

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 26	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2018 - * 06	Amendment No. (req. for Amendments *)
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Filing by Nasdaq MRX, LLC  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

A proposal to amend Rule 100

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Andrew Last Name \* Madar

Title \* Senior Associate General Counsel

E-mail \* andrew.madar@nasdaq.com

Telephone \* (301) 978-8420 Fax

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 02/13/2018

By Edward S. Knight

Executive Vice President and General Counsel

edward.knight@nasdaq.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Nasdaq MRX, LLC (“MRX” or “Exchange”), 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> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Rule 100 to include Monday and Wednesday expirations for options listed pursuant to the Short Term Option Series Program, including options on the SPDR S&P 500 ETF Trust.

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).<sup>3</sup>

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1.

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on September 19, 2017. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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

Questions and comments on the proposed rule change may be directed to:

Andrew Madar  
Senior Associate General Counsel  
Nasdaq, Inc.  
301-978-8420

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 100(a)(53) to amend Rule 100 to include Monday and Wednesday expirations for options listed pursuant to the Short Term Option Series program (“Program”), including options on the SPDR S&P 500 ETF Trust.

The actual listing and trading of the options series included in the Program is governed by Chapter 5 (“Securities Traded on the Exchange”). Chapter 5 incorporates by reference the rules of Nasdaq ISE, LLC (“ISE”). ISE has already amended its Chapter 5 to list both Monday and Wednesday expirations for SPY options pursuant to its Short Terms Options Series program; accordingly, the Exchange’s Chapter 5 incorporates these changes by reference.<sup>4</sup> Chapter 1 does not have a similar incorporation by reference, and so the Exchange is therefore submitting this proposed rule change to amend the definition of “Short Term Option Series” in Rule 100(a)(53) to include Monday and Wednesday expirations within that definition.

Currently, “Short Term Option Series” is defined as “a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on the Friday of

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<sup>4</sup> See Securities Exchange Act Release No. 78715 (August 29, 2016), 81 FR 60765 (September 2, 2016) (SR-ISE-2016-18) (SPY Wednesdays); SR-ISE-2018-13 (SPY Mondays).

the following business week that is a business day. If a Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Friday.” In order to include Wednesday expirations within this definition, the Exchange is amending Rule 100(a)(53) to include a series in an option class that is opened for trading on any Tuesday or Wednesday that is a business day and that expires the Wednesday of the following business week that is a business day. If a Tuesday, Wednesday, Thursday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday.

As noted above, ISE filed its proposal to amend its Rule 100 and Rule 504 to provide for the listing of Wednesday expirations<sup>5</sup> shortly after the Commission approved a similar proposal for BOX Options Exchange LLC.<sup>6</sup> Once ISE’s proposal became operative, the Exchange’s Chapter 5 changed accordingly.

The Exchange is also proposing to amend Rule 100(a)(53) to permit the listing of options series that expire on Mondays (“Monday SPY Expirations”). Specifically, the Exchange is proposing that it may open for trading series of options on any Monday that is a business day and that expires on the Monday of the following business week that is a business day. The Exchange is also proposing to list Monday expirations series on Fridays that precede the expiration Monday by one business week plus one business day. Since Rule 100(a)(53) already provides for the listing of short term option series on Fridays, the Exchange is not modifying this provision to allow for Friday listing of Monday expiration series. However, the Exchange is amending Rule 100(a)(53) to

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<sup>5</sup> See supra note 4.

<sup>6</sup> See Securities Exchange Act Release No. 59696 (August 24, 2016), 81 FR 59696 (August 30, 2016) (SR-BOX-2016-28).

clarify that, in the case of a series that is listed on a Friday and expires on a Monday, that series must be listed one business week and one business day prior to that expiration (i.e., two Fridays prior to expiration).

The Exchange notes that having Monday expirations is not a novel proposal. Specifically, Nasdaq PHLX LLC (“Phlx”) recently received approval to list Monday expirations for SPY options pursuant to its Short Terms Options Series program.<sup>7</sup>

