

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106596; File No. SR-GEMX-2026-35]

Self-Regulatory Organizations; Nasdaq GEMX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Market Wide Risk Protection

October 5, 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 on October 1, 2026, Nasdaq GEMX, LLC (“GEMX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Options 3, Section 15(a)(1)(C) related to the Market Wide Risk Protection.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/gemx/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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend Options 3, Section 15(a)(1)(C) (Market Wide Risk Protection) to eliminate the existing cross-market functionality between GEMX and its affiliate, Nasdaq ISE, LLC ("ISE").

Background

The Market Wide Risk Protection ("MWRP") imposes mandatory activity-based risk protections that require Members to provide parameters for order entry and order execution rate protections. The Exchange's System maintains one or more counting programs for each Member that maintain rolling counts of orders entered and contracts traded on GEMX. When a Member's designated thresholds are exceeded, the System automatically rejects subsequent incoming orders and, if the Member has so elected, cancels the Member's existing orders.

Currently, Options 3, Section 15(a)(1)(C) permits Members to elect to have the Exchange maintain counting programs for orders entered and contracts traded either (i) on GEMX only, or (ii) across both GEMX and ISE. Where a Member elects to apply the risk protection across both markets, a breach of the Member's threshold results in the System rejecting subsequent incoming orders, and optionally cancelling existing orders, on both GEMX and ISE.

Of the Nasdaq affiliated options exchanges,³ only GEMX and ISE currently offer MWRP counting programs that may be applied on a cross-market basis; the corresponding rules of MRX, Phlx, NTX Options, and NOM apply MWRP on a per-exchange basis only.

Proposal

The Exchange has determined to harmonize the MWRP functionality across the Nasdaq affiliated options exchanges. Because MWRP on MRX, Phlx, NTX Options, and NOM operates on a per-exchange basis only, harmonization requires removing the cross-market functionality currently available between GEMX⁴ and ISE.⁵ The Exchange accordingly proposes to amend Options 3, Section 15(a)(1)(C) to delete the references that presently permit Members to elect cross-market application of the MWRP counting programs, rejection of subsequent orders, and cancellation of existing orders. Nasdaq ISE will file a companion rule change to make conforming amendments to its Options 3, Section 15(a)(1)(C).⁶

Following the proposed amendments, all Members will apply MWRP parameters on a per-exchange basis on GEMX. ISE separately offers a MWRP rule at ISE Options 3, Section 15(a)(1)(C) on a per-exchange basis. Members will retain the ability to configure separate risk parameters for each Nasdaq affiliated options exchange on which they are authorized to trade.

Implementation

The Exchange will announce the operative date of the proposed rule change in an Options Trader Alert. The Exchange will implement the change on or before Q2 2027.

³ GEMX has five affiliated options exchanges, ISE; Nasdaq MRX, LLC (“MRX”); Nasdaq PHLX LLC (“Phlx”); Nasdaq Texas, LLC (“NTX Options”); and The Nasdaq Options Market LLC (“NOM”).

⁴ See Securities Exchange Act Release No. 77875 (May 20, 2016), 81 FR 33561 (May 26, 2016) (SR-ISE-2016-08) (Order Approving Proposed Rule Change Related to Market Wide Risk Protection).

⁵ See Securities Exchange Act Release No. 77881 (May 20, 2016), 81 FR 33565 (May 26, 2016) (SR-ISEGemini-2016-03) (Order Approving Proposed Rule Change Related to Market Wide Risk Protection).

⁶ See SR-ISE-2026-52.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that harmonizing the MWRP functionality across the Nasdaq affiliated options exchanges will remove impediments to and perfect the mechanism of a free and open market and a national market system by promoting consistent, transparent, and predictable risk-management functionality for Members that access more than one Nasdaq affiliated options exchange. Today, Members that trade across the Nasdaq affiliated options exchanges must understand and administer two different MWRP models: (i) a per-exchange model on MRX, Phlx, NTX Options, and NOM, and (ii) a hybrid model on GEMX and ISE that permits, but does not require, cross-market election. The Exchange believes that this differential treatment is a source of operational complexity that does not correspond to any material difference in the underlying risk protection provided. Aligning GEMX with the per-exchange model reduces the

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78f(b)(5).

risk of Member confusion or inadvertent misconfiguration when establishing MWRP parameters across markets.

The Exchange further believes that the proposed rule change will protect investors and the public interest by preserving the substantive risk protection provided by MWRP on GEMX. All Members will remain subject to mandatory MWRP thresholds on GEMX. Members will continue to have discretion to establish their own parameters, subject to Exchange-established minimum and maximum time periods and default values, and will continue to be able to use multiple counting programs to separate risk protections for different groups established within the Member. The only substantive change is that a Member's parameters on GEMX will apply to that Member's activity on GEMX, and will no longer aggregate with the Member's activity on ISE. Members that wish to apply risk protections to their activity on ISE will continue to do so pursuant to ISE Options 3, Section 15(a)(1)(C).

Removing this election in the interest of harmonization with the four other Nasdaq affiliated options exchanges is likewise consistent with the Act. Cross-market risk aggregation on GEMX and ISE is an available feature that Members elect (or decline) to use; withdrawing the election does not diminish the mandatory MWRP that applies to every GEMX Member.

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 Act.

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition because no Member will be disadvantaged relative to any other Member as a result of the proposed change. Further, Members that wish to obtain aggregated risk protection across multiple exchanges may continue to configure their own risk-management systems to that effect.

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition. Rather, removing the cross-market election will bring GEMX into greater alignment with the risk-protection framework generally available in the U.S. listed options markets and will harmonize the Exchange's MWRP with that of the other Nasdaq affiliated options exchanges.

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

No written comments were either solicited or received.

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

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 Act¹⁰ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹¹

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.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 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.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-GEMX-2026-35 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-GEMX-2026-35. 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-GEMX-2026-35 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.¹²

Sherry R. Haywood,

Assistant Secretary.

¹² 17 CFR 200.30-3(a)(12).