1. Text of Proposed Rule Change

(a) MIAX Emerald, LLC ("MIAX Emerald" or the "Company"),[1] pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")[2] and Rule 19b-4 thereunder,[3] proposes to amend the By-Laws to: (1) eliminate the requirement to maintain a Compensation Committee of the Board of Directors ("Board")[4] of MIAX Emerald; (2) update the process by which the Regulatory Oversight Committee ("ROC") determines the compensation of the Chief Regulatory Officer ("CRO"); (3) update the process by which the ROC determines personnel actions involving the CRO and senior regulatory personnel; (4) eliminate the requirement to maintain a Quality of Markets Committee of the Board of MIAX Emerald; (5) update the process by which the compensation of all officers, employees and agents of MIAX Emerald is determined, with an exception for the compensation of the CRO; and (6) make a non-substantive clarifying change to delete the definition of "Effective Date" (collectively, the "By-Law Amendments").

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the proposed amendments to the By-Laws is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

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1 As used throughout the By-Laws of MIAX Emerald, the term "Company" means MIAX Emerald, LLC, a Delaware limited liability company. See Amended and Restated By-Laws of MIAX Emerald, Article I, Definitions, subparagraph (g) (effective date November 12, 2020), available at https://www.miaxglobal.com/sites/default/files/page-files/MIAX_Emerald_Amended_and_Restated_By-Laws_11122020.pdf (last visited December 17, 2024) (referred to herein as the "By-Laws").

2 15 U.S.C. 78s(b)(1).

3 17 CFR 240.19b-4.

4 The terms "Board" or "Board of Directors" means the Board of Directors of the Company. See By-Laws, Article I, Definitions, subparagraph (c).

2. Procedures of the Self-Regulatory Organization

The By-Laws of the Company may be amended by written consent of the LLC Member[5] or at any regular or special meeting of the Board of MIAX Emerald by a resolution adopted by the Board.[6] The Board approved by resolution the proposed amendments to the By-Laws at a meeting held on December 20, 2024. No other action by the Board is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Michael Slade, AVP, Associate Counsel, at (609) 955-0460.

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

a. Purpose

The Company proposes to amend the By-Laws to: (1) eliminate the requirement to maintain a Compensation Committee of the Board of MIAX Emerald; (2) update the process by which the ROC determines the compensation of the CRO; (3) update the process by which the ROC determines personnel actions involving the CRO and senior regulatory personnel; (4) eliminate the requirement to maintain a Quality of Markets Committee of the Board of MIAX Emerald; (5) update the process by which the compensation of all officers, employees and agents of MIAX Emerald is determined, with an exception for the compensation of the CRO; and (6) make a non-substantive clarifying change to delete the definition of "Effective Date".

Proposal to Eliminate the Requirement to Maintain a Compensation Committee

First, the Company proposes to eliminate the requirement that the Company's Board

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5 The term "LLC Member" means any person who maintains a direct ownership interest in the Company. The sole LLC Member of the Company is Miami International Holdings, Inc. See By-Laws, Article I, Definitions, subparagraph (v).

6 See By-Laws, Article VIII, Section 8.1.

must maintain a Compensation Committee. Currently, Article IV, Section 4.1(a) of the By-Laws provides that the committees of the Board shall consist of a Compensation Committee, among other committees. The Company proposes to eliminate this requirement by deleting "Compensation Committee" from the first sentence in Section 4.1(a) of the By-Laws. With the proposed change, Section 4.1(a) will read as follows:

> **Committees of the Board**. The committees of the Board shall consist of an Audit Committee, a Regulatory Oversight Committee, an Appeals Committee, and such other committees as may be provided in these By-Laws or the Rules or as may be from time to time established by the Board. Committees shall have such authority as is vested in them by these By-Laws or the Rules, or as is delegated to them by the Board. All committees are subject to the control and supervision of the Board.

In connection with this proposed change, the Company proposes to amend Article IV, Section 4.5(a), which discusses the Compensation Committee. In general, Section 4.5 of the By-Laws describes certain committees of the Board, whether the Board is required to maintain each committee, the compositional requirements of each committee consisting of different classes of directors (i.e., Industry Director, Non-Industry Director, Independent Director, etc.)[7], and the purpose and powers of each enumerated committee. Regarding the Compensation Committee, Section 4.5(a) of the By-Laws currently states that "[t]he Chairman, with the approval of the Board, ***shall*** appoint a Compensation Committee consisting of Non-Industry Directors. The Compensation Committee shall consider and recommend compensation policies, programs, and practices for officers and other employees of the Company" (emphasis added).[8]

In connection with the proposed change described above to Section 4.1(a) to eliminate the requirement to maintain a Compensation Committee, the Company proposes to amend

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7 See By-Laws, Article I, Definitions, subparagraphs (r), (aa), and (p) for the definitions of Industry Director, Non-Industry Director and Independent Director, respectively.

