Required fields are shown with yellow backgrounds and asterisks.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2023 - * 07
Amendment No. (req. for Amendments *)

Filing by Nasdaq MRX, LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
✓	☐	☐	☐	✓	☐

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
✓ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

A proposal to amend the Pricing Schedule at Options 7, Section 3 to introduce a growth incentive.

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 * Sun
Last Name * Kim
Title * Associate General Counsel
E-mail * sun.kim@nasdaq.com
Telephone * (646) 420-7816
Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Nasdaq MRX, LLC
has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 03/01/2023

By John Zecca (Name *)

(Title *) EVP and Chief Legal Officer

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

Date: 2023.03.01
15:30:16 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View SR-MRX-2023-07 19b-4.doc	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 * Add Remove View SR-MRX-2023-07 Exhibit 1.doc	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 Advanced Notice by Clearing Agencies * Add Remove View	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 2- Notices, Written Comments, Transcripts, Other Communications Add Remove View	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 Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add Remove View	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 Sent As Paper Document
Exhibit 4 - Marked Copies Add Remove View	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 Add Remove View SR-MRX-2023-07 Exhibit 5.doc	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 Add Remove View	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")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend the Exchange's Pricing Schedule at Options 7, Section 3 (Regular Order Fees and Rebates).

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 (the "Board"). 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.

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

Sun Kim
Associate General Counsel
Nasdaq, Inc.
646-420-7816

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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

a. Purpose

The purpose of the proposed rule change is to amend the Exchange's Pricing Schedule at Options 7, Section 3 (Regular Order Fees and Rebates).[3]

Today, as set forth in Table 1 of Options 7, Section 3, the Exchange assesses the following fees for regular orders in Penny Symbols:

Penny Symbols

Market Participant	**Maker Fee Tier 1**	**Maker Fee Tier 2**	**Taker Fee Tier 1**	**Taker Fee Tier 2**
Market Maker	$0.20	$0.10	$0.50	$0.50
Non-Nasdaq MRX Market Maker (FarMM)	$0.47	$0.47	$0.50	$0.50
Firm Proprietary / Broker-Dealer	$0.47	$0.47	$0.50	$0.50
Professional Customer	$0.47	$0.47	$0.50	$0.50
Priority Customer	$0.00	$0.00	$0.00	$0.00

The Exchange now proposes to introduce a growth incentive in new note 6 that would allow Market Makers[4] to reduce their maker fees described above. The proposed growth incentive will be aimed at rewarding new and existing Market Makers to grow the extent of their liquidity adding activity in Penny Symbols on the Exchange over time.

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3 The Exchange initially filed the proposed pricing changes on January 3, 2023 (SR-MRX-2023-01) to adopt a Market Maker growth incentive and to amend complex order fees. On January 17, 2023, the Exchange withdrew that filing and submitted SR-MRX-2023-02. On January 30, 2023, the Exchange withdrew that filing and submitted separate filings for the Market Maker growth incentive and complex order fees. SR-MRX-2023-04 replaced the Market Maker growth incentive set forth in SR-MRX-2023-02. On March 1, 2023, the Exchange withdrew SR-MRX-2023-04 and submitted this filing.

4 The term "Market Makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively. See Options 1, Section 1(a)(21).

Market Makers, including any new Market Makers, who did not have any volume in the Market Maker Penny add liquidity segment for the month of December 2022 (and therefore lack December 2022 baseline volume against which to measure subsequent growth) would meet the growth requirement through whatever volume of Market Maker add liquidity activity in Penny Symbols during the first month of use.[5]

Specifically, Market Makers may qualify for a reduction in the Tier 1 and Tier 2 Maker Fees described above if the Market Maker has increased its volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume[6] by at least 100% over the Member's December 2022 Market Maker volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume. Market Makers that qualify will have their Tier 1 Maker Fee reduced to $0.08 and their Tier 2 Maker Fee reduced to $0.04. In doing so, the Exchange is proposing to reduce the Tier 1 and Tier 2 Maker Fees by 60% for qualifying Market Makers.

As noted above, Market Makers, including any new Market Makers, who did not have any volume in the Market Maker Penny add liquidity segment for the month of December 2022 would meet the growth requirement through whatever volume of Market Maker add liquidity activity in Penny Symbols during the first month of use. The

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5 As discussed below, the Exchange will sunset this incentive for new Market Makers on June 30, 2023 and will use this time period to evaluate the proposed growth tier criteria to determine whether the parameters are appropriately designed to incentivize Market Makers in the intended manner. The Exchange intends to come in with a future rule filing to adjust the growth tier parameters for new Market Makers.

