

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-101798; File No. SR-PEARL-2024-55)

December 3, 2024

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Make Non-Substantive, Clarifying Changes to the Exchange's Rulebook

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 November 21, 2024, MIAX PEARL, LLC ("MIAX Pearl" 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 is filing a proposal to make non-substantive, clarifying changes to the Exchange's Rulebook.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-equities/pearl-equities/rule-filings>, at MIAX Pearl's principal office, 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 received on the proposed rule change. The text of these statements may be examined at the places specified in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

Proposal to Amend Chapter III

The Exchange proposes to make non-substantive clarifying changes to the second paragraph of Chapter III to provide accuracy and precision within the rule text. For background, Regulation SCI and MIA³ Rule 321 require MIA³ Pearl to designate certain members of both the options and equities trading facilities of MIA³ Pearl to participate in business continuity and disaster recovery testing in a manner specified by MIA³ Pearl and at a frequency of not less than once every 12 months.⁴ Such testing ordinarily is part of an annual industry-wide test. MIA³ Rule 321, as incorporated into the MIA³ Pearl Rulebook, governs mandatory participation in testing of MIA³ Pearl’s backup systems. In particular, MIA³ Rule 321, as incorporated, requires MIA³ Pearl to designate certain Members⁵ and Equity Members⁶ that account for a specified percentage of executed volume on MIA³ Pearl (separately, with respect to the options and equities trading facilities of MIA³ Pearl), measured on quarterly basis, to connect to the MIA³ Pearl backup systems and participate in functional and performance testing of such

³ The term “MIA³” means Miami International Securities Exchange, LLC. See Exchange Rule 100. The rules contained in MIA³ Chapter III, as such rules may be in effect from time to time, are incorporated by reference into MIA³ Pearl Chapter III, and are thus MIA³ Pearl Rules and thereby applicable to MIA³ Pearl Members. See Chapter III of Exchange’s Rulebook.

⁴ See MIA³ Rule 321(a)-(b).

⁵ The term “Member” means an individual or organization that is registered with the Exchange pursuant to Chapter II of these Rules for purposes of trading on the Exchange as an “Electronic Exchange Member” or “Market Maker.” Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁶ The term “Equity Member” is a Member authorized by the Exchange to transact business on MIA³ Pearl Equities. See Exchange Rule 1901. The term “MIA³ Pearl Equities” shall mean MIA³ Pearl Equities, a facility of MIA³ PEARL, LLC. See id.

system.⁷

On August 14, 2020, the U.S. Securities and Exchange Commission (“Commission”) approved the Exchange’s proposal to adopt rules governing the trading of equity securities, referred to as MIAX Pearl Equities.⁸ MIAX Pearl Equities began trading on September 25, 2020.⁹ For calendar year 2020, the annual business continuity and disaster recovery industry-wide test was scheduled for October 24, 2020. MIAX Pearl Equities did not have two quarters of trading data on which to base its Equity Member designation prior to the October 24, 2020 test. Thus, MIAX Rule 321 would not permit MIAX Pearl Equities to designate any Equity Members to participate in the industry-wide test for 2020 because no Equity Members would have the requisite trading volume on MIAX Pearl Equities upon which a designation could be made at that time.

To address the unique circumstances for disaster recovery testing in 2020, the year in which MIAX Pearl Equities became operational, the Exchange amended Chapter III of the Exchange’s Rules to provide that for calendar year 2020, notwithstanding paragraph (b) and Interpretations and Policies .01 of MIAX Rule 321, which assigns the Exchange responsibility of “identifying Members that account for a meaningful percentage of the Exchange’s overall volume,” the Exchange instead designated at least three Equity Members on MIAX Pearl Equities who have a meaningful percentage of trading volume in NMS Stocks across the other equity exchanges in 2020.¹⁰ This allowed MIAX Pearl Equities to identify Equity Members for

⁷ See MIAX Rule 321(b).

⁸ See Securities Exchange Act Release No. 89563 (August 14, 2020), 85 FR 51510 (August 20, 2020) (SR-PEARL-2020-03).

⁹ See “MIAX PEARL Receives Approval to Operate Equities Exchange; Launch Date Confirmed for September 25, 2020,” available at https://www.miaxglobal.com/sites/default/files/alert-files/MIAX_Press_Release_08182020.pdf.

¹⁰ See Securities Exchange Act Release No. 89736 (September 2, 2020), 85 FR 55730 (September 9, 2020)

industry-wide disaster recovery testing in the absence of the metrics that are used in the ordinary course to designate such firms.