8 See By-Laws, Article IV, Section 4.5(a).

Article IV, Section 4.5(a) of the By-Laws to provide that a Compensation Committee of the Board ***may*** be appointed, although such appointment will no longer be required. In particular, the Company proposes to amend Section 4.5(a) to provide that the Chairman, with the approval of the Board, ***may*** appoint a Compensation Committee.

The Company also proposes to add language to Section 4.5(a) that if a Compensation Committee is not so appointed, then any references in the By-Laws to the Compensation Committee shall refer to the entire Board. Further, the Company proposes to specify that if a Compensation Committee of the Board is so appointed, each member of the Compensation Committee shall be a Non-Industry Director. The Company also proposes to amend the last sentence in Section 4.5(a) of the By-Laws to specify that the Compensation Committee (in the event such committee is so appointed or, if not so appointed, then the Board as a whole) shall consider and recommend compensation policies, programs, and practices for officers and other employees of the Company, in each case if and to the extent that such officers or employees are paid by the Company. With all of the proposed changes, Section 4.5(a) of the By-Laws will read as follows:

> **Compensation Committee**. The Chairman, with the approval of the Board, may appoint a Compensation Committee, and if not so appointed, references to the Compensation Committee herein shall refer to the entire Board. If a Compensation Committee is so appointed, each member of the Compensation Committee shall be a Non-Industry Director. The Compensation Committee shall consider and recommend compensation policies, programs, and practices for officers and other employees of the Company, in each case if and to the extent that such officers or employees are paid by the Company.

The purpose of these proposed changes is to align the By-Laws with actual compensation practices of MIAX Emerald, its affiliated registered securities exchanges[9] and parent company,

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[9] The Exchange's affiliates include MIAX PEARL, LLC ("MIAX Pearl"), Miami International Securities Exchange, LLC ("MIAX"), and MIAX Sapphire, LLC ("MIAX Sapphire"). The Exchange notes that

Miami International Holdings, Inc. ("MIH" or the "LLC Member"[10]). Currently, the Board has appointed a Compensation Committee, as required by the current version of the By-Laws, with assigned responsibilities with respect to compensation that overlap with the broader mandate of the compensation committee of MIAX Emerald's parent company, MIH. To make the practices of the Company consistent with the company-wide compensation practices of MIH, the Company proposes to eliminate the requirement to maintain a Compensation Committee of the Board. In so doing, the compensation committee of the board of directors of MIH will be the sole committee responsible for compensation functions with regard to the Company and its affiliates.[11] As described in the charter of the compensation committee of the board of directors of MIH, that committee is generally responsible for establishing and overseeing MIH's overall compensation philosophy. The Company notes that several other exchanges do not require in their corporate governance documents that the boards of directors for their exchange entities maintain a compensation committee[12] and the Company's By-Laws regarding compensation and the compensation committee, as proposed to be amended, are designed to be substantively similar to provisions regarding compensation and the compensation committee contained in the

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MIAX Pearl, MIAX and MIAX Sapphire will file substantively similar proposals as described herein to amend their respective by-laws to make conforming changes.

10 See supra note 5.

11 The Company notes an exception to this provision, as proposed, would be in the case where certain officers or employees of the Company are actually paid by the Company instead of MIH. See Section 4.5(a) of the By-Laws, as proposed to be amended herein.

12 See, e.g., Securities Exchange Act Release No. 62304 (June 16, 2010), 75 FR 36136 (June 24, 2010) (SR-NYSEArca-2010-31) (Order Approving Proposed Rule Change to Amend NYSE Arca Rule 3.3(a) and Section 401(a) of the Exchange's Bylaws to Eliminate the Exchange's Audit Committee, Compensation Committee, and Regulatory Oversight Committee); see also Eleventh Amended and Restated Bylaws of Cboe Exchange, Inc. ("Cboe Exchange"), Section 4.1(a); Eleventh Amended and Restated Bylaws of Cboe C2 Exchange, Inc. ("C2"), Section 4.1(a); Ninth Amended and Restated Bylaws of Cboe BZX Exchange, Inc. ("Cboe BZX"), Section 4.1(a); and Tenth Amended and Restated Bylaws of Cboe EDGX Exchange Inc. ("Cboe EDGX"), Section 4.1(a), all available at https://www.cboe.com/us/options/regulation/ (the by-laws for the Cboe family of exchanges only require an Executive Committee and Regulatory Oversight Committee).

corporate governance documents for the Investors' Exchange, LLC ("IEX").[13]

Proposal to Update the Process of Determining the Compensation of the CRO and Amend Certain Provisions Regarding the ROC's Recommendations for Personnel Actions Involving the CRO and Senior Regulatory Personnel

Next, the Company proposes to amend Article IV, Section 4.5(c) to update the process to determine the compensation of the CRO, clarify that the ROC is responsible for recommending personnel actions involving the CRO and senior regulatory personnel to the Board for action, and add language to clarify the regulatory autonomy and independence of the Chief Regulatory Officer and the regulatory function in the By-Laws.

