Trading for purposes of the Program.



If 24X Overnight Trading is not available for all or a portion of Year 3, the number of Non-Voting Common Units that would be available to be purchased upon the exercise of warrants that vest in accordance with the Program would be as follows:

- For each full Measurement Period of Year 3 before 24X Overnight Trading commences, only one quarter of 3% (0.75%) of the fully diluted outstanding Units of 24X US Holdco (82,353 Non-Voting Common Units) would be available to be purchased upon the exercise of warrants that vest in accordance with the Program for that Measurement Period (rather than one quarter of 5% (or 1.25%) of the fully diluted outstanding Units of 24 US Holdco (137,255 Non-Voting Common Units)).
- For each full Measurement Period of Year 3 after 24X Overnight Trading commences, one quarter of 5% (or 1.25%) of the fully diluted outstanding Units of 24X US Holdco (137,255 Non-Voting Common Units) would be available to be purchased upon the exercise of warrants that vest in accordance with the Program for that Measurement Period.
- If 24X Overnight Trading commences during a Measurement Period of Year 3 but is not available for the entire Measurement Period, only one quarter of 3% (or 0.75%) of the fully diluted outstanding Units of 24X US Holdco (82,353 Non-Voting Common Units) would be available to be purchased upon the exercise of warrants that vest in accordance with the Program for that Measurement Period (rather than one quarter of 5% (or 1.25%) of the fully diluted outstanding Units of 24 US Holdco (137,255 Non-Voting Common Units)).

The 5X Overnight Multiplier (described below) will apply to the calculation of the Participant's Target Volume from and including the date that 24X Overnight Trading commences.

d. Program Thresholds

(1) 24X Minimum Overall Market Share

The 24X Minimum Overall Market Share is the designated target percentage of the CADV for all NMS Stocks eligible for trading on 24X for each relevant Measurement Period.<sup>14</sup>

The 24X Minimum Overall Market Share is defined as follows:

- For each Measurement Period of Year 2, the 24X Minimum Overall Market Share is 0.50% of the CADV for all NMS Stocks eligible for trading on 24X; and
- For each Measurement Period of Year 3, the 24X Minimum Overall Market Share is 1.00% of the CADV for all NMS Stocks eligible for trading on 24X.

The CADV is calculated based on the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the relevant Measurement Period.

The 24X Minimum Overall Market Share requirement for Years 2 and 3 would prevent Participants from earning the right to exercise warrants for Non-Voting Common Units via the Program if 24X does not reach a designated level of trading, even if a Participant meets the Target Volume. Without such a requirement, Participants potentially would be eligible to earn warrants for limited trading activity and purchase equity in 24X US Holdco.

For illustrative purposes only, the following are examples of the application of the 24X Minimum Overall Market Share:

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<sup>14</sup> If a security is not traded on the Exchange, then the trading volume in that security will be omitted from the calculation of the CADV.

- Assume that the CADV for the US equities market is 14.0 billion shares, and the CADV for 24X is 80 million shares, for Q1 of Year 2. 24X would satisfy the 24X Minimum Overall Market Share of 0.50% (0.50% of 14 billion shares = 70 million shares).
- Assume that the CADV for the US equities market is 14.0 billion shares, and the CADV for 24X is 100 million, for Q1 of Year 3. 24X would not satisfy the 24X Minimum Overall Market Share of 1.00% (1.00% of 14 billion shares = 140 million shares).

## (2) Target Volume

Participants are required to meet specific volume targets in order for their warrants to vest. Specifically, each Participant would be required to meet the Target Volume for each Measurement Period, where the Target Volume is 5% of the average daily trading volume on the Exchange, where the daily trading volume is calculated based on total aggregated average daily volume traded over each Measurement Period. Subject to the Program requirements, including those related to the 24X Minimum Overall Market Share and 24X Overnight Trading requirements, the Non-Voting Common Units subject to the Program would be allocated among Participants who have met or outperformed the Target Volume during each Measurement Period on a pro rata basis based on volume contributions to the 24X market. Specifically, the volumes for each Participant will be calculated for each of the following Measurement Periods,<sup>15</sup> and the Non-Voting Common Units indicated will be allocated among Participants after the end of each Measurement Period.