MIAX Pearl Equities now has sufficient trading data each year to designate Equity Members that account for a specified percentage of executed volume on MIAX Pearl Equities, measured on quarterly basis, to require certain Equity Members to connect to the MIAX Pearl backup systems and participate in functional and performance testing of such system. Since the unique circumstances for disaster recovery testing in 2020 no longer exists, the Exchange now proposes to delete the second paragraph of Chapter III. The purpose of the proposed change is to delete the outdated rule text.

Proposal to Amend Exchange Rule 503

The Exchange proposes to make non-substantive, clarifying changes to subparagraphs (a)(3)-(4) of Exchange Rule 503 to provide consistency within the rule text.

Specifically, the Exchange proposes to amend the announcement method by requiring announcements through a Regulatory Circular, instead of a post on the Exchange's website, for the purpose of Exchange Rule 503. The Exchange proposes to replace "on the Exchange's website" with "through a Regulatory Circular" at the end of subparagraph (a)(3) of Exchange Rule 503. The Exchange proposes to replace "published by the Exchange on its website" with "announced to Members through a Regulatory Circular" at the end of the first sentence of subparagraph (a)(4) of Exchange Rule 503. The Exchange proposes to replace "posted by MIAX Pearl on its website" with "announced to Members through a Regulatory Circular" at the end of the second sentence of subparagraph (a)(4) of Exchange Rule 503. The purpose of the

(Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Designation of Members for Mandatory Disaster Recovery Testing Pursuant to Regulation SCI for Calendar Year 2020).

proposed changes is to harmonize the Exchange’s rules and provide consistency within the Exchange’s Rulebook as the Exchange, and its affiliates, historically announce such information through a Regulatory Circular.¹¹ The proposed changes do not impact or alter the information provided to any Member. Accordingly, with the proposed changes, subparagraphs (a)(3)-(4) of Exchange Rule 503 will provide as follows:

(3) “Market for the Underlying Security” shall mean either the primary listing market, the primary volume market (defined as the market with the most liquidity in that underlying security for the previous two calendar months), or the first market to open the underlying security, as determined by the Exchange on a class by class basis and announced to Members through a Regulatory Circular.

(4) “Valid Width National Best Bid or Offer” or “Valid Width NBBO” shall mean the combination of all away market quotes and any combination of MIAX Pearl Market Maker orders and quotes received from a minimum number of away markets and a minimum number of MIAX Pearl Market Makers within a specified bid/ask differential each as established and announced to Members through a Regulatory Circular. The Valid Width NBBO will be configurable by the underlying, and tables with valid width differentials will be announced to Members through a Regulatory Circular. Away markets that are crossed will void all Valid Width NBBO calculations. If any Market Maker orders or quotes on MIAX Pearl are crossed internally, then all such orders and quotes will be excluded from the Valid Width NBBO calculation. If any Market Maker orders or quotes on MIAX Pearl are locking or crossing the ABBO, the Market Maker’s orders or quotes will be considered to be at the locked or crossed ABBO price for purposes of calculating the Valid Width NBBO.

Proposal to Delete All References to Mini-Options

The Exchange proposes to delete all outdated references to mini-options in the rule text.¹²

On September 8, 2016, the Commission approved the Exchange’s Form 1 application to register

¹¹ See, e.g., MIAX Rule 503(d); see also MIAX Pearl Options Exchange Regulatory Circular 2024-58, Market for Underlying Security Used for Openings on MIAX Options, MIAX Pearl Options, MIAX Emerald Options and MIAX Sapphire Options for Newly Listed Symbols Effective Wednesday, October 23, 2024, available at https://www.miaxglobal.com/sites/default/files/circular-files/MIAX_Pearl_Options_RC_2024_58.pdf.

¹² The Exchange anticipates it will file a separate rule filing pursuant to Rule 19b-4 of the Exchange Act with the Commission to remove references to “mini-options” in the MIAX Pearl Options Exchange Fee Schedule, including outdated tables that still list fees (or rebates) for transactions by market participants in mini-options.

as a national securities exchange under Section 6 of the Exchange Act.¹³ At that time, the Exchange established rule text for mini-options. Mini-options never gained significant market acceptance and have not achieved the expected level of traction or success in its target market. Accordingly, all mini-options were delisted several years ago and the Exchange does not have plans to re-list them in the foreseeable future. As the Exchange no longer offers mini-option contracts, the Exchange proposes to delete all references to mini-options to provide greater clarity to Members and the public regarding the Exchange's offerings and Rulebook. The Exchange also notes that other exchanges filed similar proposals to delete references to mini-options.¹⁴ In the event that the Exchange desires to list mini-options in the future, the Exchange will file a rule change with the Commission to adopt rules to list mini-options and corresponding fees and rebates for transactions in mini-options, if applicable.