6 "Customer Total Consolidated Volume" means the total volume cleared at The Options Clearing Corporation in the Customer range in equity and ETF options in that month. See Options 7, Section 1(c).

Exchange therefore proposes to also add that Market Makers with no volume in the Penny Symbol add liquidity segment for the month of December 2022 may qualify for the reduced Tier 1 and Tier 2 Maker Fees described above by having any new volume considered as added volume. As such, new Market Makers that qualify for the Tier 1 or Tier 2 Maker Fee in a given month will have any new volume in the targeted segment qualify them for the proposed reduced fees. The Exchange also proposes to offer this incentive from January 3, 2023 until June 30, 2023 in order to encourage new Market Makers to join MRX, and will use this time period to evaluate the appropriate parameters going forward for market participants with no December 2022 volume in the targeted segment.

As noted above, the Exchange intends for this proposal to reward Market Makers that increase the extent to which they add Penny Symbol liquidity to the Exchange over time and specifically, relative to a recent benchmark month (December 2022). The Exchange believes that if the proposed incentive is effective, any ensuing increase in added liquidity in Penny Symbols will improve market quality, to the benefit of all market participants.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[7] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[8] in particular, in that it provides for the equitable allocation of reasonable dues, fees, and

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[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(4) and (5).

other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposed changes to its schedule of credits are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[9]

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its

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9 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

broader forms that are most important to investors and listed companies."[10]

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of sixteen options exchanges to which market participants may direct their order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

The Exchange believes that it is reasonable to establish a new growth incentive that would provide Market Makers with the opportunity to reduce their maker fees to $0.08 (Tier 1) and to $0.04 (Tier 2) if they increase their Market Maker volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume by at least 100% over their December 2022 Market Maker volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume. The proposal is reasonable because it will provide extra incentives to Market Makers to engage in substantial amounts of liquidity adding activity in Penny Symbols on the Exchange, as well as to grow substantially the extent to which they do so relative to a recent benchmark month. The Exchange believes that if the proposed incentive is effective, then any ensuing increase in liquidity adding activity on the Exchange will improve the quality of the market overall, to the benefit of all market participants. The

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10 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

Exchange also believes that the proposed reduced fees are reasonable because the Exchange is proposing to reduce the Tier 1 and Tier 2 maker fees by the same percentage amount (i.e., 60%) such that the reduced fees are commensurate with the base Tier 1 and Tier 2 maker fees that qualifying Market Makers receive for adding Penny Symbol liquidity. The Exchange similarly believes that it is reasonable to consider any new Penny add liquidity volume for Market Makers with no such volume for the month of December 2022 in order for those Market Makers to receive the proposed discounts to their maker fees because this is designed to attract additional Penny liquidity from new Market Makers to the Exchange during a temporary period between January 3, 2023 and June 30, 2023. To the extent this proposal attracts new Market Maker Penny add liquidity volume to the Exchange, all market participants should benefit through more trading opportunities and tighter spreads. As discussed above, the Exchange intends for this incentive aimed at attracting new Market Makers to sunset after June 30, 2023 and will use this time to evaluate suitable growth tier parameters for such market participants with no December 2022 volume in the targeted segment, after which it will come in with a rule filing to adjust the growth incentive as appropriate.

The Exchange believes that the proposed growth incentive is equitable and not unfairly discriminatory for the reasons that follow. As a general matter, the Exchange believes that it is equitable and not unfairly discriminatory to provide the proposed growth incentive to only Market Makers because Market Makers have different requirements and additional obligations to the Exchange that other market participants do not (such as quoting requirements). As such, the Exchange's proposal is designed to increase Market Maker participation and reward Market Makers for the unique role they play in ensuring a robust market. As discussed above, the proposal is designed to encourage Market Makers to substantially add Penny Symbol liquidity to the Exchange. To the extent the Exchange succeeds in increasing the levels of liquidity and activity on the Exchange, the Exchange will experience improvements in market quality, which stands to benefit all market participants.