Regarding CRO compensation, Section 4.5(c) of the By-Laws currently provides, among other things, that the ROC "…shall be responsible for assessing the Exchange's regulatory performance and recommending compensation and personnel actions involving the Chief Regulatory Officer and senior regulatory personnel to the Board's Compensation Committee for action." As described above, the Company proposes to eliminate the requirement that the Board maintain a Compensation Committee. In connection with that change, the Company proposes to update the process by which the CRO's compensation is determined in Section 4.5(c) of the By-Laws to now provide that the ROC shall, in consultation with the Chief Executive Officer ("CEO") of the Company, be responsible for establishing the goals, assessing the performance, and fixing the compensation of the CRO. Further, the Company proposes to amend Section 4.5(c) of the By-Laws to specify that the ROC shall be responsible for recommending personnel actions involving the CRO and senior regulatory personnel to the Board for action, instead of to

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13 See IEX Third Amended and Restated Operating Agreement (effective as of August 11, 2020) (the "IEX Operating Agreement"), Article V, Section 1 (no requirement to maintain a compensation committee of IEX) and Article V, Section 6(a) (providing that the compensation committee, or the board of directors of IEX if a compensation committee is not so appointed, "shall consider and recommend compensation policies, programs, and practices for officers and other employees of [IEX], in each case if and to the extent that such officers or employees are paid by [IEX]".).

the Compensation Committee, as currently provided for in the By-Laws. Accordingly, the Company proposes to amend Section 4.5(c) of the By-Laws to create a new third sentence, which will state as follows:

> The Regulatory Oversight Committee shall also, in consultation with the Chief Executive Officer of the Company, be responsible for establishing the goals, assessing the performance, and fixing the compensation of the Chief Regulatory Officer, and for recommending personnel actions involving the Chief Regulatory Officer and senior regulatory personnel to the Board for action.

The purpose of the proposed changes described above is to align the provisions in the By-Laws for compensation practices involving the CRO and determining personnel actions involving the CRO and senior regulatory personnel with the same provisions in the corporate documents of at least one other exchange.[14] The Company believes it is reasonable to amend Section 4.5(c) to provide that the ROC shall be responsible for recommending personnel actions involving the CRO and senior regulatory personnel to the Board for action, instead of the Compensation Committee, as currently provided for in the By-Laws, as this Board action would be strictly for personnel actions and does not involve compensation practices. The compensation provision in Section 4.5(c) of the By-Laws regarding the CRO, as proposed to be amended, would be independent of the Board's (or the Compensation Committee, if such committee were so appointed) responsibilities regarding compensation, which would only apply in the case where an officer or employee was actually paid by the Company instead of by MIH. Pursuant to Section 4.5(c), as proposed to be amended, the compensation for the CRO is fixed by the ROC, in consultation with the CEO, instead of the Compensation Committee or the Company's Board

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[14] See IEX Operating Agreement Article V, Section 6(c) ("The Regulatory Oversight Committee shall also, in consultation with the Chief Executive Officer of the Company, be responsible for establishing the goals, assessing the performance, and fixing the compensation of the Chief Regulatory Officer and for recommending personnel actions involving the Chief Regulatory Officer and senior regulatory personnel.").

as a whole. Accordingly, the Company believes it is reasonable for the Board to be responsible for personnel actions involving the CRO and senior regulatory personnel.

The Company also proposes to amend Section 4.5(c) to add a sentence at the end of the paragraph to add language to clarify that the ROC shall ensure the regulatory autonomy and independence of the CRO and the regulatory function. In particular, the Company proposes to add the following sentence at the end of the paragraph in Section 4.5(c) of the By-Laws:

> To the extent that the Chief Executive Officer of the Company has any indirect supervisory responsibility for the role or function of the Chief Regulatory Officer, including but not limited to, implementation of the budget for the regulatory function or regulatory personnel matters, the Regulatory Oversight Committee shall take all steps reasonably necessary to ensure that the Chief Executive Officer does not compromise the regulatory autonomy and independence of the Chief Regulatory Officer or the regulatory function.

The purpose of this change is to clarify that the CEO of the Company may provide input regarding the CRO's compensation, after consulting with the ROC, but the ROC will continue to ensure that the CRO and regulatory department maintain their regulatory autonomy and independence to fulfill their responsibilities to the Company without being compromised. This is particularly important in the scenario where the CEO of the Company has any indirect supervisory responsibility for the role or function of the CRO, including the implementation of the budget for the regulatory function of the Company or other regulatory personnel matters, which are to be determined by the ROC, as described above. This proposed addition is also based on a substantively similar provision in the corporate governance document of at least one other exchange.[15]

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[15] See id. ("To the extent that the Chief Executive Officer of the Company has any indirect supervisory responsibility for the role or function of the Chief Regulatory Officer, including but not limited to, implementation of the budget for the regulatory function or regulatory personnel matters, the Regulatory Oversight Committee shall take all steps reasonably necessary to ensure that the Chief Executive Officer does not compromise the regulatory autonomy and independence of the Chief Regulatory Officer or the regulatory function.").