As part of this proposal, the Exchange is also amending Rule 100(a)(53) to address the expiration of Monday expiration series when the Monday is not a business day. In that case, the rule will provide that the series shall expire on the first business day immediately following that Monday. This procedure differs from the expiration date of Wednesday expiration series that are scheduled to expire on a holiday. In that case, the Wednesday expiration series shall expire on the first business day immediately prior to that Wednesday, e.g., Tuesday of that week.<sup>8</sup> However, the Exchange believes that it is preferable to require Monday expiration series in this scenario to expire on the Tuesday of that week rather than the previous business day, e.g., the previous Friday, since the Tuesday is closer in time to the scheduled expiration date of the series than the previous Friday, and therefore may be more representative of anticipated market conditions. The Exchange notes that this provision is identical to the corresponding provision recently adopted by Phlx in its proposal to list options series with Monday expirations pursuant to its Short Term Option Series program. The Exchange also notes that Cboe Exchange, Inc. (“Cboe”) uses the same procedure for options on the S&P 500 index (“SPX”) with

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<sup>7</sup> See Securities Exchange Act Release No. 82611 (February 1, 2018), 83 FR 5473 (February 7, 2018) (SR-Phlx-2017-103).

<sup>8</sup> See Rule 100(a)(53).

Monday expirations that listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday.<sup>9</sup>

The interval between strike prices for the proposed Monday SPY Expirations will be the same as those for the current Short Term Option Series for Wednesday and Friday SPY Expirations. Specifically, the Monday SPY Expirations will have a \$0.50 strike interval minimum. As is the case with other options series listed pursuant to the Short Term Option Series, the Monday SPY Expiration series will be P.M.-settled.

Currently, for each option class eligible for participation in the Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class. The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective short term option rules; the Exchange may list these additional series that are listed by other exchanges. This thirty (30) series restriction shall apply to Monday SPY Expiration series as well. In addition, the Exchange will be able to list series that are listed by other exchanges, assuming they file similar rules with the Commission to list SPY options expiring on Mondays.

The Exchange does not believe that any market disruptions will be encountered with the introduction of P.M.-settled Monday expirations. The Exchange has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday expiration series, including Monday SPY Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire almost

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<sup>9</sup> See CBOE Rule 24.9(e)(1) (“If the Exchange is not open for business on a respective Monday, the normally Monday expiring Weekly Expirations will expire on the following business day. If the Exchange is not open for business on a respective Wednesday or Friday, the normally Wednesday or Friday expiring Weekly Expirations will expire on the previous business day.”).

every Wednesday and Friday, which provide market participants a tool to hedge special events and to reduce the premium cost of buying protection. With the exception of Monday expiration series that are scheduled to expire on a holiday, the Exchange does not believe that there are any material differences between Monday expirations and Wednesday or Friday expirations for Short Term Option Series.

The Exchange seeks to introduce Monday expirations to, among other things, expand hedging tools available to market participants and to continue the reduction of the premium cost of buying protection. The Exchange believes that Monday expirations, similar to Wednesday and Friday expirations, will allow market participants to purchase an option based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

As noted above, Phlx recently received approval to list Monday expirations for SPY options pursuant to its Short Terms Options program. In addition, other exchanges currently permit Monday expirations for other options. For example, Cboe lists options on the SPX with a Monday expiration as part of its Nonstandard Expirations Pilot Program.<sup>10</sup>

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</sup> in particular,

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<sup>10</sup> See CBOE Rule 24.9(e)(1) (“The Exchange may open for trading Weekly Expirations on any broad-based index eligible for standard options trading to expire on any Monday, Wednesday, or Friday (other than the third Friday-of-the-month or days that coincide with an EOM expiration.)”).

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

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

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.

In particular, the Exchange believes the Short Term Option Series program has been successful to date and that Monday expirations, including Monday SPY Expirations, simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Short Term Option Series program has expanded the landscape of hedging. Similarly, the Exchange believes Monday expirations, including Monday SPY Expirations, should create greater trading and hedging opportunities and flexibility, and will provide customers with the ability to tailor their investment objectives more effectively. As noted above, Phlx recently received approval to list Monday expirations for SPY options pursuant to its Short Terms Options program. In addition, Cboe currently permits Monday expirations for other options with a weekly expiration, such as options on the SPX.

With the exception of Monday expiration series that are scheduled to expire on a holiday, the Exchange does not believe that there are any material differences between Monday expirations, including Monday SPY expirations, and Wednesday or Friday expirations, including Wednesday and Friday SPY Expirations, for Short Term Option Series. The Exchange believes that it is consistent with the Act to treat Monday expiration series that expire on a holiday differently than Wednesday or Friday expiration series, since the proposed treatment for Monday expiration series will result in an expiration date that is closer in time to the scheduled expiration date of the series, and

therefore may be more representative of anticipated market conditions. The Exchange also notes that Cboe uses the same procedure for SPX options with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday.