The Exchange believes that the proposed growth incentive is equitable and not unfairly because as discussed above, the Exchange is proposing to reduce the Tier 1 and Tier 2 maker fees by the same percentage amount (i.e., 60%) such that the reduced fees are commensurate with the base Tier 1 and Tier 2 maker fees that qualifying Market Makers receive for adding Penny Symbol liquidity. Furthermore, the Exchange believes that it is equitable and not unfairly discriminatory to consider any new Penny add liquidity volume for Market Makers with no such volume for the month of December 2022 in order for those Market Makers to receive the proposed discounts to their maker fees because this is designed to attract additional Penny liquidity from new Market Makers to the Exchange. In turn, this additional Penny liquidity should benefit all market participants through increased liquidity and order interaction. Furthermore, the proposed structure for new Market Makers with no December 2022 volume in the targeted segment will be temporary and sunset on June 30, 2023, after which the Exchange will come in with another rule filing to adjust the parameters for such market participants, as appropriate. To the extent the proposed maker fee attracts new Market Makers to the Exchange during this time period, the Exchange believes that its proposal will increase liquidity on MRX, which benefits all market participants by providing more trading opportunities, tighter spreads, and increased order interaction.

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.

In terms of intra-market competition, the Exchange does not believe that its proposals will place any category of market participant at a competitive disadvantage. The Exchange believes that the proposed Market Maker growth incentive should encourage the provision of liquidity from both existing and new Market Makers that enhances the quality of the Exchange's market and increases the number of trading opportunities on the Exchange for all market participants who will be able to compete for such opportunities.

In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other options exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

As discussed above, the proposed growth incentive is pro-competitive in that the Exchange intends for the changes to increase liquidity addition and activity on the Exchange, thereby rendering the Exchange a more attractive and vibrant venue to market participants.

In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,[11] the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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.

[11] 15 U.S.C. 78s(b)(3)(A)(ii).

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

Not applicable.

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-MRX-2023-07)

March __, 2023

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Pricing Schedule at Options 7, Section 3 to Introduce a Growth Incentive

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 March 1, 2023, 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 the Exchange's Pricing Schedule at Options 7, Section 3 (Regular Order Fees and Rebates).

The text of the proposed rule change is available on the Exchange's Website at https://listingcenter.nasdaq.com/rulebook/mrx/rules, 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

1 15 U.S.C. 78s(b)(1).

2 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 purpose of the proposed rule change is to amend the Exchange's Pricing Schedule at Options 7, Section 3 (Regular Order Fees and Rebates).[3]

Today, as set forth in Table 1 of Options 7, Section 3, the Exchange assesses the following fees for regular orders in Penny Symbols:

Penny Symbols

Market Participant	**Maker Fee Tier 1**	**Maker Fee Tier 2**	**Taker Fee Tier 1**	**Taker Fee Tier 2**
Market Maker	$0.20	$0.10	$0.50	$0.50
Non-Nasdaq MRX Market Maker (FarMM)	$0.47	$0.47	$0.50	$0.50
Firm Proprietary / Broker-Dealer	$0.47	$0.47	$0.50	$0.50
Professional Customer	$0.47	$0.47	$0.50	$0.50
Priority Customer	$0.00	$0.00	$0.00	$0.00

The Exchange now proposes to introduce a growth incentive in new note 6 that would allow Market Makers[4] to reduce their maker fees described above. The proposed

3 The Exchange initially filed the proposed pricing changes on January 3, 2023 (SR-MRX-2023-01) to adopt a Market Maker growth incentive and to amend complex order fees. On January 17, 2023, the Exchange withdrew that filing and submitted SR-MRX-2023-02. On January 30, 2023, the Exchange withdrew that filing and submitted separate filings for the Market Maker growth incentive and complex order fees. SR-MRX-2023-04 replaced the Market Maker growth incentive set forth in SR-MRX-2023-02. On March 1, 2023, the Exchange withdrew SR-MRX-2023-04 and submitted this filing.

growth incentive will be aimed at rewarding new and existing Market Makers to grow the extent of their liquidity adding activity in Penny Symbols on the Exchange over time. Market Makers, including any new Market Makers, who did not have any volume in the Market Maker Penny add liquidity segment for the month of December 2022 (and therefore lack December 2022 baseline volume against which to measure subsequent growth) would meet the growth requirement through whatever volume of Market Maker add liquidity activity in Penny Symbols during the first month of use.[5]

Specifically, Market Makers may qualify for a reduction in the Tier 1 and Tier 2 Maker Fees described above if the Market Maker has increased its volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume[6] by at least 100% over the Member's December 2022 Market Maker volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume. Market Makers that qualify will have their Tier 1 Maker Fee reduced to \$0.08 and their Tier 2 Maker Fee reduced to \$0.04. In doing so, the Exchange is proposing to reduce the Tier 1 and Tier 2 Maker Fees by 60% for qualifying Market Makers.