Proposal to Eliminate the Requirement to Maintain a Quality of Markets Committee

The Company proposes to eliminate the requirement to maintain a Quality of Markets Committee of the Board. Currently, Article IV, Section 4.6 of the By-Laws provides that the "Chairman, with the approval of the Board, shall appoint a Quality of Markets Committee." Section 4.6 of the By-Laws continues to discuss the purpose and composition of the Quality of Markets Committee.[16] The Company now proposes to delete Section 4.6 of the By-Laws in its entirety.[17]

As stated in the By-Laws, the purpose of the Quality of Markets Committee is to, among other things, "provide advice and guidance to the Board on issues relating to the fairness, integrity, efficiency and competitiveness of the information, order handling and execution mechanisms of the Exchange from the perspective of investors, both individual and institutional, retail firms, market making firms, Exchange listed companies and other market participants."[18] Historically, exchanges created and required their boards to maintain quality of markets committees to ensure the fairness, integrity, efficiency and competitiveness of the information, order handling and execution mechanisms of those markets when trading was performed primarily via floor transactions. The quality of markets committees at that time provided a forum for brokers and other market participants to raise any issues regarding floor transactions or the quality of markets being made, which could then be discussed by the committee to implement changes, as needed. However, the Company operates a fully electronic exchange and produces automated reports to brokers and other market participants regarding execution quality

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16 See, generally, By-Laws, Article IV, Section 4.6.

17 In connection with this proposed change, the Company proposes to renumber current Section 4.7 (Business Conduct Committee) as Section 4.6. The Company does not propose to make any substantive changes to current Section 4.7 regarding the Business Conduct Committee.

18 See By-Laws, Article IV, Section 4.6.

and the quality of markets being made by market makers. These automated reports are factual and driven by the Company's trading rules and pricing relative to the Company's competitors. As a result of the rise in electronic trading, which accounts for nearly 90% of all trading done on-exchange now, and the automation of reports regarding execution quality and market quality, the Company believes it no longer has a need to maintain a Quality of Markets Committee of the Board in a purely electronic trading environment. Further, the Quality of Markets Committee of the Board met, discussed its intended purpose in the context of the Company's fully-electronic trading environment, and recommended that the committee be dissolved in light of the factors described above. Accordingly, the Company believes that there is no longer a need maintain a required Quality of Markets Committee as the Company operates a fully electronic exchange, with the functions of the Quality of Markets Committee no longer necessary in light of automated reports issued by the Company for brokers and market participants to utilize.

The Company also notes that while one exchange group does continue to have the requirement to maintain a quality of markets committee at their respective exchange-level boards of directors,[19] the majority of exchange groups do not contain a similar requirement in their respective corporate governance documents.[20]

Proposal to Update the Compensation Process of Officers, Employees and Agents of the Company

The Company proposes to amend Article VI, Section 6.4 of the By-Laws to update the

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19 See e.g., NASDAQ Stock Market LLC By-Laws, Section 6(c) and Nasdaq ISE, LLC By-Laws, Section 6(c).

20 See, e.g., Eleventh Amended and Restated Bylaws of Cboe Exchange; Eleventh Amended and Restated Bylaws of C2; Ninth Amended and Restated Bylaws of Cboe BZX; and Tenth Amended and Restated Bylaws of Cboe EDGX, all available at https://www.cboe.com/us/options/regulation/ (the by-laws for the Cboe family of exchanges only require an Executive Committee and Regulatory Oversight Committee). See also IEX Operating Agreement, Article V, Section 1, available at https://www.iexexchange.io/resources/regulation/governance (only specifying the required committees of the exchange board to consist of an Appeals Committee, a Nominating Committee, a Member Nominating Committee, and a Regulatory Oversight Committee).

process by which the compensation of all officers, employees and agents of the Company is determined, except for the CRO (which process, as proposed to be amended, is described above). Currently, Section 6.4 of the By-Laws provides that the "[t]he Compensation of the Chairman, the Vice Chairman and the Chief Executive Officer shall be fixed by the Compensation Committee. The salaries of all other officers and agents of the Company shall be fixed by the Chief Executive Officer, in consultation with the Compensation Committee."