The Exchange believes that the proposed changes to Rule 100(a)(53) to include Wednesday expirations are also consistent with the Act. As noted above, while the actual listing and trading of the options series that are included in the Short Term Option Series are governed by Chapter 5, which incorporates ISE Chapter 5 by reference, Chapter 1 does not have similar incorporation by reference. As such, this change will amend Rule 100(a)(53) to make that rule consistent with the changes made to Chapter 5 as a result of that incorporation by reference.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in Monday expirations, including Monday SPY Expirations, in the same way that it monitors trading in the current Short Term Option Series. The Exchange also represents that it has the necessary systems capacity to support the new options series.

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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that having Monday expirations is not a novel proposal, as Phlx has received approval to list Monday expirations for SPY options, and Cboe currently lists and trades short-term SPX options with a Monday expiration. The Exchange does not believe the proposal will impose any burden on intra-market competition, as all market participants will be treated in the same manner under this

proposal. Additionally, the Exchange does not believe the proposal will impose any burden on inter-market competition, as nothing prevents the other options exchanges from proposing similar rules to list and trade short-term options series with Monday expirations. The Exchange does not believe that changing Rule 100(a)(53) to include Wednesday expirations will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Commission approved the listing and trading of short term options series with Wednesday expirations in 2016, and the majority of the options exchanges have subsequently adopted short-term options series with Wednesday expirations.

5. 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.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>13</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>14</sup> in that it 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

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

interest.

The Exchange believes that this proposal does not significantly affect the protection of investors or the public interest; and does not impose any significant burden on competition. This proposal does not significantly affect the protection of investors or the public interest because it provides additional hedging tools to the market. With respect to Monday expirations, the Exchange notes that the proposal is substantially similar in all material respects to the Phlx proposal to list Monday expirations for SPY options.<sup>15</sup> With respect to Wednesday expirations, the proposal will amend Rule 100(a)(53) to include Wednesday expirations, making that rule consistent with the Exchange's Chapter 5, which incorporates ISE Chapter 5 by reference. As such, this proposal is neither novel nor controversial. Further, this proposal does not impose any significant burden on competition because all market participants will be treated in the same manner.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If

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<sup>15</sup> See supra note 4.

the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to 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 contained in Rule 19b-4(f)(6)(iii) so that the Exchange may list these options along with other options exchanges. The Exchange believes that Monday expirations, including Monday SPY Expirations, should create greater trading and hedging opportunities and flexibility, and will provide customers with the ability to tailor their investment objectives more effectively. Moreover, offering these options on various options exchanges provides opportunities for investors to select the venue on which to trade these options. Given that Phlx has received approval to list these options, and other options exchanges may follow suit, the Exchange would be at a competitive disadvantage if it had to wait for the thirty day operative delay to expire prior to listing these options.

The Exchange believes that waiving the operative delay with respect to the change for Wednesday SPY expirations is consistent with the protection of investors and the public interest, because this change will clarify the Exchange's rulebook and will minimize potential confusion as to the scope of its Short Term Options Series program.

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

This proposal is similar in all material respects to a proposal by Phlx.<sup>16</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

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

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<sup>16</sup> See supra note 7. See also Securities Exchange Act Release No. 78715 (August 29, 2016), 81 FR 60765 (September 2, 2016) (SR-ISE-2016-18) (SPY Wednesdays); SR-ISE-2018-13 (SPY Mondays).

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-MRX-2018-06)

February \_\_, 2018

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 100

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 February 13, 2018 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, 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 Rule 100 to include Monday and Wednesday expirations for options listed pursuant to the Short Term Option Series Program, including options on the SPDR S&P 500 ETF Trust.

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

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

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

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 amend Rule 100(a)(53) to amend Rule 100 to include Monday and Wednesday expirations for options listed pursuant to the Short Term Option Series program ("Program"), including options on the SPDR S&P 500 ETF Trust.

The actual listing and trading of the options series included in the Program is governed by Chapter 5 ("Securities Traded on the Exchange"). Chapter 5 incorporates by reference the rules of Nasdaq ISE, LLC ("ISE"). ISE has already amended its Chapter 5 to list both Monday and Wednesday expirations for SPY options pursuant to its Short Terms Options Series program; accordingly, the Exchange's Chapter 5 incorporates these changes by reference.<sup>3</sup> Chapter 1 does not have a similar incorporation by reference, and so the Exchange is therefore submitting this proposed rule change to amend the definition of "Short Term Option Series" in Rule 100(a)(53) to include Monday and Wednesday expirations within that definition.