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4 The term "Market Makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively. See Options 1, Section 1(a)(21).

5 As discussed below, the Exchange will sunset this incentive for new Market Makers on June 30, 2023 and will use this time period to evaluate the proposed growth tier criteria to determine whether the parameters are appropriately designed to incentivize Market Makers in the intended manner. The Exchange intends to come in with a future rule filing to adjust the growth tier parameters for new Market Makers.

6 "Customer Total Consolidated Volume" means the total volume cleared at The Options Clearing Corporation in the Customer range in equity and ETF options in that month. See Options 7, Section 1(c).

As noted above, Market Makers, including any new Market Makers, who did not have any volume in the Market Maker Penny add liquidity segment for the month of December 2022 would meet the growth requirement through whatever volume of Market Maker add liquidity activity in Penny Symbols during the first month of use. The Exchange therefore proposes to also add that Market Makers with no volume in the Penny Symbol add liquidity segment for the month of December 2022 may qualify for the reduced Tier 1 and Tier 2 Maker Fees described above by having any new volume considered as added volume. As such, new Market Makers that qualify for the Tier 1 or Tier 2 Maker Fee in a given month will have any new volume in the targeted segment qualify them for the proposed reduced fees. The Exchange also proposes to offer this incentive from January 3, 2023 until June 30, 2023 in order to encourage new Market Makers to join MRX, and will use this time period to evaluate the appropriate parameters going forward for market participants with no December 2022 volume in the targeted segment.

As noted above, the Exchange intends for this proposal to reward Market Makers that increase the extent to which they add Penny Symbol liquidity to the Exchange over time and specifically, relative to a recent benchmark month (December 2022). The Exchange believes that if the proposed incentive is effective, any ensuing increase in added liquidity in Penny Symbols will improve market quality, to the benefit of all market participants.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[7] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[8] in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposed changes to its schedule of credits are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[9]

The Commission and the courts have repeatedly expressed their preference for

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7 15 U.S.C. 78f(b).

8 15 U.S.C. 78f(b)(4) and (5).

9 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[10]

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of sixteen options exchanges to which market participants may direct their order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

The Exchange believes that it is reasonable to establish a new growth incentive that would provide Market Makers with the opportunity to reduce their maker fees to $0.08 (Tier 1) and to $0.04 (Tier 2) if they increase their Market Maker volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume by at least 100% over their December 2022 Market Maker volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume. The proposal is reasonable because it will provide extra incentives to Market Makers to engage in substantial amounts of liquidity adding activity in Penny Symbols on the

10 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

Exchange, as well as to grow substantially the extent to which they do so relative to a recent benchmark month. The Exchange believes that if the proposed incentive is effective, then any ensuing increase in liquidity adding activity on the Exchange will improve the quality of the market overall, to the benefit of all market participants. The Exchange also believes that the proposed reduced fees are reasonable because the Exchange is proposing to reduce the Tier 1 and Tier 2 maker fees by the same percentage amount (i.e., 60%) such that the reduced fees are commensurate with the base Tier 1 and Tier 2 maker fees that qualifying Market Makers receive for adding Penny Symbol liquidity. The Exchange similarly believes that it is reasonable to consider any new Penny add liquidity volume for Market Makers with no such volume for the month of December 2022 in order for those Market Makers to receive the proposed discounts to their maker fees because this is designed to attract additional Penny liquidity from new Market Makers to the Exchange during a temporary period between January 3, 2023 and June 30, 2023. To the extent this proposal attracts new Market Maker Penny add liquidity volume to the Exchange, all market participants should benefit through more trading opportunities and tighter spreads. As discussed above, the Exchange intends for this incentive aimed at attracting new Market Makers to sunset after June 30, 2023 and will use this time to evaluate suitable growth tier parameters for such market participants with no December 2022 volume in the targeted segment, after which it will come in with a rule filing to adjust the growth incentive as appropriate.