As described above, the Company proposes to amend the By-Laws to remove the requirement that the Board maintain a Compensation Committee. In connection with this change, the Company proposes to amend Section 6.4 of the By-Laws to provide that the compensation of all officers, employees and agents of the Company shall be set by the LLC Member, with the exception of the Chief Regulatory Officer, whose compensation shall be set by the Regulatory Oversight Committee as set forth in (proposed) Article IV, Section 4.5(c) of the By-Laws. The Company further proposes to amend Section 6.4 to specify that as of the date of the By-Laws (as amended by this filing), the Company and the LLC Member are party to an intercompany services agreement, which provides, among other things, that the LLC Member and the Company determine the costs and expenses allocated to the Company on an annual basis. In addition, the Company proposes to add a final sentence to Section 6.4 to state that the Board from time to time may review the reasonableness of the allocation methodology utilized by the Company.

The purpose of these proposed changes is to provide added clarity in the By-Laws regarding the compensation practices of the Company for all of its officers, employees and agents, which compensation shall be generally set by MIH, except for the compensation of the CRO, and unless an employee or officer is actually paid by the Company pursuant to the

proposed changes to Section 4.5(a) of the By-Laws. To make the compensation practices of the Company for all of its officers, employees and agents consistent with the company-wide compensation practices of MIH, the Company proposes to amend Section 6.4 to remove provisions regarding the Compensation Committee fixing the compensation of the Chairman, Vice Chairman and CEO, as well as provisions that the CEO, in consultation with the Compensation Committee, shall fix the compensation of all other officers and agents of the Company. In so doing, the compensation of all officers, employees and agents of the Company, except the CRO, will be set by the LLC Member. The Company's By-Laws regarding compensation practices for officers, employees and agents, as proposed to be amended, are designed to be substantively similar to provisions regarding compensation practices contained in the corporate governance document for IEX.[21]

The purpose of amending the By-Laws is to provide that the Board, and not the Compensation Committee in the event that such committee is so appointed, retains the authority to review the reasonableness of the allocation methodology utilized by the Company is because this is more of a function of the Board as a whole. The Company's Board, together with MIH (i.e., the LLC Member), is tasked with reviewing how costs are allocated inter-company (i.e., among MIAX, MIAX Pearl, MIAX Emerald, and MIAX Sapphire), which is beyond the scope of just fixing compensation for officers, employees and agents of the Company. The Company believes that the Board, together with MIH, has the expertise to review how costs are allocated inter-company, which is not necessarily the expertise or function of the Compensation Committee (in the scenario where a Compensation Committee of the Board is so appointed).

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[21] See IEX Operating Agreement, Article VII, Section 4 ("The compensation of all officers and agents of the Company shall be set by the LLC Member, with the exception of the Chief Regulatory Officer, whose compensation shall be set by the Regulatory Oversight Committee as set forth in Article V, Section 6(c) of this Agreement.").

Proposal to Make a Non-Substantive Clarifying Change

The Company proposes to amend Article I, subparagraph (k) to delete the definition of "Effective Date" in its entirety and replace that subparagraph with "[Reserved]" so as to keep the numbering of subparagraphs throughout the By-Laws consistently numbered. The purpose of this change is to remove outdated text. The effective date of the By-Laws, as proposed to be amended herein, will be thirty days from the date of filing of this proposed rule change with the Commission pursuant to Section 19(b)(3)(A)(iii) of the Act[22] and Rule 19b-4(f)(6) thereunder.[23]

b. Statutory Basis

The Company believes that the proposed By-Law Amendments are consistent with Section 6(b) of the Exchange Act,[24] in general, and furthers the objectives of Section 6(b)(1)[25] in particular, in that it enables the Company to be so organized as to have the capacity to be able to carry out the purposes of the Exchange Act and to comply, and to enforce compliance by its Exchange Members[26] and persons associated with its Exchange Members, with the provisions of the Exchange Act, the rules and regulations thereunder, and the rules of the Company. The Company believes that the proposed By-Law Amendments further the objectives of Section 6(b)(3)[27] of the Act in particular, in that they are designed to assure the fair administration of the Company's affairs by updating its corporate governance documents dealing with the administration of the Company. The Company also believes that the proposed By-Law

22 15 U.S.C. 78s(b)(3)(A)(iii).

23 17 CFR 240.19b-4(f)(6).

24 15 U.S.C. 78f(b).

25 15 U.S.C. 78f(b)(1).

26 The term "Exchange Member" means any registered broker or dealer that has been admitted to membership in the national securities exchange operated by the Company. An Exchange Member is not a member of the Company by reason of being an Exchange Member. An Exchange Member will have the status of a "member" of the Exchange as that term is defined in Section 3(a)(3) of the Act. See By-Laws, Article I, Definitions, subparagraph (n).

27 15 U.S.C. 78f(b)(3).

Amendments are consistent with Section 6(b)(5) of the Exchange Act,[28] in that 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 facilitating transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors and the public interest.