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<sup>15</sup> The volume for the Exchange also will be calculated for each of the following Measurement Periods.

- For Year 1: The Non-Voting Common Units that are available to be purchased for Year 1 in accordance with the Program (as described above) would be allocated among Participants that meet the Target Volume on a pro rata basis based on volume calculations as follows:
  - Allocations will occur on or before January 5, 2026 and after December 31, 2025 based on trading during the only Measurement Period for Year 1, which is the period from September 29, 2025 through December 31, 2025 (subject to the Exchange commencing trading on or prior to October 15, 2025).
- For Year 2: The Non-Voting Common Units that are available to be purchased for each of the four Measurement Periods of Year 2 in accordance with the Program (as described above) would be allocated among Participants that meet the Target Volume on a pro rata basis based on volume calculations as follows:
  - Allocations will occur on or before April 5, 2026 and after March 31, 2026, based on trading during the first Measurement Period of Year 2, which is the quarterly period from January 1, 2026 through March 31, 2026;
  - Allocations will occur on or before July 5, 2026 and after June 30, 2026, based on trading during the second Measurement Period of Year 2, which is the quarterly period from April 1, 2026 through June 30, 2026;
  - Allocations will occur on or before October 5, 2026 and after September 30, 2026, based on trading during the third Measurement Period of Year 2,

which is the quarterly period from July 1, 2026 through September 30, 2026; and

- Allocations will occur on or before January 5, 2027 and after December 31, 2026, based on trading during the fourth Measurement Period of Year 2, which is the quarterly period from October 1, 2026 through December 31, 2026.
- For Year 3: The Non-Voting Common Units that are available to be purchased for each of the four Measurement Periods of Year 3 in accordance with the Program (as described above) would be allocated among Participants that meet the Target Volume on a pro rata basis based on volume calculations as follows:
  - Allocations will occur on or before April 5, 2027 and after March 31, 2027, based on trading during the first Measurement Period of Year 3, which is the quarterly period from January 1, 2027 through March 31, 2027;
  - Allocations will occur on or before July 5, 2027 and after June 30, 2027, based on trading during the second Measurement Period of Year 3, which is the quarterly period from April 1, 2027 through June 30, 2027;
  - Allocations will occur on or before October 5, 2027 and after September 30, 2027 based on trading during the third Measurement Period of Year 3, which is the quarterly period from July 1, 2027 through September 30, 2027; and
  - Allocations will occur on or before January 5, 2028 and after December 31, 2027, based on trading during the fourth Measurement Period of Year

3, which is the quarterly period from October 1, 2027 through December 31, 2027.

The Target Volume may be met by trading activity in any security traded on 24X. Participants that trade securities on 24X during 24X Overnight Trading will receive quintuple credit (*i.e.*, multiplied by five) (“5X Overnight Multiplier”) for such trading for purposes of calculating the Participant’s performance during the Measurement Period. The 5X Overnight Multiplier is intended to incentivize participation in 24X Overnight Trading. A cap of 50% of the Target Volume (post the 5X Overnight Multiplier) will be placed on trading contributions during 24X Overnight Trading to ensure liquidity during the Core Market Session and Post-Market Session remains strong.<sup>16</sup>

e. Exercising Vested Warrants

Participants will be entitled to exercise their warrants for the number of Non-Voting Common Units of 24X US Holdco that vested under the underlying warrants at an exercise price of \$0.01 per Unit. Each vested warrant shall be exercisable from the time of vesting until September 29, 2032, the seventh anniversary of September 29, 2025. Warrants received by Participants when they join the Program vest when (1) 24X has met any applicable 24X Minimum Overall Market Share, and (2) a Participant has met the Target Volume, for each relevant Measurement Period.