The Exchange believes that the proposed growth incentive is equitable and not unfairly discriminatory for the reasons that follow. As a general matter, the Exchange believes that it is equitable and not unfairly discriminatory to provide the proposed growth incentive to only Market Makers because Market Makers have different requirements and additional obligations to the Exchange that other market participants do not (such as quoting requirements). As such, the Exchange's proposal is designed to increase Market Maker participation and reward Market Makers for the unique role they play in ensuring a robust market. As discussed above, the proposal is designed to encourage Market Makers to substantially add Penny Symbol liquidity to the Exchange. To the extent the Exchange succeeds in increasing the levels of liquidity and activity on the Exchange, the Exchange will experience improvements in market quality, which stands to benefit all market participants.

The Exchange believes that the proposed growth incentive is equitable and not unfairly because as discussed above, the Exchange is proposing to reduce the Tier 1 and Tier 2 maker fees by the same percentage amount (i.e., 60%) such that the reduced fees are commensurate with the base Tier 1 and Tier 2 maker fees that qualifying Market Makers receive for adding Penny Symbol liquidity. Furthermore, the Exchange believes that it is equitable and not unfairly discriminatory to consider any new Penny add liquidity volume for Market Makers with no such volume for the month of December 2022 in order for those Market Makers to receive the proposed discounts to their maker fees because this is designed to attract additional Penny liquidity from new Market Makers to the Exchange. In turn, this additional Penny liquidity should benefit all market participants through increased liquidity and order interaction. Furthermore, the proposed structure for new Market Makers with no December 2022 volume in the targeted segment will be temporary and sunset on June 30, 2023, after which the Exchange will come in with another rule filing to adjust the parameters for such market participants, as appropriate. To the extent the proposed maker fee attracts new Market Makers to the Exchange during this time period, the Exchange believes that its proposal will increase liquidity on MRX, which benefits all market participants by providing more trading opportunities, tighter spreads, and increased order interaction.

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.

In terms of intra-market competition, the Exchange does not believe that its proposals will place any category of market participant at a competitive disadvantage. The Exchange believes that the proposed Market Maker growth incentive should encourage the provision of liquidity from both existing and new Market Makers that enhances the quality of the Exchange’s market and increases the number of trading opportunities on the Exchange for all market participants who will be able to compete for such opportunities.

In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other options exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

As discussed above, the proposed growth incentive is pro-competitive in that the Exchange intends for the changes to increase liquidity addition and activity on the Exchange, thereby rendering the Exchange a more attractive and vibrant venue to market participants.

In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[11] At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (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.

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[11] 15 U.S.C. 78s(b)(3)(A)(ii).

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. Please include File Number SR-MRX-2023-07 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-2023-07. 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-2023-07 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.[12]

J. Matthew DeLesDernier
Assistant Secretary

[12] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

NASDAQ MRX, LLC RULES

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OPTIONS 7 PRICING SCHEDULE

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Section 3. Regular Order Fees and Rebates

Table 1

Penny Symbols

Market Participant	Maker Fee Tier 1	Maker Fee Tier 2	Taker Fee Tier 1	Taker Fee Tier 2
Market Maker(1)(5)	$0.20(6)	$0.10(6)	$0.50(2)(4)	$0.50(2)(4)
Non-Nasdaq MRX Market Maker (FarMM)	$0.47	$0.47	$0.50	$0.50
Firm Proprietary / Broker-Dealer	$0.47	$0.47	$0.50	$0.50
Professional Customer	$0.47	$0.47	$0.50	$0.50
Priority Customer	$0.00	$0.00	$0.00	$0.00

* * * * *

6. Market Makers may qualify for a reduction in the Tier 1 and Tier 2 Maker Fees described above if the Market Maker has increased its volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume by at least 100% over the Member's December 2022 Market Maker volume which adds liquidity in Penny Symbols as a percentage of Customer Total Consolidated Volume. Market Makers that qualify will have their Tier 1 Maker Fee reduced to $0.08 and their Tier 2 Maker Fee reduced to $0.04. From January 3, 2023 until June 30, 2023, Market Makers with no volume in the Penny Symbol add liquidity segment for the month of December 2022 may qualify for the reduced Tier 1 and Tier 2 Maker Fees by having any new volume considered as added volume.

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