Currently, "Short Term Option Series" is defined as "a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on the Friday of the following business week that is a business day. If a Friday is not a business day, the

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<sup>3</sup> See Securities Exchange Act Release No. 78715 (August 29, 2016), 81 FR 60765 (September 2, 2016) (SR-ISE-2016-18) (SPY Wednesdays); SR-ISE-2018-13 (SPY Mondays).

series may be opened (or shall expire) on the first business day immediately prior to that Friday.” In order to include Wednesday expirations within this definition, the Exchange is amending Rule 100(a)(53) to include a series in an option class that is opened for trading on any Tuesday or Wednesday that is a business day and that expires the Wednesday of the following business week that is a business day. If a Tuesday, Wednesday, Thursday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday.

As noted above, ISE filed its proposal to amend its Rule 100 and Rule 504 to provide for the listing of Wednesday expirations<sup>4</sup> shortly after the Commission approved a similar proposal for BOX Options Exchange LLC.<sup>5</sup> Once ISE’s proposal became operative, the Exchange’s Chapter 5 changed accordingly.

The Exchange is also proposing to amend Rule 100(a)(53) to permit the listing of options series that expire on Mondays (“Monday SPY Expirations”). Specifically, the Exchange is proposing that it may open for trading series of options on any Monday that is a business day and that expires on the Monday of the following business week that is a business day. The Exchange is also proposing to list Monday expirations series on Fridays that precede the expiration Monday by one business week plus one business day. Since Rule 100(a)(53) already provides for the listing of short term option series on Fridays, the Exchange is not modifying this provision to allow for Friday listing of Monday expiration series. However, the Exchange is amending Rule 100(a)(53) to clarify that, in the case of a series that is listed on a Friday and expires on a Monday, that

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<sup>4</sup> See supra note 4.

<sup>5</sup> See Securities Exchange Act Release No. 59696 (August 24, 2016), 81 FR 59696 (August 30, 2016) (SR-BOX-2016-28).

series must be listed one business week and one business day prior to that expiration (i.e., two Fridays prior to expiration).

The Exchange notes that having Monday expirations is not a novel proposal. Specifically, Nasdaq PHLX LLC (“Phlx”) recently received approval to list Monday expirations for SPY options pursuant to its Short Terms Options Series program.<sup>6</sup>

As part of this proposal, the Exchange is also amending Rule 100(a)(53) to address the expiration of Monday expiration series when the Monday is not a business day. In that case, the rule will provide that the series shall expire on the first business day immediately following that Monday. This procedure differs from the expiration date of Wednesday expiration series that are scheduled to expire on a holiday. In that case, the Wednesday expiration series shall expire on the first business day immediately prior to that Wednesday, e.g., Tuesday of that week.<sup>7</sup> However, the Exchange believes that it is preferable to require Monday expiration series in this scenario to expire on the Tuesday of that week rather than the previous business day, e.g., the previous Friday, since the Tuesday is closer in time to the scheduled expiration date of the series than the previous Friday, and therefore may be more representative of anticipated market conditions. The Exchange notes that this provision is identical to the corresponding provision recently adopted by Phlx in its proposal to list options series with Monday expirations pursuant to its Short Term Option Series program. The Exchange also notes that Cboe Exchange, Inc. (“Cboe”) uses the same procedure for options on the S&P 500 index (“SPX”) with

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<sup>6</sup> See Securities Exchange Act Release No. 82611 (February 1, 2018), 83 FR 5473 (February 7, 2018) (SR-Phlx-2017-103).

<sup>7</sup> See Rule 100(a)(53).

Monday expirations that listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday.<sup>8</sup>

The interval between strike prices for the proposed Monday SPY Expirations will be the same as those for the current Short Term Option Series for Wednesday and Friday SPY Expirations. Specifically, the Monday SPY Expirations will have a \$0.50 strike interval minimum. As is the case with other options series listed pursuant to the Short Term Option Series, the Monday SPY Expiration series will be P.M.-settled.

Currently, for each option class eligible for participation in the Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class. The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective short term option rules; the Exchange may list these additional series that are listed by other exchanges. This thirty (30) series restriction shall apply to Monday SPY Expiration series as well. In addition, the Exchange will be able to list series that are listed by other exchanges, assuming they file similar rules with the Commission to list SPY options expiring on Mondays.

