

1. Text of the Proposed Rule Change

(a) MEMX LLC (“MEMX” or the “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (the “Commission”) a proposal to amend Rule 19.5 (Series of Options Contracts Open for Trading) to harmonize the Exchange’s rules regarding the listing of options series with \$1 strike prices (“\$1 Strike Price Program”) with the equity options listing rules of other national securities exchanges, including Cboe EDGX Exchange, Cboe BZX Exchange, Cboe Options Exchange, Cboe C2 Exchange, MIAX Options Exchange, MIAX Pearl Options Exchange, MIAX Emerald Options Exchange, MIAX Sapphire Options Exchange, and NYSE Arca Options Exchange. The Exchange has designated this proposal as non-controversial pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) thereunder.<sup>4</sup>

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by Exchange staff pursuant to authority delegated to it by the Board of Directors of the Exchange (the “Board”). Exchange staff

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

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

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

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the proposed rule change.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

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

a. Purpose

The Exchange proposes to amend Rule 19.5, Interpretation and Policy .02 to align the rules associated with its \$1 Strike Price Program with the rules of other national securities exchanges, including Cboe EDGX Exchange, Cboe BZX Exchange, Cboe Options Exchange, Cboe C2 Exchange, MIAX Options Exchange, MIAX Pearl Options Exchange, MIAX Emerald Options Exchange, MIAX Sapphire Options Exchange, and NYSE Arca Options Exchange.<sup>5</sup>

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<sup>5</sup> See EDGX Rule 19.6, Interpretation and Policy .02, available at [https://cdn.cboe.com/resources/regulation/rule\\_book/EDGX\\_Rulebook.pdf](https://cdn.cboe.com/resources/regulation/rule_book/EDGX_Rulebook.pdf); BZX Rule 19.6, Interpretation and Policy .02, available at [https://cdn.cboe.com/resources/regulation/rule\\_book/BZX\\_Exchange\\_Rulebook.pdf](https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf); Cboe C1 Rule 4.5, Interpretation and Policy .01(a), available at [https://cdn.cboe.com/resources/regulation/rule\\_book/C1\\_Exchange\\_Rule\\_Book.pdf](https://cdn.cboe.com/resources/regulation/rule_book/C1_Exchange_Rule_Book.pdf); Cboe C2 Rulebook Chapter 4, available at [https://cdn.cboe.com/resources/regulation/rule\\_book/C2\\_Exchange\\_Rule\\_Book.pdf](https://cdn.cboe.com/resources/regulation/rule_book/C2_Exchange_Rule_Book.pdf); MIAX Options Rule 404, Interpretation and Policy .01, available at [https://www.miaxglobal.com/miax\\_options\\_exchange\\_rules.pdf](https://www.miaxglobal.com/miax_options_exchange_rules.pdf); MIAX Pearl Options Rule 404, Interpretation and Policy .01, available at [https://www.miaxglobal.com/miax\\_pearl\\_exchange\\_rules.pdf](https://www.miaxglobal.com/miax_pearl_exchange_rules.pdf); MIAX Emerald Options Rulebook Chapter 4, available at [https://www.miaxglobal.com/miax\\_emerald\\_exchange\\_rules.pdf](https://www.miaxglobal.com/miax_emerald_exchange_rules.pdf); MIAX Sapphire Rule 404, Interpretation and Policy .01, available at [https://www.miaxglobal.com/miax\\_sapphire\\_exchange\\_rulebook.pdf](https://www.miaxglobal.com/miax_sapphire_exchange_rulebook.pdf); and NYSE Arca Rule Rule 6.4-O Commentary .04, available at <https://nysearca.wolterskluwer.cloud/>.

The Exchange's \$1 Strike Price Program permits the Exchange to establish intervals between strike prices of series of options on individual stocks of \$1.00 or greater in no more than 150 individual stocks designated by the Exchange (and in any other class designated by another national securities exchange that employs a similar \$1 Strike Price Program) if the strike price is no less than \$1 and no more than \$50.<sup>6</sup> To be eligible for inclusion into the \$1 Strike Price Program, an underlying security must close below \$50 in the primary market on the previous trading day.<sup>7</sup>

Currently, MEMX Rule 19.5, Interpretation and Policy .02(b) states that after a security is added to the \$1 Strike Price Program, MEMX may list strike prices from \$1 to \$50 that are no more than \$5 from the closing price of the underlying on the preceding day. Additionally, MEMX Rule 19.5, Interpretation and Policy .02(b) states that for an option class selected for the \$1 Strike Price Program, MEMX Options may not list \$1 Strike Prices on any series having greater than nine (9) months until expiration. The Exchange proposes to delete this language and adopt alternative language, which provides that the Exchange may list \$1 strike price intervals from \$1 to \$50 according to the following parameters:

- If the price of the underlying stock is equal to or less than \$20, the Exchange may list series with an exercise price up to 100% above and 100% below the price of the underlying stock. However, this restriction does not prohibit listing at least five strike prices above and below the price of the underlying stock per expiration month in an option class. For

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<sup>6</sup> See MEMX Rulebook Rule 19.5, Interpretation and Policy .02(a).