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<sup>16</sup> Suppose that the 24X CADV is 70 million for Q1 of Year 2. As a result, the Target Volume is 3.5 million for Q1 of Year 2 (70 million x 5% = 3.5 million), and the cap of 50% on the Target Volume is 1.75 million (3.5 million x 50% = 1.75 million). Suppose that a Participant trades 2 million shares during trading hours other than 24X Overnight Trading and 500,000 shares during 24X Overnight Trading. The Participant’s 24X Overnight Trading is subject to the 5X Overnight Multiplier (500,000 shares X 5 = 2.5 million). However, the Participant’s 24X Overnight Trading is capped at 1.75 million. Accordingly, the Participant’s total volume for the quarter counted for the Program is 3.75 million (2.0 million + 1.75 million). Therefore, the Participant would satisfy the 5% Target Volume of 3.5 million for the quarter.

A Participant's total equity ownership of 24X US Holdco Units, including any purchased through the exercise of vested warrants via the Program, shall be subject to the ownership limitations of the 24X US Holdco LLC Agreement.<sup>17</sup> Accordingly, a Participant will not be able to exercise warrants for Non-Voting Common Units to the extent that such exercise would violate such ownership limitations.

Warrants and Non-Voting Common Units have not been registered under the Securities Act of 1933. The Non-Voting Common Units may not be transferred except pursuant to an effective registration statement under the Securities Act of 1933 and such state securities laws, or an exemption from such registration thereunder, and are subject to transfer restrictions set forth in the 24X US Holdco LLC Agreement.<sup>18</sup>

f. Examples of the Program

The following provides three examples of how the Program will operate. These examples are for illustrative purposes only, and do not reflect any actual volumes or other facts.

(1) Scenario A

Suppose that the CADV for the US equities market is 14.0 billion shares, and the CADV for 24X is 70 million shares, for Q1 of Year 2.

- The Exchange meets the 24X Minimum Overall Market Share target of 0.50% of CADV for Q1 of Year 2: 0.50% of 14 billion shares = 70 million shares.
- There are two Participants who meet the 5% Target Volume threshold of at least 3.5 million shares (*i.e.*, 5% of Exchange's quarterly volume of 70 million shares) for this quarter. Each traded the following:

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<sup>17</sup> See, e.g., Section III of the 24X US Holdco LLC Agreement.

<sup>18</sup> *Id.*

- Regular hours trading: 2.0 million shares
- 24X Overnight Trading:  $500,000 \text{ shares} \times 5 = 2.50 \text{ million shares}$ , which is capped at 1.75 million shares
- Total countable:  $2.0 \text{ million shares} + 1.75 \text{ million shares} = 3.75 \text{ million shares}$

Based on these facts, both Participants qualify to exercise their warrants for Non-Voting Common Units. Of the 82,353 Non-Voting Common Units available for Q1 of Year 2, Participant 1 would be allocated 50% of these Units and Participant 2 would be allocated 50% of these Units.

## (2) Scenario B

Suppose that the CADV for the US equities market is 14.0 billion shares, and the CADV for 24X is 70 million shares, for Q2 of Year 2.

- The Exchange meets the 24X Minimum Overall Market Share target of 0.50% of CADV for Q2 of Year 2:  $0.50\% \text{ of } 14 \text{ billion shares} = 70 \text{ million shares}$ .
- There are two Participants who do not meet the 5% Target Volume threshold of at least 3.5 million (*i.e.*, 5% of Exchange's quarterly volume of 70 million shares) for this quarter. Each traded the following during the quarter:
  - Regular hours trading: 2.0 million shares
  - 24X Overnight Trading:  $250,000 \text{ shares} \times 5 = 1.25 \text{ million shares}$  (which is less than 1.75 million shares (50% of the Target Volume), so no cap on 24X Overnight Trading is applied)
  - Total countable:  $2.0 \text{ million shares} + 1.25 \text{ million shares} = 3.25 \text{ million shares}$