Specifically, the Exchange proposes to delete the content in Interpretations and Policies .08 of Exchange Rule 404 and then insert "Reserved" so as to keep the remainder of the Rulebook as currently formatted. The Exchange proposes to delete the content in subparagraph (c) of Exchange Rule 509 and then insert "Reserved" so as to keep the remainder of the Rulebook as currently formatted. The Exchange proposes to delete the content in Interpretations and Policies .02 of Exchange Rule 510 and then insert "Reserved" so as to keep the remainder of the Rulebook as currently formatted.

¹³ See Securities Exchange Act Release No. 78793 (September 8, 2016), 81 FR 63238 (September 14, 2016) (File No. 10-227) (Exhibit B) (establishing rules for mini-options).

¹⁴ See Securities Exchange Act Release No. 88374 (March 12, 2020), 85 FR 15522 (March 18, 2020) (SR-Phlx-2020-08) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Certain Phlx Rules To Remove References to Mini Options); see also Securities Exchange Act Release No. 88458 (March 23, 2020), 85 FR 17372 (March 27, 2020) (SR-MRX-2020-07) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to the Removal of Obsolete Listing Rules); see also Securities Exchange Act Release No. 88456 (March 23, 2020), 85 FR 17126 (March 26, 2020) (SR-ISE-2020-11) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to the Removal of Obsolete Listing Rules).

Proposal to Update Citations to Rule 600(b) of Regulation NMS

The Exchange proposes to update citations to Rule 600(b) of Regulation NMS in Exchange Rule 100, Definitions, Rule 530, Limit Up-Limit Down, Rule 2612, Minimum Price Variations, Rule 2614, Orders and Order Instructions, and Rule 2705, Prohibition Against Trading Ahead of Customer Orders.

In 2024, the Commission amended Regulation NMS under the Act to update the rule that requires disclosures for order executions in national market system (“NMS”) stocks.¹⁵ As part of that initiative, the Commission adopted new definitions in Rule 600(b) of Regulation NMS and renumbered the remaining definitions, including the definitions of Trading Center (formerly Rule 600(b)(95)), Regular Trading Hours (formerly Rule 600(b)(77)), NMS Stock (formerly Rule 600(b)(55)), and Intermarket Sweep Orders (formerly Rule 600(b)(38)).

The Exchange accordingly proposes to update the relevant citations to Rule 600(b) in its rules as follows:

- The citation to the definition of Trading Center in Rule 100 would be changed to Rule 600(b)(106).
- The citation to the definition of Regular Trading Hours in Rule 530, Limit Up-Limit Down, would be changed to Rule 600(b)(88).
- The citation to the definition of NMS Stock in Rule 2612 would be changed to Rule 600(b)(65).
- The citation to the definition of Intermarket Sweep Orders in Rule 2614 would be changed to Rule 600(b)(47).

The citation to the second requirement of the definition of Intermarket Sweep Order

¹⁵ See Securities Exchange Act Release No. 99679, 89 FR 26428 (April 15, 2024) (S7-29-22).

would be changed to Rule 600(b)(47)(ii).

2. Statutory Basis

The Exchange believes that the proposed changes are consistent with Section 6(b) of the Act¹⁶ in general, and further the objectives of Section 6(b)(1) of the Act¹⁷ in particular, in that they are designed to enforce compliance by the Exchange's Members and persons associated with its Members and Equity Members, with the provisions of the rules of the Exchange.

In particular, the Exchange believes that the proposed changes are designed to enforce compliance by the Exchange's Members and Equity Members with the provisions of the rules of the Exchange because the changes will provide greater clarity to Members, Equity Members and the public regarding the Exchange's Rulebook by deleting the outdated rule text in Chapter III that is no longer applicable, amending the announcement method for certain types of openings on the Exchange, deleting outdated references to mini-options that are no longer offered by the Exchange, and updating the citations to Rule 600(b) of Regulation NMS.

The proposed change to delete the second paragraph of Chapter III of the Rulebook is to delete the outdated rule text since the unique circumstances for disaster recovery testing in 2020 no longer exists for Equity Members of MIAX Pearl Equities. The proposed changes to amend the announcement method for certain types of openings on the Exchange are to harmonize the rules and provide consistency within the Exchange's Rulebook as the Exchange, and its affiliates, historically announce such information through a Regulatory Circular. The proposed changes to remove outdated references to mini-options will help enforce compliance with the Exchange's rules by removing obsolete rule text. Mini-options were delisted from the Exchange

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(1).

years ago since mini-options failed to gain significant market acceptance and never achieved the expected level of traction or success in its target market.