<sup>7</sup> See MEMX Rulebook Rule 19.5, Interpretation and Policy .02(b).

example, if the price of the underlying stock is \$2, the Exchange would be permitted to list series for \$1, \$2, \$3, \$4, \$5, \$6, and \$7.

- If the price of the underlying stock is greater than \$20, the Exchange may list series with an exercise price up to 50% above and 50% below the price of the underlying security up to \$50.
- For purposes of adding strikes under the \$1 Strike Price Program, the “price of the underlying stock” is measured in the same way as “the price of the underlying security” is as set forth in the Options Listing Procedures Plan (“OLPP”).<sup>8</sup>
- No additional series in \$1 strike price intervals may be listed if the underlying stock closes at or above \$50 in its primary market. Additional series in \$1 strike price intervals may not be added until the underlying stock closes again below \$50.
- For long-term options contracts, for stocks in the \$1 Strike Price Program, the Exchange may list one \$1 strike price interval between each \$5 strike interval, with the \$1 strike price interval being \$2 above the standard strike for each interval above the price of the underlying stock, and \$2 below the standard strike for each interval below the price of the underlying stock (“\$2 wings”). For example, if the price of the underlying stock is \$24.50, the Exchange may list the following standard strikes in \$5

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The Options Listing Procedures Plan is available at [https://www.theocc.com/getmedia/198bfc93-5d51-443c-9e5b-fd575a0a7d0f/options\\_listing\\_procedures\\_plan.pdf](https://www.theocc.com/getmedia/198bfc93-5d51-443c-9e5b-fd575a0a7d0f/options_listing_procedures_plan.pdf).

intervals: \$15, \$20, \$25, \$30, and \$35. Between these standard \$5 strikes, the Exchange may list the following \$2 wings: \$18, \$27, and \$32.

The Exchange also proposes to add language which provides that, in addition to the above, the Exchange may list the \$1 strike price interval which is \$2 above the standard strike just below the underlying price at the time of listing. In the above example, since the standard strike just below the underlying price (\$24.50) is \$20, the Exchange may list a \$22 strike. The Exchange may add additional long-term options contracts strikes as the price of the underlying stock moves, consistent with OLPP. Additional long-term equity option strikes may not be listed within \$1 of an existing strike until less than 9 months to expiration. The Exchange may also list \$1 strike prices up to \$5 in long-term options contracts in up to 200 option classes on individual stocks, but may not list \$1 strike price intervals within \$0.50 of an existing \$2.50 strike in the same expiration.<sup>9</sup>

The proposed rule change also adds clarifying language to MEMX Rule 19.5, Interpretation and Policy .02(a), which states that if a class participates in the \$1 Strike Price Program, \$2.50 strike price intervals are not permitted between \$1 and \$50 for non-long-term options contracts and long-term options contracts, similar to Cboe EDGX Rule 19.6, Interpretation and Policy .02, Cboe BZX Exchange Rule 19.6, Interpretation and Policy .02(a), Cboe Options Exchange Rule 4.5, Interpretation and Policy .01(a)(1), Cboe C2 Rulebook Chapter 4, MIAX Options Rule 404, Interpretation and Policy .01(a), MIAX Pearl Options Rule 404, Interpretation and Policy .01(a), MIAX Emerald Options

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<sup>9</sup> As part of the proposed rule change, the Exchange proposes a non-substantive change to renumber current MEMX Rule 19.5, Interpretations and Policies .02(c) to .02(d).

Rulebook Chapter 4, MIAX Sapphire Options Rule 404, Interpretation and Policy .01(a), and NYSE Arca Options Rule 6.4-O, Commentary .04(a).

The proposed rule change updates the Exchange rules on the \$1 strike price intervals that are permitted for stocks with strike prices between \$1 and \$50. Additionally, the proposed rule change will permit \$1 strike price intervals for series of long-term options contracts. Further, the proposed rule change prohibits \$2.50 interval strikes below \$50 in all \$1 Strike Price Program issues, including long term options series, and provides that, for series of long-term options contracts, for stocks in the \$1 Strike Price Program, the Exchange may list \$2 wings, i.e., one additional series within each natural \$5 interval. Such proposed change serves to prevent discontinuities in strike prices when long-term options series become non-long-term options series. The Exchange believes \$1 strike price intervals provide investors with greater flexibility in the trading of equity options that overlie lower price stocks by allowing investors to establish options positions better tailored to meet their investment objectives. The Exchange believes the \$1 Strike Price Program has provided investors with greater opportunities and flexibility and the ability to more closely tailor their investment and risk management strategies and decisions to the movement of the underlying security. The Exchange has not detected any material proliferation of illiquid options series resulting from the narrower strike price intervals. Further, the proposed changes align the Exchange's strikes listing with other options exchanges.<sup>10</sup>

b. Statutory Basis

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<sup>10</sup> See supra note 5.

