

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, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposal would amend the halt auction process following certain trading halts to be more closely aligned with the process currently implemented for halt auctions following a trading pause under the LULD Plan and the process for halting auctions following an MWCB halt. Price collars would be built into the halt cross process, and if the price falls outside of those collars after an initial 5-minute display only period, the collars would be widened by the same threshold amount as the initial collars and a subsequent 5-minute display only period would commence. If the price falls outside of those collars after the second 5-minute display only period, the collars would be widened by a wider amount and a subsequent, third period would commence. This process would continue until the price falls within the set thresholds, after which the auction would execute and the stock would reopen for trading. As noted by the Exchange, the current reopening process does not have a mechanism for calculating price collars and a process for widening the collars if necessary to accommodate buy or sell pressure outside of the collars then in effect.

These price collar thresholds balance the need for price protections with the desire to promote efficient price discovery and minimize the length of the interruption from a trading halt. Further, the standardized procedures to extend halt auctions by 5-minute periods are designed to protect investors and the public interest because allowing additional time could help reduce the potential for significant price disparity in post-auction trading and promote improved price discovery, attract offsetting liquidity, and potentially increase market participation, which could improve liquidity and help reduce price volatility. Accordingly, this proposal balances transparency and timeliness to ensure efficient price discovery.

The Exchange also proposes to establish a Hybrid Closing Cross and implement price protections for the Hybrid Closing Cross, which are similar to the protections currently employed for the LULD Closing Cross. With respect to the LULD Closing Cross, the Exchange currently calculates and applies a price threshold to a benchmark value that, when applied to an individual security, determines the

price threshold range within which the security must execute in the LULD Closing Cross. The Hybrid Closing Cross proposal is necessary given the changes the Exchange proposes to make to the halt reopening process. In particular, the Exchange states that it has not needed to handle a halt reopening auction at or after 3:50 p.m. and before 4:00 p.m. due to the current policy of MarketWatch not scheduling any reopening of a security past 3:30 p.m.<sup>104</sup> Because of the potential for a halt reopening to extend beyond 3:50 p.m. under the proposal, the Exchange proposes to establish the Hybrid Closing Cross. Nasdaq's proposal to establish a Hybrid Closing Cross and associated protections similar to the LULD Closing Cross would promote just and equitable principles of trade by facilitating a fair and orderly price discovery process at the close and ensuring that the closing price of a security is reasonably based on current market conditions in the security and that the cross price derived does not exceed a price reasonably tied to the prevailing market at the time.

In addition, the Exchange proposes additional changes to Equity 4 to remove references to the LULD Closing Cross in Nasdaq Rule 4702 and Nasdaq Rule 4755, clarify how Auction Reference Prices and Auction Collars are disseminated in Nasdaq Rule 4753(a)(3), add an exception regarding cancellation of IOC Orders for halted securities in Nasdaq Rule 4753(e), specify that the Nasdaq Closing Cross shall include the LULD Closing Cross and the Hybrid Closing Cross in Nasdaq Rule 4754(a)(6), add "NOII" as an alternative defined term for "Order Imbalance Indicator" in Nasdaq Rule 4754(a)(7), add "EOII" as an alternative defined term for "Early Order Imbalance Indicator" in Nasdaq Rule 4754(a)(10), amend language related to handling of late LOC Orders in Nasdaq Rule 4754(b)(6), and modify the priority for orders participating in the LULD Closing Cross in Nasdaq Rule 4754(b)(6) so that priority is assigned to the execution of Displayed Orders and interest before Non-Displayed Orders. The Commission agrees with the Exchange that such proposed changes would increase clarity and transparency in the Rules, consistent with the public interest and the protection of investors.

For the reasons discussed above, the Commission finds that the proposed rule change is consistent with the requirements of the Act.

<sup>104</sup> See Notice, *supra* note 3, at 91858.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>105</sup> that the proposed rule change (SR-NASDAQ-2024-065) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>106</sup>

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

[FR Doc. 2025-02386 Filed 2-7-25; 8:45 am]

BILLING CODE 8011-01-P

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102338; File No. SR-MEMX-2025-01]

#### Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 21.7 Related to the Exchange's Opening Procedures on MEMX Options

February 4, 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 January 22, 2025, MEMX LLC ("Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Item I below, which Item has been substantially 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 Rule 21.7 related to the Exchange's opening procedures on MEMX Options. Specifically, the Exchange proposes to open options, other than index options, for trading after the System's observation after 9:30 a.m. Eastern Time of both: (i) the first disseminated transaction on the primary listing market in the securities underlying the options, and (ii) the Limit Up-Limit Down ("LULD") price bands applicable to the securities underlying the options as disseminated by the applicable Securities Information Processor ("SIP"). The Exchange currently opens options, other than index options, for

<sup>105</sup> *Id.*

<sup>106</sup> 17 CFR 200.30-3(a)(12).

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

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

trading following the first print disseminated pursuant to an effective national market system plan.

The proposed rule change, including the Exchange's statement of the purpose of, and statutory basis for, the proposed rule change is available on the Exchange's website at <https://info.memxtrading.com/regulation/rules-and-filings/> and on the Commission's website at [https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file\\_number=SR-MEMX-2025-01](https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file_number=SR-MEMX-2025-01).

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)<sup>4</sup> thereunder. 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; or (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) of the Act<sup>5</sup> and Rule 19b-4(f)(6)<sup>6</sup> thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>7</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>8</sup> the Commission may designate a shorter time if such action is consistent with protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because it will align the Exchange's options opening with the opening price of the corresponding underlying security on its primary listing market. Accordingly, the

Commission designates the proposed rule change to be operative upon filing.<sup>9</sup>

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 will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

## III. 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.<sup>10</sup> Comments may be submitted electronically by using the Commission's internet comment form ([https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file\\_number=SR-MEMX-2025-01](https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file_number=SR-MEMX-2025-01)) or by sending an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-MEMX-2025-01 on the subject line. Alternatively, paper comments may be sent to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090. All submissions should refer to file number SR-MEMX-2025-01. 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-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file\\_number=SR-MEMX-2025-01](https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file_number=SR-MEMX-2025-01)). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available

<sup>9</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>10</sup> 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange.

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-MEMX-2025-01 and should be submitted on or before March 3, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

Sherry R. Haywood,  
Assistant Secretary.

[FR Doc. 2025-02389 Filed 2-7-25; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102337; File No. SR-Phlx-2025-05]

### Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a New OTTO Protocol

February 4, 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 January 29, 2025, Nasdaq PHLX LLC ("Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Item I below, which Item has been substantially prepared by the Exchange. The Exchange has designated this proposal for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f) thereunder.<sup>4</sup> 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 protocol, "Ouch to Trade Options" or "OTTO" and establish pricing for this new protocol. The Exchange proposes to amend various Phlx Rules in connection

<sup>11</sup> 17 CFR 200.30-3(a)(12) and (59).

<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). 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 will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

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

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

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>6</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) 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.

<sup>7</sup> 17 CFR 240.19b-4(f)(6).

<sup>8</sup> 17 CFR 240.19b-4(f)(6)(iii).