Proposal to Eliminate the Requirement to Maintain a Compensation Committee

The Company believes its proposal to eliminate the requirement to maintain a Compensation Committee of the Board would allow the Company to be so organized as to have the capacity to carry out the purposes of the Exchange Act because the proposed changes will align the Company's actual compensation practices with that of its affiliated registered securities exchanges and its parent company, MIH. Currently, the Board has appointed a Compensation Committee with assigned responsibilities with respect to compensation that overlap with the broader mandate of the compensation committee of MIAX Emerald's parent company, MIH. Eliminating the requirement to maintain a Compensation Committee will streamline compensation processes as the compensation committee of the board of directors of the Company's parent, MIH, has been delegated the responsibility to set the compensation philosophy and practices for all officers and employees of MIH, with certain exceptions.[29] This will allow the Company and its affiliates to be better organized to carry out the purposes of the Exchange Act and assure the administration of the Company is fairly administrated.

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28 15 U.S.C. 78f(b)(5).

29 As described above, the ROC, in consultation with the CEO, will be responsible for fixing the CRO's compensation. Also, if certain officers or employees are actually paid by the Company, then the Board (or, in the event that a Compensation Committee has been appointed) shall be responsible for considering and recommending compensation policies, programs, and practices for such officers and other employees of the Company.

The Company believes that the proposed changes to eliminate the requirement to maintain a Compensation Committee would promote greater consistency in the compensation philosophy and compensation structure across the Company and its affiliated exchanges, thereby promoting the fair administration of the Company. It is in the public interest for the Company's corporate governance to be clear, consistent and administered fairly. As noted above, the Company anticipates that its affiliate exchanges will file (or already have filed) substantively similar proposed changes to amend their respective by-laws to make conforming changes regarding the Compensation Committee as proposed herein. By locating the authority to fix compensation practices in the hands of MIH (or its compensation committee of the board of directors), the proposed changes to Sections 4.1(a) and 4.5(a) of the By-Laws would provide for compensation policies, programs and practices for all officers and employees of the Company (and its affiliates) to be set centrally and with greater uniformity and consistency across affiliated exchanges. [30] As described in the charter of the compensation committee of the board of directors of MIH, that committee is generally responsible for establishing and overseeing the MIH's overall compensation philosophy. The Company believes that such conformity would streamline the Company's corporate processes and create more equivalent compensation processes among affiliated exchanges, to the benefit of both investors and the public interest.

The Company also notes that it is not statutorily required to maintain a standing compensation committee for its Board. Indeed, several other exchanges do not have a requirement in their corporate governance documents to maintain a compensation committee at

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[30] The Company notes an exception to this provision. As proposed, if an officer or employee is actually paid by the Company, then the Board (or, in the event that a Compensation Committee has been appointed) shall be responsible for considering and recommending compensation policies, programs, and practices for such officer and other employee of the Company. See By-Laws, Article IV, Section 4.5(a), as proposed to be amended.

their exchange-level boards.[31] Further, the proposed changes to Section 4.5(a) are designed to align the Company's By-Laws regarding the Compensation Committee to be substantively similar to provisions regarding the compensation committee of IEX.[32]

Proposal to Update the Process of Determining the Compensation of the CRO and Amend Certain Provisions Regarding the ROC's Recommendations for Personnel Actions Involving the CRO and Senior Regulatory Personnel

The Company believes the proposed changes to update the process by which the ROC determines the compensation of the CRO and update the process by which the ROC determines personnel actions involving the CRO and senior regulatory personnel enables the Company to be so organized as to have the capacity to be able to carry out the purposes of the Exchange Act and provide for a more fair administration of the Company's affairs. The proposed changes to Section 4.5(c) of the By-Laws will align the provisions in the By-Laws for compensation practices involving the CRO and determining personnel actions involving the CRO and senior regulatory personnel with the similar provisions in the corporate documents of at least one other exchange.[33]

The Company believes its proposal to provide that the ROC shall be responsible for recommending personnel actions involving the CRO and senior regulatory personnel to the Board for action, instead of the Compensation Committee, as currently provided for in the By-Laws, will better allow the Company to carry out the purposes of the Act because this Board action would be strictly for personnel actions and does not involve compensation practices.

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31 See supra note 12. See also, e.g., Securities Exchange Act Release No. 78101 (June 17, 2016), 81 FR 41142 (June 23, 2016) (File No. 10-222) (approving IEX's Form 1 application for registration as a national securities exchange and corporate governance documents, which do not contain a requirement that the board of IEX appoint a compensation committee).