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>11</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>12</sup> requirements that the rules of an exchange be 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)<sup>13</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system because it will harmonize the \$1 Strike Price Program rules of MEMX Options with the options rules of other national securities exchanges<sup>14</sup> and permit MEMX Options to list the same options contracts as other options exchanges, in the same manner. As noted above, the proposed rule change will align the equity options listing rules of MEMX Options with those of other options exchanges, including Cboe

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<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> Id.

<sup>14</sup> See supra note 5.

EDGX Exchange, Cboe BZX Exchange, Cboe Options Exchange, and NYSE Arca Options Exchange.<sup>15</sup>

The proposed rule change will also foster cooperation and coordination with persons engaged in facilitating transactions in securities because it will result in a more uniform listing process among various options exchanges. The Exchange believes the proposed change will reduce potential confusion related to the listing of options series with \$1 strike prices, to the benefit of investors, by aligning the Exchange's listings rules with the rules of other options exchanges.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the rule change is being proposed in order to conform MEMX Options' \$1 Strike Price Program rules to those across other options exchanges. The proposed rule change promotes competition, as MEMX Options will have the same rules for listing equity options as other national securities exchanges and will be able to list the same options for trading. This rule filing is substantially similar to filings recently submitted by Cboe EDGX Exchange<sup>16</sup> and Cboe BZX Exchange.<sup>17</sup>

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<sup>15</sup> See Exchange Act Release 34-102273 (January 15, 2025), 90 FR 8410 (January 29, 2025) (SR-CboeEDGX-2025-003); Exchange Act Release 34-102272 (January 15, 2025), 90 FR 8417 (January 29, 2025) (SR-CboeBZX-2025-005); Exchange Act Release 34-65383 (September 22, 2011), 76 FR 60107 (September 28, 2011) (SR-CBOE-2011-040); and Exchange Act Release 34-65418 (September 26, 2011), 76 FR 61411 (October 4, 2011) (SR-NYSEArca-2011-66).

<sup>16</sup> See Exchange Act Release 34-102273 (January 15, 2025), 90 FR 8410 (January 29, 2025) (SR-CboeEDGX-2025-003).

<sup>17</sup> See Exchange Act Release 34-102272 (January 15, 2025), 90 FR 8417 (January 29, 2025) (SR-CboeBZX-2025-005).

5. 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.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act<sup>18</sup> and Rule 19b-4(f)(6)<sup>19</sup> thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposed rule change is substantially similar in all material respects to proposals submitted by Cboe EDGX Exchange<sup>20</sup> and Cboe BZX Exchange.<sup>21</sup> Additionally, as is noted above, the proposed rule change aligns MEMX Options’ strike rules with those of other options exchanges.<sup>22</sup> The Exchange believes that this proposed rule change, which is essential to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues that have not been

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

<sup>19</sup> 17 CFR 240.19b-4(f)(6).

<sup>20</sup> See supra note 16.

<sup>21</sup> See supra note 17.

<sup>22</sup> See supra note 5.

previously considered by the Commission and aligns MEMX Options' strike rules with the strike rules of other options platforms. Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act<sup>23</sup> and Rule 19b-4(f)(6) thereunder.<sup>24</sup>

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file a 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. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>25</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)<sup>26</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange respectfully requests that the Commission waive the 30-day operative delay. Waiver of the operative delay is consistent with the protection of investors and the public interest because it will enable the Exchange to align its rules with the existing strikes rules of other national securities exchanges without delay, as noted above, reducing potential confusion related to the listing of options series with \$1 strike prices.

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<sup>23</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>24</sup> 17 CFR 240.19b-4(f)(6).

<sup>25</sup> 17 CFR 240.19b-4(f)(6).

<sup>26</sup> Id.

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.

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

The proposed rule change is based on CboeEDGX 2005-003<sup>27</sup> and CboeBZX 2025-005.<sup>28</sup>

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1. Form of Notice of the Proposed Rule Change for Publication in the Federal Register.

Exhibit 5. Text of Proposed Rule Change.

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<sup>27</sup> See supra note 16.

<sup>28</sup> See supra note 17.