Based on these facts, because neither Participant met the 5% Target Volume threshold of 3.5 million shares for Q2 of Year 2, neither Participants' warrants would vest, and therefore, neither Participant may exercise its warrants for Non-Voting Common Units for Q2 of Year 2. As a result, no Non-Voting Common Units may be purchased via the Program for this quarter. Accordingly, the 82,353 Non-Voting Common Units available for Q2 of Year 2 would be excluded from the Program entirely; they cannot be purchased at a later date under the Program.

### (3) Scenario C

Suppose that the CADV for the US equities market is 14.0 billion shares, and the CADV for 24X is 60 million shares, for Q3 of Year 2.

- The Exchange does not meet the 24X Minimum Overall Market Share target of 0.50% of CADV for Q3 of Year 2:  $0.50\% \text{ of } 14 \text{ billion shares} = 70 \text{ million shares}$ .
- There are two Participants who meet the 5% Target Volume threshold of at least 3 million shares (*i.e.*, 5% of Exchange's quarterly volume of 60 million shares) for this quarter. Each traded the following:
  - Regular hours trading: 2.25 million shares
  - 24X Overnight Trading:  $500,000 \text{ shares} \times 5 = 2.50 \text{ million shares}$ , which is capped at 1.5 million shares
  - Total countable:  $2.25 \text{ million shares} + 1.5 \text{ million shares} = 3.75 \text{ million shares}$

Based on these facts, because the Exchange did not meet the 24X Minimum Overall Market Share requirement for Q3 of Year 2, neither Participants' warrants would vest and, therefore, neither Participant may exercise its warrants for Non-Voting Common Units for Q3 of Year 2. As a result, no Non-Voting Common Units may be purchased via the Program for this quarter.

This is the case notwithstanding that both Participants met the Target Volume for this quarter. Accordingly, the 82,353 Non-Voting Common Units available for Q3 of Year 2 would be excluded from the Program entirely; they cannot be purchased at a later date under the Program.

g. Liquidity Program

Beginning after January 1, 2029, each Participant who exercised a warrant via the Program and owns Non-Voting Common Units in 24X US Holdco (a “Qualifying Participant”) will have a right to sell a portion of its Non-Voting Common Units to 24X US Holdco at a price per Unit equal to a fixed percentage of the Fair Market Value of such Units. For these purposes, Fair Market Value means the value of one Non-Voting Common Unit of 24X US Holdco LLC as determined below:

(a) If a Non-Voting Common Unit is a publicly traded security that may be immediately sold in the public markets without any restrictions or limitations, the average, over a period of twenty-one (21) business days consisting of the date of valuation and the twenty (20) consecutive business days prior to that date, of the average of the closing prices of the sales of such securities on the primary securities exchange on which such securities may at that time be listed, or, if there have been no sales on such exchange on any business day, the average of the highest bid and lowest asked prices on such exchange at the end of such business day;

(b) if a Non-Voting Common Unit is not a publicly traded security covered by clause (a), the fair value of a Non-Voting Common Unit, as determined by the Manager<sup>19</sup> of the Company<sup>20</sup> in good faith based on such factors as the Manager, in the

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<sup>19</sup> The term “Manager” is defined in the 24X US Holdco LLC Agreement as 24X Bermuda Holdco.

<sup>20</sup> For these purposes, “the Company” is defined as 24X US Holdco in the 24X US Holdco LLC Agreement.

exercise of its reasonable business judgment, considers relevant but without taking into account any discounts for lack of liquidity or minority interest or similar discounts; provided, that a Qualifying Participant may, within fifteen (15) business days following its receipt of the Manager's determination of Fair Market Value, direct the Manager to obtain an independent third-party appraisal of the determination, with the determination by the independent appraiser binding on the parties.