32 See supra note 13.

33 See supra note 14.

The compensation provision in Section 4.5(c) of the By-Laws regarding the CRO, as proposed to be amended, would be independent of the Compensation Committee's responsibilities in the event that a Compensation Committee were to be appointed, or the Board's responsibility if a Compensation Committee were not so appointed. Pursuant to Section 4.5(c), as proposed to be amended, the compensation practice for the CRO is overseen by the ROC, in consultation with the CEO, instead of the Compensation Committee or the Company's Board as a whole. The Exchange believes the ROC has the expertise and is better suited to establish the goals and assess the performance of the CRO which, in turn, will impact how the ROC fixes the compensation of the CRO. This is because, as set forth in the ROC charter, the ROC is responsible for the oversight of the Company's implementation of its regulatory compliance program, overseeing the adequacy and effectiveness of the Company's regulatory and self-regulatory organization responsibilities, and assessing the Company's regulatory performance. As such, the ROC is better suited to handle the compensation practices involving the CRO as compared to the Compensation Committee (or Board as a whole). In addition, the ROC is also best positioned to recommend personnel actions involving the CRO and senior regulatory personnel to the Board for action because the ROC is directly responsible for overseeing the adequacy and effectiveness of the Company's regulatory and compliance functions. Accordingly, the Company believes it will better carry out the purposes of the Act by ensuring the Board remains responsible for personnel actions involving the CRO and senior regulatory personnel, but only upon recommendations from the ROC, which has the expertise and knowledge to make such recommendations due to its responsibilities and oversight function.

The Company further believes that the proposed changes to Section 4.5(c) of the By-Laws will bring greater specificity and detail to provisions related to the regulatory independence

of the ROC. The Company believes that the proposed changes will make clear the independence of the ROC's regulatory function and facilitate the ability of the Company to carry out its responsibility and operate in a manner consistent with Section 6(b)(1)[34] of the Act. The Company believes that ensuring the ROC maintains regulatory independence is important for the Company to be organized to carry out the purposes of Section 6(b)(1)[35] of the Act and ensure compliance by the Company, its Exchange Members and other market participants with all regulatory obligations and rules. Furthermore, the proposed amendments will have the additional benefit of bringing Section 4.5(c) of the By-Laws regarding the ROC into greater conformity with the similar provisions of IEX.[36]

Proposal to Eliminate the Requirement to Maintain a Quality of Markets Committee

The Company believes its proposal to eliminate the requirement to maintain a Quality of Markets Committee of the Board enables the Company to be so organized as to have the capacity to be able to carry out the purposes of the Exchange Act because there is no longer a need maintain a required Quality of Markets Committee as the Company operates a fully electronic exchange. As described above, exchanges historically created and required their boards to maintain quality of markets committees to ensure the fairness, integrity, efficiency and competitiveness of the information, order handling and execution mechanisms of those markets when trading was performed primarily via floor transactions. However, as a result of the rise in electronic trading, which accounts for nearly 90% of all trading done on-exchange now, the Company and its affiliates produce automated reports to brokers and other market participants regarding execution quality and the quality of markets being made by market makers. These

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34 15 U.S.C. 78f(b)(1).

35 Id.

36 See supra notes 14 and 15.

automated reports are factual and driven by the Company's trading rules and pricing relative to the Company's competitors, which has negated the need for the Company to maintain a Quality of Markets Committee in a purely electronic trading environment. Accordingly, the Company believes the Quality of Markets Committee is no longer necessary to ensure the fairness, integrity, efficiency and competitiveness of information, order handling and execution mechanisms since the Company issues automated reports to provide such information for brokers and market participants to utilize.

The Company believes that removing the requirement to maintain a Quality of Markets Committee of the Board will better enable the Company to operate in a manner consistent with Section 6(b)(1)[37] of the Act by streamlining for efficiency in how the Company is organized. As described above, the Company operates a fully electronic market and produces automated reports regarding market quality and execution quality, which are used by Exchange Members. The Quality of Markets Committee met, discussed its intended purpose in the context of the Company's fully-electronic trading environment, and recommended that the committee be dissolved in light of the factors described above, which will enable the Company to be better organized in a manner consistent with Section 6(b)(1)[38] of the Act.

The Company also believes that removing the requirement to maintain a Quality of Markets Committee will remove impediments to and perfect the mechanism of a free and open market by removing provisions in the By-Laws regarding a committee that is no longer needed, which will reduce potential confusion by market participants reading the Company's By-Laws. Further, the Company notes that while one exchange group does continue to have the requirement to maintain a quality of markets committee at their respective exchange-level boards

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37 15 U.S.C. 78f(b)(1).

38 Id.

of directors,[39] the majority of exchange groups do not contain a similar requirement in their respective corporate documents[40] and the Company is not statutorily required to maintain such committee.

Proposal to Update the Compensation Process of Officers, Employees and Agents of the Company

The Company believes its proposal to update the process by which the compensation of all officers, employees and agents of the Company is determined, with an exception for the compensation of the CRO, will enable the Company to be so organized as to have the capacity to be able to carry out the purposes of the Exchange Act and provide for the fair administration of the Company's affairs. This is because the proposed changes to Section 6.4 of the By-Laws will align the By-Laws with actual compensation practices of the Company for all of its officers, employees and agents. In so doing, the compensation of all officers, employees and agents of the Company, except the CRO, will be set by the LLC Member, unless such officers or employees are actually paid by the Company.[41] In addition, the Company's By-Laws regarding compensation practices for officers, employees and agents, as proposed to be amended, are designed to be substantively similar to provisions regarding compensation practices contained in the corporate governance document for IEX.[42]

The Company believes its proposal to amend Section 6.4 of the By-Laws to provide that the Board, and not the Compensation Committee (in the event that such committee is so appointed), will retain the authority to review the reasonableness of the allocation methodology utilized by the Company enables the Company to be so organized as to have the capacity to be

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39 See supra note 19.