The proposed changes to update the citations to Rule 600(b) of Regulation NMS are to correct inaccurate rule citations, thereby reducing potential confusion and ensuring that those subject to the Exchange's jurisdiction, regulators, and the investing public can more easily navigate and understand the Exchange's rules. The Exchange believes that the proposed changes will help enforce compliance with the Exchange's rules by providing clarity and consistency within the Exchange's Rulebook, thereby making it easier for Members and Equity Members to interpret the Exchange's Rulebook. The Exchange believes that Members and Equity Members would benefit from the increased clarity and consistency, thereby alleviating potential investor or market participant confusion.

The Exchange believes that the proposed rule changes also further the objectives of Section 6(b)(5) of the Act. In particular, they are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, protect investors and the public interest.

The Exchange believes the proposed changes promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed rule changes will provide greater clarity to Members and Equity Members and the public regarding the Exchange's Rulebook by deleting the outdated rule text in Chapter III of the Rulebook that is no longer applicable to Equity

Members, amending the announcement method for certain types of openings on the Exchange to provide consistency within the Rulebook, deleting outdated references to mini-options that are no longer offered by the Exchange, and updating citations to Rule 600(b) of Regulation NMS. It is in the public interest for the Exchange's Rulebook to be accurate and consistent so as to eliminate the potential for confusion.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition as there is no functional change to the Exchange's System¹⁸ and because the rules of the Exchange apply to all Members and Equity Members equally.

The proposed change to delete the second paragraph of Chapter III of the Rulebook is to delete the outdated rule text applicable to Equity Members since the unique circumstances for disaster recovery testing in 2020 no longer exists. The proposed changes to amend the announcement method for certain types of openings on the Exchange are to harmonize the rules and provide consistency within the Exchange's Rulebook as the Exchange, and its affiliates, historically announce such information through a Regulatory Circular. The proposed changes to remove obsolete rule text include the removal of outdated references to mini-options. Mini-options are no longer offered by the Exchange since mini-options failed to gain significant market acceptance and have not achieved the expected level of traction or success in its target market. The proposed changes to update the citations to Rule 600(b) of Regulation NMS are to

¹⁸ The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

correct inaccurate rule citations, reduce potential confusion, and ensure that market participants can more easily navigate and understand the Exchange's rules. The proposed rule changes will have no impact on competition as they are not designed to address any competitive issue but rather are designed to remedy minor, non-substantive issues and provide added clarity to the Exchange's Rulebook.

In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal does not address any competitive issues but rather would provide additional clarity in the Exchange's rule by deleting the outdated rule text in Chapter III of the Rulebook that is no longer applicable, amending the announcement method for certain types of openings on the Exchange, deleting outdated references to mini-options that are no longer offered by the Exchange, and updating citations to Rule 600(b) of Regulation NMS. Since the proposal does not substantively modify System functionality or processes on the Exchange, the proposed changes will not impose any burden on competition nor are they meant to affect competition among the exchanges.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest,

the proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁹ and Rule 19b-4(f)(6) thereunder.²⁰

A proposed rule change filed under Rule 19b-4(f)(6)²¹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²² the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing.

The Exchange states that waiver of the operative delay would permit the Exchange to delete outdated rule text regarding unique circumstances for disaster recovery that applied in 2020 and no longer exist, amend the announcement method for certain types of openings on the Exchange to make it consistent with the Exchange's historical announcement method, delete outdated references to mini-options that are no longer offered by the Exchange, and correct inaccurate rule citations, thereby alleviating potential confusion and adding clarity to its rules. For these reasons, and because the proposal does not raise any new or novel issues, the Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.²³

¹⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁰ 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, 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.

²¹ 17 CFR 240.19b-4(f)(6).

²² 17 CFR 240.19b-4(f)(6)(iii).

²³ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)²⁴ of the Act to determine whether the proposed rule change 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2024-55 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-PEARL-2024-55. This file number should be included on the subject line if email 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 (<https://www.sec.gov/rules/sro.shtml>).

²⁴ 15 U.S.C. 78s(b)(2)(B).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2024-55 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Sherry R. Haywood,

Assistant Secretary.

²⁵ 17 CFR 200.30-3(a)(12), (59).