No later than 30 days after 24X US Holdco receives the determination of Fair Market Value, 24X US Holdco will provide notice to each Qualifying Participant of such Fair Market Value and such Qualifying Participant will have 90 days from the date of notice to provide written notice to 24X US Holdco that it wishes to sell a certain number of its Non-Voting Common Units to 24X US Holdco.

- For each of 2029 and 2030, each Qualifying Participant may sell up to 10% of its then total Non-Voting Common Units at a price equal to 50% of the Fair Market Value of a Non-Voting Common Unit.
- For 2031, each Qualifying Participant may sell up to 30% of its then total Non-Voting Common Units at a price equal to 60% of the Fair Market Value of a Non-Voting Common Unit.
- For 2032, each Qualifying Participant may sell up to 60% of its then total Non-Voting Common Units at a price equal to 70% of the Fair Market Value of a Non-Voting Common Unit.
- For 2033, each Qualifying Participant may sell up to 90% of its then total Non-Voting Common Units at a price equal to 80% of the Fair Market Value of a Non-Voting Common Unit.

- For 2034, each Qualifying Participant may sell up to 100% of its then total Non-Voting Common Units at a price equal to 90% of the Fair Market Value of a Non-Voting Common Unit.

If there is a Change of Control<sup>21</sup> of 24X US Holdco, 24X Bermuda Holdings LLC (“24X Bermuda Holdco”), or the Exchange, 24X US Holdco would have the right to purchase 100% of all Qualifying Participants’ Non-Voting Common Units at a price equal to the then applicable percentage of the Fair Market Value of a Non-Voting Common Unit, and if the Change of Control occurs after 2034, at 100% of the Fair Market Value of a Non-Voting Common Unit. At least 15 days prior to the expected closing date of the Change of Control, 24X US Holdco shall provide written notice of its intention to purchase or not to purchase 100% of all Qualifying Participants’ Non-Voting Common Units. If 24X US Holdco indicates its intention to exercise its right to purchase all Non-Voting Common Units, it shall pay in cash the applicable Fair Market Value for each Non-Voting Common Unit on or before the closing of the Change of Control against delivery of all documents as requested by 24X US Holdco (which may be similar to those executed and delivered in a Sale of 24X US Holdco). For the avoidance of doubt, 24X US Holdco is only obligated to make the payment upon due execution and delivery of all requested documents.

If 24X US Holdco indicates in its written notice that it will not exercise its right to purchase 100% of all Qualifying Participants’ Non-Voting Common Units, each Qualifying Participant has 10 days after receipt of notice to indicate in writing to 24X US Holdco that it

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<sup>21</sup> Change of Control would mean (i) a Sale of the Company, as applied to the Company, (ii) a Deemed Liquidation Event as applied to 24X Bermuda Holdco and as defined in the Third Amended and Restated 24X Bermuda Holdings LLC Limited Liability Company Operating Agreement, as may be amended, or (iii) a Sale of the Company, as applied to 24X National Exchange, and in each of clauses (i), (ii) and (iii) as indicated by the Company in its written notice to each Qualifying Participant who holds a Non-Voting Common Unit.

wishes to sell to 24X US Holdco 100% of all such Qualifying Participant's Non-Voting Common Units at a price equal to the then applicable percentage of the Fair Market Value and if the Change of Control occurs after 2034, at 100% of the Fair Market Value of a Non-Voting Common Unit. 24X US Holdco shall pay in cash the applicable Fair Market Value for each Non-Voting Common Unit on or before the closing of the Change of Control against delivery of all documents as requested by 24X US Holdco (which may be similar to those executed and delivered in a Sale of the 24X US Holdco). For the avoidance of doubt, 24X US Holdco is only obligated to make the payment upon due execution and delivery of all requested documents.

Notwithstanding the above, instead of the above two paragraphs applying, 24X US Holdco, in its discretion, can have the Non-Voting Common Units receive what each such Unit is entitled to receive in the Change of Control transaction at the closing of such transaction.

