

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-88457; File No. SR-GEMX-2020-07)

March 23, 2020

Self-Regulatory Organizations; Nasdaq GEMX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to the Removal of Obsolete Listing Rules

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 10, 2020, Nasdaq GEMX, LLC (“GEMX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its Rules at Options 2, Options Market Participants; Options 3, Section 2, Units of Trading and Meaning of Premium Quotes and Orders; Options 3, Section 3, Minimum Trading Increments; and Options 3, Section 15, Simple Order Risk Protections. Additionally, the Exchange proposes to add new sections at General 9 and Options 4B and reserve those sections.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend GEMX Rules at Options 2, Options Market Participants; Options 3, Section 2, Units of Trading and Meaning of Premium Quotes and Orders; Options 3, Section 3, Minimum Trading Increments; and Options 3, Section 15, Simple Order Risk Protections. Additionally, the Exchange proposes to add new sections at General 9 and Options 4B and reserve those sections. The various proposed changes will be discussed below.

Mini Options

The Exchange has not listed Mini Options in several years and is proposing to delete Mini Options listing rules and other ancillary trading rules related to the listing of Mini Options. The Exchange notes that it has no open interest in Mini Options.

Specifically, the Exchange proposes to amend the following GEMX Rules related to Mini Options by deleting references to Mini Options within these rules: Options 3, Section 2(c), Units of Trading and Meaning of Premium Quotes and Orders; and Options 3, Section 3, Minimum Trading Increments, at Supplementary Material .03. The Exchange also proposes to re-letter (b) as (c).

Foreign Currency Index

The Exchange removed³ prior GEMX Section 22, which was titled “Rate-Modified Foreign Currency Options Rules” and governed the listing and trading of foreign currency options on GEMX. At this time, the Exchange is removing a reference that is no longer necessary within Options 3, Section 3, Minimum Trading Increments, at Supplementary Material .02, because the product is not available to be listed on GEMX.

Rulebook Harmonization

The Exchange recently harmonized its Rulebook in connection with other Nasdaq affiliated markets. The Exchange proposes to reserve sections General 9 and Options 4B and certain other rules⁴ within the GEMX Rulebook to represent the presence of rules in similar locations in other Nasdaq affiliated Rulebooks (e.g. Nasdaq Phlx LLC)⁵. The addition of these reserved sections will align the various Nasdaq affiliated market Rulebooks.

Other Non-Substantive Amendments

The Exchange proposes to delete duplicative text within Options 3, Section 15, Simple Order Risk Protections. Current Options 3, Section 15(c) appears in Section 15(a) and current Options 3, Section 15(d) appears in Options 3, Section 15(a)(1)(C).

³ See Securities Exchange Act Release No. 84791 (December 11, 2018), 83 FR 64611 (December 11, 2018) (SR-GEMX-2018-41) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Delete GEMX Section 22 of the Rulebook).

⁴ The Exchange proposes to reserve Options 2, Sections 11-14 and Options 6, Section 8-13.

⁵ See Securities Exchange Act Release No. 88213 (February 14, 2020), 85 FR 9859 (February 20, 2020) (SR-Phlx-2020-03) (“Phlx Rulebook Relocation Rule Change”).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁷ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

Mini Options

The Exchange's proposal to removal references to the listing and handling of Mini Options is consistent with the Act because Mini Options have not been listed in several years and thereby removing the references to the rules would render the rules more accurate and reduce potential investor confusion. Also, the Exchange notes that it has no open interest in Mini Options. In the event that the Exchange desires to list Mini Options in the future, it would file a rule change with the Commission to adopt rules to list Mini Options.

Foreign Currency Index

The Exchange's proposal to remove rules and references to the listing and handling of Foreign Currency Indexes is consistent with the Act because the listing rules for these products have been removed. Also, the Exchange notes that it has no open interest in Foreign Currency Indexes. In the event that the Exchange desires to list Foreign Currency Indexes in the future, it would file a rule change with the Commission.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

Rulebook Harmonization

The Exchange's proposal to reserve new sections at General 9 and Options 4B within the Rulebook is a non-substantive amendment which aligns the numbering across Nasdaq affiliated Rulebooks to provide market participants with an ability to more readily locate rules.

Other Non-Substantive Amendments

The Exchange's proposal to remove duplicative text within Options 3, Section 15 is non-substantive and is intended to reduce investor confusion.

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.

Mini Options

The Exchange's proposal to removal references to the listing and handling of Mini Options does not impose an undue burden on competition. Mini Options have not been listed in several years. Also, the Exchange notes that it has no open interest in Mini Options.

Foreign Currency Index

The Exchange's proposal to removal references to the listing and handling of Foreign Currency Indexes does not impose an undue burden on competition. Foreign Currency Indexes have not been listed in several years. Also, the Exchange notes that it has no open interest in Foreign Currency Indexes.

Rulebook Harmonization

The Exchange's proposal to add reserved sections General 9 and Options 4B to the Rulebook is a non-substantive amendment which aligns the numbering across Nasdaq affiliated Rulebooks to provide market participants with an ability to more readily locate rules.

Other Non-Substantive Amendments

The Exchange's proposal to remove duplicative text within Options 3, Section 15 is a non-substantive amendment.

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 Act⁸ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁹

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-GEMX-2020-07 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-GEMX-2020-07. 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 website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change.

Persons submitting comments are cautioned that we do not redact or edit personal identifying

information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-GEMX-2020-07 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.¹⁰

J. Matthew DeLesDernier
Assistant Secretary

¹⁰ 17 CFR 200.30-3(a)(12).