

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 email to rule-comments@sec.gov. Please include File Number SR-MRX-2019-24 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MRX-2019-24. 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 (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MRX-2019-24 and should be submitted on or before January 21, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87845; File No. SR-MRX-2019-25]

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt a Mass Cancellation Rule and Amend Other Sections of the Rulebook

December 23, 2019.

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 December 9, 2019, Nasdaq MRX, LLC ("MRX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II 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 adopt a new rule at Options 3, Section 19 titled "Mass Cancellation of Trading Interest." The Exchange also proposes to amend definitions within General 1, Section 1, adopt a new definition for "Away Best Bid or Offer" within Options 1, Section 1, and update rule citations in various other rules.

The text of the proposed rule change is available on the Exchange's website at <http://nasdaqmrx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

The Exchange proposes to adopt a new rule at Options 3, Section 19 titled "Mass Cancellation of Trading Interest." The Exchange also proposes to amend definitions within General 1, Section 1, adopt a new definition for "Away Best Bid or Offer" within Options 1, Section 1, and update rule citations in various other rules.

Mass Cancellation of Trading Interest

The Exchange proposes to adopt a new rule at Options 3, Section 19 titled "Mass Cancellation of Trading Interest." The Nasdaq Options Market LLC ("NOM") and Nasdaq BX, Inc. ("BX") rules at Chapter VII, Section 11 permit Participants on those markets to contact market operations and manually request cancellation of interest. The Exchange proposes to adopt a rule which also permits Members to contact market operations and request the Exchange to manually cancel interest. The proposed new rule would state, "A Member may cancel any bids, offers, and orders in any series of options by requesting MRX Market Operations³ staff to effect such cancellation as per the instructions of the Member." This new rule reflects the Exchange's current practice of allowing Members to contact MRX Market Operations and request the Exchange to cancel any bid, offer or order in any series of options. The Exchange would cancel such bid, offer or order pursuant to the Member's instruction. The Exchange desires to memorialize the availability of this service.

Definitions

The Exchange proposes to make a technical amendment to General 1, Section 1(a)(6) to note the acronym for an Electronic Access Member, an "EAM" within the definition. The acronym is utilized throughout the Rulebook. Defining the acronym within the definition will add transparency to the Rulebook.

The Exchange proposes to add the definition of an "Away Best Bid or Offer" or "ABBO" within Options 1, Section 1(a)(4). This term is utilized throughout the Rulebook. Defining this term will bring greater transparency to the Rulebook.

³ The request to Market Operations is a manual request which is made telephonically.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

²⁵ 17 CFR 200.30-3(a)(12).

Other Changes

The Exchange proposes to reserve certain rules⁴ in connection with a Rulebook harmonization project which organizes the rules of the Nasdaq affiliated markets.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁶ 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.

Mass Cancellation of Trading Interest

The Exchange's proposal to memorialize the Mass Cancellation of Trading Interest rule within Options 3, Section 19 is consistent with the Act because permitting Members to contact Market Operations as a manual alternative to automated functionality which similarly allows Members to cancel interest provides Members experiencing their own system issues with a means to manage risk. Today, Members are able to cancel interest, in an automated fashion through protocols⁷ and the Kill Switch.⁸ This is a voluntary services offered to all Members.

The Exchange notes that offering this service, which permits Members to cancel interest, will not diminish a Market Maker's obligation with respect to providing two-sided quotations and this rule is not inconsistent with other firm quote obligations of the Market Maker. Upon the request of a Member, MRX Market Operations will manually input a mass cancellation message into the System consistent with the Member's instruction to cancel trading interest. Once the mass cancellation message is entered into the System by MRX Market Operations, the message will be accepted by the System in the order of receipt in the queue such that the interest that was already accepted into the System will be processed prior to the mass cancellation message. In addition, mass cancellation messages entered into the System by MRX Market Operations are handled by the System through the same queuing mechanism

that a quote or order message is handled by the System. The Exchange notes its processing of a mass cancellation message inputted by MRX Market Operations and handled by the System is consistent with firm quote and order handling rules.