#### h. Purposes of the Program

As discussed above, the purpose of the Program is to encourage Participants to direct greater trade volume to the Exchange to enhance trading volume in 24X's market. Increased volume will provide for greater liquidity and enhanced price discovery, which benefits all market participants. Other exchanges have previously engaged in the practice of incentivizing increased order flow to attract liquidity providers through equity sharing arrangements.<sup>22</sup> The Program similarly intends to attract order flow, which will increase liquidity, thereby providing greater trading opportunities and tighter spreads for other market participants and causing a

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<sup>22</sup> See, e.g., Securities Exchange Act Release Nos. 62358 (June 22, 2010), 75 FR 37861 (June 30, 2010) (SR-NSX-2010-06); 64742 (June 24, 2011), 76 FR 38436 (June 30, 2011) (SR-NYSEAmex-2011-18); 69200 (March 21, 2013), 78 FR 18657 (March 27, 2013) (SR-CBOE-2013-031); 74095 (January 20, 2015), 80 FR 4011 (January 26, 2015) (SR-MIAX-2015-02); 74114 (January 22, 2015), 80 FR 4611 (January 28, 2015) (SR-BOX-2015-03); 74576 (March 25, 2015), 80 FR 17122 (March 31, 2015) (SR-BOX-2015-16); 80909 (June 12, 2017), 82 FR 27743 (June 16, 2017) (SR-MIAX-2017-28); 83012 (April 9, 2018), 83 FR 16163 (April 13, 2018) (SR-PEARL-2018-08); 89730 (September 1, 2020), 85 FR 55530 (September 8, 2020) (SR-PEARL-2020-10); 100247 (May 30, 2024), 89 FR 48203 (June 5, 2024) (SR-MEMX-2024-21); and 103210 (June 9, 2025), 90 FR 25107 (June 13, 2025) (SR-MEMX-2025-14).

corresponding increase in order flow from these other market participants. The Program will similarly reward the liquidity providers that provide this additional volume with a potential proprietary interest in the parent company of 24X.

## 2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Exchange Act<sup>23</sup> in general, and furthers the objectives of Section 6(b)(5) of the Exchange Act<sup>24</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) of the Exchange Act<sup>25</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Exchange Act,<sup>26</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory, because all Exchange Members may elect to participate (or elect not to participate) in the Program on the same terms and conditions, assuming they satisfy the same

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<sup>23</sup> 15 U.S.C. 78f.

<sup>24</sup> 15 U.S.C. 78f(b)(5).

<sup>25</sup> *See id.*

<sup>26</sup> 15 U.S.C. 78f(b)(4).

eligibility criteria as described above. All Participants may receive warrants that provide the Participants with the right to purchase Non-Voting Common Units on the same terms and conditions. The eligibility criteria are objective; any Exchange Member that pays the Prepayment Fee and otherwise satisfies the eligibility criteria described above has the same opportunity for their warrants to vest through volume contributions. The Target Volume is the same for all Participants; all Participants have the same opportunity to have their warrants vest and then exercise their warrants for Non-Voting Common Units on a proportional basis based upon meeting the Target Volumes during the Measurement Periods. The application of the 24X Minimum Overall Market Share has the same effect for all Participants, and is included to prevent Participants from earning the right to exercise warrants to purchase Non-Voting Common Units via the Program if 24X does not reach a designated level of trading. Without such a requirement, Participants potentially would be eligible to earn the right to exercise warrants to purchase equity in 24X US Holdco for limited trading activity. Furthermore, the 24X Minimum Overall Market Share requirement provides an additional incentive for all Participants to engage in market activity on 24X. Whether 24X satisfies the 24X Minimum Overall Market Share is directly related to the trading activity of all Members of the Exchange; the Exchange itself does not directly impact the volume of trading on the Exchange. The liquidity program also applies equally to all Participants that have exercised a warrant and hold Non-Voting Common Units. With each of these aspects of the Program, all Participants will have the same opportunity to vest warrants and to exercise those warrants to purchase Non-Voting Common Units if they so choose, and to participate in the liquidity program if they so choose.