The Exchange does not believe that any market disruptions will be encountered with the introduction of P.M.-settled Monday expirations. The Exchange has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday expiration series, including Monday SPY Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire almost

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<sup>8</sup> See CBOE Rule 24.9(e)(1) (“If the Exchange is not open for business on a respective Monday, the normally Monday expiring Weekly Expirations will expire on the following business day. If the Exchange is not open for business on a respective Wednesday or Friday, the normally Wednesday or Friday expiring Weekly Expirations will expire on the previous business day.”).

every Wednesday and Friday, which provide market participants a tool to hedge special events and to reduce the premium cost of buying protection. With the exception of Monday expiration series that are scheduled to expire on a holiday, the Exchange does not believe that there are any material differences between Monday expirations and Wednesday or Friday expirations for Short Term Option Series.

The Exchange seeks to introduce Monday expirations to, among other things, expand hedging tools available to market participants and to continue the reduction of the premium cost of buying protection. The Exchange believes that Monday expirations, similar to Wednesday and Friday expirations, will allow market participants to purchase an option based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

As noted above, Phlx recently received approval to list Monday expirations for SPY options pursuant to its Short Terms Options program. In addition, other exchanges currently permit Monday expirations for other options. For example, Cboe lists options on the SPX with a Monday expiration as part of its Nonstandard Expirations Pilot Program.<sup>9</sup>

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>11</sup> in particular,

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<sup>9</sup> See CBOE Rule 24.9(e)(1) (“The Exchange may open for trading Weekly Expirations on any broad-based index eligible for standard options trading to expire on any Monday, Wednesday, or Friday (other than the third Friday-of-the-month or days that coincide with an EOM expiration.)”).

<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

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.

In particular, the Exchange believes the Short Term Option Series program has been successful to date and that Monday expirations, including Monday SPY Expirations, simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Short Term Option Series program has expanded the landscape of hedging. Similarly, the Exchange believes Monday expirations, including Monday SPY Expirations, should create greater trading and hedging opportunities and flexibility, and will provide customers with the ability to tailor their investment objectives more effectively. As noted above, Phlx recently received approval to list Monday expirations for SPY options pursuant to its Short Terms Options program. In addition, Cboe currently permits Monday expirations for other options with a weekly expiration, such as options on the SPX.

With the exception of Monday expiration series that are scheduled to expire on a holiday, the Exchange does not believe that there are any material differences between Monday expirations, including Monday SPY expirations, and Wednesday or Friday expirations, including Wednesday and Friday SPY Expirations, for Short Term Option Series. The Exchange believes that it is consistent with the Act to treat Monday expiration series that expire on a holiday differently than Wednesday or Friday expiration series, since the proposed treatment for Monday expiration series will result in an expiration date that is closer in time to the scheduled expiration date of the series, and

therefore may be more representative of anticipated market conditions. The Exchange also notes that Cboe uses the same procedure for SPX options with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday.

The Exchange believes that the proposed changes to Rule 100(a)(53) to include Wednesday expirations are also consistent with the Act. As noted above, while the actual listing and trading of the options series that are included in the Short Term Option Series are governed by Chapter 5, which incorporates ISE Chapter 5 by reference, Chapter 1 does not have similar incorporation by reference. As such, this change will amend Rule 100(a)(53) to make that rule consistent with the changes made to Chapter 5 as a result of that incorporation by reference.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in Monday expirations, including Monday SPY Expirations, in the same way that it monitors trading in the current Short Term Option Series. The Exchange also represents that it has the necessary systems capacity to support the new options series.

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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that having Monday expirations is not a novel proposal, as Phlx has received approval to list Monday expirations for SPY options, and Cboe currently lists and trades short-term SPX options with a Monday expiration. The Exchange does not believe the proposal will impose any burden on intra-market competition, as all market participants will be treated in the same manner under this

proposal. Additionally, the Exchange does not believe the proposal will impose any burden on inter-market competition, as nothing prevents the other options exchanges from proposing similar rules to list and trade short-term options series with Monday expirations. The Exchange does not believe that changing Rule 100(a)(53) to include Wednesday expirations will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Commission approved the listing and trading of short term options series with Wednesday expirations in 2016, and the majority of the options exchanges have subsequently adopted short-term options series with Wednesday expirations.

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 Act<sup>12</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>13</sup>

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>13</sup> 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.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MRX-2018-06 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-2018-06. This file number should be included on the subject line if e-mail 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 Web site (<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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-MRX-2018-06 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>14</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

Deleted text is [bracketed]. New text is underlined.

**Nasdaq MRX Rules****1. Definitions****Rule 100. Definitions**

(a) No Change.

(1) – (52) No Change.

**(53)** The term "**Short Term Option Series**" means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday, or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the following business week that is a business day, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

(54) – (58) No change.

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