The Exchange notes that offering this service which permits Members to cancel interest will not diminish a Member's obligation with respect to providing two-sided quotations and this rule is not inconsistent with other firm quote obligations of the Member. The Kill Switch message will be accepted by the System in the order of receipt in the queue and will be processed in that order so that interest that is already accepted into the System will be processed prior to the Kill Switch message. Messages sent to the System by the Kill Switch are processed in the order they are received by the matching engine, through the same queuing mechanism that a quote or order message is processed. MRX Market Operations would process the cancellation request when received.

As noted above, NOM and BX Rules at Chapter VII, Section 11 allow NOM and BX Participants to also contact market operations and request cancellations of interest. This new rule reflects the Exchange's current practice.

Definitions

The Exchange's proposal to add the acronym for an Electronic Access Member, an "EAM" within General 1, Section 1 and add the definition of an "Away Best Bid or Offer" or "ABBO" within Options 1, Section 1(a)(4) are consistent with the Act because these amendments will add transparency to the Rulebook.

Other Changes

The Exchange's proposal to update the reference within Options 3, Section 16(b) to refer to Options 3, Section 12 not just 12(a), and add cross-references to the Solicited Order Mechanism and Price Improvement Mechanism within Options 3, Section 16, are consistent with the Act and add greater clarity to the Rules.

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.

Mass Cancellation of Trading Interest

The Exchange's proposal to memorialize the Mass Cancellation of Trading Interest rule within Options 3,

Section 19 does not impose an undue burden on competition because all Members may utilize this service. This new rule reflects the Exchange's current practice.

Definitions

The Exchange's proposal to add the acronym for an Electronic Access Member, an "EAM" within General 1, Section 1 and add the definition of an "Away Best Bid or Offer" or "ABBO" within Options 1, Section 1(a)(4) do not impose an undue burden on competition because these amendments will add transparency to the Rulebook.

Other Changes

The Exchange's proposal to update the reference within Options 3, Section 16(b) to refer to Options 3, Section 12 not just 12(a), and add cross-references to the Solicited Order Mechanism and Price Improvement Mechanism within Options 3, Section 16 do not impose an undue burden on competition. The remainder of the changes to correct numbering and citations are non-substantive.

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 Act⁹ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁰

A proposed rule change filed under Rule 19b-4(f)(6)¹¹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹² the

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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.

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

⁴ Options 2, Section 3 and Options 3, Section 28 are being reserved.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ See Options 3 at Supplementary Material .03 to Section 7.

⁸ See Options 3, Section 17.

Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange notes that NOM and BX currently have rules that permit NOM and BX Participants to cancel interest,¹³ and that the Exchange proposes the additional changes to provide greater clarity in its rules. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change operative upon filing.¹⁴

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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-MRX-2019-25 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MRX-2019-25. 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 (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MRX-2019-25 and should be submitted on or before January 21, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Eduardo A. Aleman,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87820; File No. SR-NASDAQ-2019-097]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt a New Rule Titled "Off-Exchange RWA Transfers" at Options 6, Section 6

December 20, 2019.

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 December 17, 2019, The Nasdaq Stock Market LLC ("Nasdaq" 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 adopt a new rule titled "Off-Exchange RWA Transfers" at The Nasdaq Options Market LLC ("NOM") Rules at Options 6, Section 6. The text of the proposed rule change is available on the Exchange's website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

The Exchange proposes to adopt a new rule titled, "Off-Exchange RWA Transfers" at NOM Options 6, Section 6. This proposal is substantially the same as Cboe Exchange, Inc. ("Cboe") Rule 6.8.³

Proposed Options 6, Section 6 is intended to facilitate the reduction of risk-weighted assets ("RWA") attributable to open options positions. SEC Rule 15c3-1 (Net Capital Requirements for Brokers or Dealers) ("Net Capital Rules") requires registered broker-dealers, unless otherwise excepted, to maintain certain specified minimum levels of capital.⁴ The Net Capital Rules are designed to protect securities customers, counterparties, and creditors by requiring that broker-dealers have sufficient liquid resources on hand, at all times, to meet their

¹³ See NOM and BX Rules at Chapter VII, Section 11.

¹⁴ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 87374 (October 21, 2019), 84 FR 57542 (October 25, 2019) (SR-Cboe-2019-044).

⁴ 17 CFR 240.15c3-1.