The Exchange believes that the methodology used to calculate the volume thresholds is fair, reasonable and not unfairly discriminatory because it is based on objective criteria that is designed to increase trading volume on the Exchange's market. The Program is designed to reward Participants for bringing their orders and quotes to the Exchange to be executed on the Exchange. The Exchange also believes it is appropriate to provide a multiple of credit for activity during the 24X Overnight Trading for purposes of calculating the Participant's performance during the Measurement Periods to encourage and reward such activity because the Exchange is seeking to enhance exchange overnight trading. The Exchange also believes that it is appropriate to apply a cap on the 24X Overnight Multiplier to ensure continued strong trading on the Exchange during regular trading hours.

The Exchange believes the Program is equitable and reasonable because an increase in volume and liquidity would benefit all market participants by providing more trading opportunities and tighter spreads, even to those market participants that do not participate in the Program. Additionally, the Exchange believes the proposed rule change is consistent with the Exchange Act because, as described above, the Program is designed to bring greater volume and liquidity to the Exchange, which will benefit all market participants by providing tighter quoting and better prices, all of which perfects the mechanism for a free and open market and national market system.

A Participant's total equity ownership of 24X US Holdco Units, including any purchased through the exercise of vested warrants via the Program, shall be subject to the ownership limitations of the 24X US Holdco LLC Agreement.<sup>27</sup> Accordingly, a Participant will not be able

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<sup>27</sup> See, e.g., Section III of the 24X US Holdco LLC Agreement.



to exercise warrants for Non-Voting Common Units to the extent that such exercise would violate such ownership limitations.

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 that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The Exchange believes that the proposed rule change will improve competition by providing market participants the opportunity to execute orders and post liquidity on the Exchange's market.

The Exchange believes that the proposed rule change would increase both intermarket and intramarket competition by incentivizing Participants to direct their orders to the Exchange, which will enhance the quality of quoting and increase the volume of securities traded on the Exchange. To the extent that there is an additional competitive burden on non-Participants, the Exchange believes that this is appropriate because the Program should incent Participants to direct additional order flow to the Exchange and thus provide additional liquidity that enhances the quality of its market and increases the volume of securities traded on the Exchange. To the extent that this purpose is achieved, the Exchange believes that all of the Exchange's market participants would benefit from the improved market liquidity. Enhanced market quality and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange.

Given the robust competition for volume among equities markets, implementing a program to attract order flow like the one proposed in this filing is consistent with the above-mentioned goals of the Exchange Act. This is especially true for the smaller exchange markets, such as 24X, which are competing for volume with much larger exchanges that dominate the

equities trading industry. As a new exchange, 24X will likely have a nominal percentage of the average daily trading volume in equities in the near term, so it is unlikely that the Program could cause any competitive harm to the equities market or to market participants. Rather, the Program is a modest attempt to attract order volume away from larger competitors by adopting an innovative pricing strategy. The Exchange notes that if the Program results in a modest percentage increase in the average daily trading volume on 24X, while such percentage would represent a large volume increase for 24X, it would represent a minimal reduction in volume of its larger competitors in the industry. The Exchange believes that the Program will help further competition, because market participants will have yet another additional option in determining where to execute orders and post liquidity if they factor the benefits of 24X equity participation into the determination.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act<sup>28</sup> and Rule 19b-4(f)(2)<sup>29</sup> thereunder. 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 change should be approved or disapproved.

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<sup>28</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>29</sup> 17 CFR 240.19b-4(f)(2).

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);  
or
- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-24X-2025-04 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-24X-2025-04. 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-24X-2025-04 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.<sup>30</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*

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<sup>30</sup> 17 CFR 200.30-3(a)(12).