40 See supra note 20.

41 See By-Laws, Article IV, Section 4.5(a), as proposed to be amended.

42 See supra note 21.

able to carry out the purposes of the Exchange Act because this is more of a function of the Board as a whole. The Company's Board is tasked with reviewing how costs are allocated inter-company (i.e., among MIAX, MIAX Pearl, MIAX Emerald, and MIAX Sapphire), which is beyond the scope of just fixing compensation for officers, employees and agents of the Company. The Company believes that the Board has the expertise to review how costs are allocated inter-company, which is not necessarily the expertise or function of the Compensation Committee (in the scenario where a Compensation Committee of the Board is so appointed).

Proposal to Make a Non-Substantive Clarifying Change

The Company believes its proposal to make a non-substantive clarifying change to remove the definition of "Effective Date" removes impediments to and perfects the mechanism of a free and open market by providing added clarity in the By-Laws. The effective date of the By-Laws, as proposed to be amended herein, will be thirty days from the date of filing of this proposed rule change with the Commission pursuant to Section 19(b)(3)(A)(iii) of the Act[43] and Rule 19b-4(f)(6) thereunder.[44] It is in the public interest for the Company's By-Laws to be up-to-date and accurate, which protects investors by providing transparency and clarity, thereby reducing potential confusion.

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

The Company does not believe that the proposed By-Law Amendments will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed By-Law Amendments relate to the corporate governance of the Company and not to the Company's operations. As such, the proposed By-Law Amendments do not impact competition among the various market participants of the Company or among competing

43 15 U.S.C. 78s(b)(3)(A)(iii).

44 17 CFR 240.19b-4(f)(6).

exchanges. This is not intended to address competitive issues and, therefore, imposes no burden on competition.

5. 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.

6. Extension of Time Period for Commission Action

Not Applicable

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[45] and Rule 19b-4(f)(6) thereunder[46] in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Company believes that the proposed By-Law Amendments described above would not significantly affect the protection of investors and the public interest. As discussed above, the proposed changes are intended to conform certain provisions of the Company's By-Laws with similar provisions in the corporate governance documents of other exchanges. These changes include eliminating the requirements of the Board to maintain a Compensation Committee and Quality of Markets Committee; updating the process in which the compensation of the CRO is determined; updating the process in which personnel actions involving the CRO and senior regulatory personnel are determined by the ROC; and updating the practices for how

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45 15 U.S.C. 78s(b)(3)(A)(iii).

46 17 CFR 240.19b-4(f)(6).

compensation of all officers, employees and agents of the Company is determined.[47] The Company also believes that the proposal to delete the term "Effective Date" does not significantly affect the protection of investors and the public interest because this change is non-substantive. While "Effective Date" is a defined term, that term is not used anywhere in the By-Laws. The effective date of the By-Laws, as proposed to be amended herein, will be thirty days from the date of filing of this proposed rule change with the Commission. Accordingly, there is no longer a need to have this as a defined term in the By-Laws.

The Company does not believe that this proposal imposes any significant burden on competition because the proposed By-Law Amendments do not address competitive issues but are concerned solely with updating the corporate documents of the Company concerning the administration and governance of the Company and its committees.

Furthermore, Rule 19b-4(f)(6)(iii)[48] requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Company has provided such notice.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is 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. Proposed Rule Change Based on rules of Another Self-Regulatory Organization or

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47 See supra notes 12, 13, 14, 15, 20, and 21.

48 17 CFR 240.19b-4(f)(6)(iii).

of the Commission

The Company notes that several of the changes proposed herein are to align certain sections of the By-Laws with similar provisions in the corporate governance documents of other exchanges, including the proposed changes to remove requirements for the Board to maintain certain committees. The proposed changes to remove the requirements to maintain a Compensation Committee and Quality of Markets Committee are based on the corporate governance documents of the Cboe family of exchanges, NYSE family of exchanges and IEX.[49] The proposed changes to Section 4.5(c) of the By-Laws regarding the ROC are based substantively on the corporate governance document of IEX.[50] Similarly, the proposed changes to Section 6.4 of the By-Laws regarding compensation of officers, employees and agents of the Company is based on the corporate governance document of IEX.[51]

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. Completed notice of proposed rule change for publication in the Federal Register.

5. Text of proposed amendments to the By-Laws.

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49 See supra notes 12, 13, and 20.

50 See supra notes 14 and 15.

51 See supra note 21.