



August 5, 2021

By Electronic Mail ([rule-comments@sec.gov](mailto:rule-comments@sec.gov))  
Vanessa Countryman, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-0609

**Re: Proposed Rule Changes to Amend Fees for Purge Ports**  
**Miami International Securities Exchange LLC: SR-MIAX-2021-29; Rel. No. 34-92359**  
**MIAX Emerald, LLC: SR-EMERALD-2021-22; Rel. No. 34-92360**  
**MIAX PEARL, LLC: SR-PEARL-2021-30; Rel. No. 34-92363**

Dear Ms. Countryman:

Susquehanna International Group, LLP (“SIG”) appreciates the opportunity to comment on the above-referenced proposed fee increases by the respectively noted exchanges (collectively, the “MIAX Exchanges” or “Exchanges”). SIG asserts that the proposed Purge Port fee increases should be disapproved, as the MIAX Exchanges have not established that they represent reasonable fees on MIAX Exchange members.

Purge Ports are a type of MIAX Exchange connection port dedicated solely to handling purge messages which would enable a Market Maker, by MPID, to remove all or a subset of its (i) quotations in the Exchange System and block all or a subset of new inbound quotations from being received; or (ii) Standard quotations in the System and block all or a subset of new inbound Standard quotations from being received.<sup>1</sup> They are designed to ensure “minimal possible latency . . . thereby providing Market Makers with a faster, more efficient means to have their quotes removed from the System, which . . . provide Market Makers with an enhanced level of risk protection.”<sup>2</sup>

The MIAX Exchanges propose to increase their respective fees for Purge Ports *five-fold* from \$1,500 per month to \$7,500 per month. The MIAX Exchanges claim that the proposed fee increases are reasonable, equitably allocated and not unfairly discriminatory. They proffer several bases for this claim.

- Other exchanges charge fees that are higher per Purge Port than those proposed by the MIAX Exchanges.
- Purge Ports are optional functionality offered to Market Makers who are not required by rule or regulation to use them.

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<sup>1</sup> SR-MIAX-2017-36, Rel. No. 34-8125, pp. 3-4. (July 28, 2017).

<sup>2</sup> *Id.*, pp. 4-5.

The MIAX Exchanges' assertion that their proposed Purge Port fees are lower on a per port basis than the fees assessed by other exchanges is disingenuous. While it's true that the MIAX Exchanges' arithmetic is accurate -- \$7500 per month in proposed fees divided by 48 purge ports per MIAX Exchange equals a monthly rate of \$156.25 per purge port -- what the MIAX Exchanges fail to inform the Securities and Exchange Commission (the "Commission") is that market participants on the other exchanges cited by the MIAX Exchanges (BXZ, EDGX, Cboe and GEMX)<sup>3</sup> require no more than a few purge ports.

The MIAX Exchanges contemplate 48 purge ports, because each MIAX Exchanges has 24 unique matching engines. Each other exchange has **one** matching engine. As a result, when the MIAX Exchanges afford a primary and secondary purge port per matching engine, market participants are able to use 48 purge ports. These same market participants, however, require only two purge ports on each of the other exchanges. The result is that the monthly purge port fees on the other exchanges are \$1,500 at BXZ, \$1,500 at EDGX, \$1,700 at Cboe and \$2,500 at GEMX. As can be seen, when calculated on a monthly basis, the purge port fees for each of these other exchanges are significantly lower than the MIAX Exchanges' proposed \$7,500 monthly fee.

The MIAX Exchanges' second basis for the asserted reasonability of its proposed fees is that Purge Ports are optional functionality offered to Market Makers which they are free to drop if priced too high.<sup>4</sup> This basis is likewise without merit.

In their filing, the MIAX Exchanges state that Purge Ports "are designed to enable Market Makers to manage their quoting risk and meet their heightened quoting obligations that other market participants are not subject to, which, in turn, benefits all market participants."<sup>5</sup> With this in mind, it defies credulity to believe that the MIAX Exchanges would risk having market makers cease using purge ports to the detriment of all market participants. Instead, the MIAX Exchanges know that market makers have no choice but to absorb these fees so as not to imperil their business with stale quotes.<sup>6</sup>

Finally, missing from the MIAX Exchange rule filing is any justification for the fee increase itself. The MIAX Exchanges did not assert, likely because they cannot, that the cost of maintaining the Purge Ports has increased at all, let alone five-fold.

We note that the MIAX Exchanges have recently submitted additional fee filings which raise similar concerns.<sup>7</sup> Although we are in our initial phase of reviewing these filings, it is likely that it will be worthwhile to consider the cumulative impact of the Purge Port fee proposal together with these other new proposed fees. Accordingly, our comment letter(s) in respect of those filings may once again relate to the purge port fee filing.

For the reasons stated above, we submit that the Commission does not have a basis for finding that the proposed fee increases are consistent with the Securities Exchange Act, particularly with section 6(b)(5) of the Act.

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<sup>3</sup> SR-MIAX-2021-29, Rel. No. 34-92364, p. 5 (July 9, 2021).

<sup>4</sup> Id. p. 8.

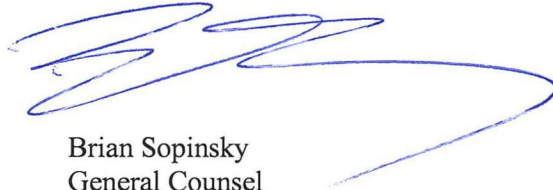
<sup>5</sup> Id.

<sup>6</sup> In support of its assertion that market participants can and do leave exchanges over excessive non-transaction related fees, the best that the MIAX Exchanges can do, though, is refer to a market data and managed hosting platform that departed the BOX for this reason. Id. p. 8-9. To compare this event to a market maker leaving an exchange over excessive Purge Port fees is absurd. Moreover, any such departure is not an argument for the reasonability of a fee increase, but if anything, the opposite.

<sup>7</sup> SR-MIAX-2021-37, SR-MIAX-2021-38, et. al.

As such, SIG requests that the Commission suspend the fee increase and institute proceedings to determine whether to approve or disapprove the proposal.

Respectfully,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Brian Sopinsky  
General Counsel