

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-80061; File No. SR-PEARL-2017-10)

February 17, 2017

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Establish the MIAX PEARL Fee Schedule

Pursuant to the provisions of 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 February 13, 2017, MIAX PEARL, LLC (“MIAX PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposal to establish the MIAX PEARL Fee Schedule (the “Fee Schedule”) by adopting rebates and fees applicable to participants trading options on and/or using services provided by MIAX PEARL.

MIAX PEARL commenced operations as a national securities exchange registered under Section 6 of the Act³ on February 6, 2017.⁴ The Exchange proposes to establish its Fee Schedule. The Exchange initially filed the proposal on February 3, 2017 (SR-PEARL-2017-08). That filing has been withdrawn and replaced with the current filing (SR-PEARL-2017-10).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78f.

⁴ See Securities Exchange Act Release No. 79543 (December 13, 2016), 81 FR 92901 (December 20, 2016)(File No. 10-227)(order approving application of MIAX PEARL, LLC for registration as a national securities exchange).

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings/pearl>, 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 Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to establish transaction rebates and fees, regulatory fees, and certain non-transaction fees applicable to market participants trading options on and/or using services provided by the Exchange. These rebates and fees will apply to all market participants trading options on and/or using services provided by MIAX PEARL.

Definitions

The Exchange has included a Definitions section at the beginning of the Fee Schedule. The purpose of the Definitions section is to streamline the Fee Schedule by placing many of the defined terms used in the Fee Schedule in one location at the beginning of the Fee Schedule. Many of the defined terms are also defined in Exchange Rules, particularly in Exchange Rule 100. Any defined terms that are also defined or otherwise explained in Exchange Rules contain a cross reference to the relevant Exchange Rule. The Exchange notes that other exchanges have

Definitions sections in their respective fee schedule,⁵ and the Exchange believes that including a Definitions section in the front of the Exchange's Fee Schedule makes the Fee Schedule more user-friendly.

i. Transaction Rebates/Fees

The proposed Fee Schedule sets forth transaction rebates and fees for all options traded on the Exchange in amounts that vary depending upon certain factors, including the type of market participant for whom the transaction is executed (e.g. Market Maker or Priority Customer) and the amount of volume executed by the Member, as described more fully below.

Exchange Add/Remove Tiered Rebates/Fees

In general, the Exchange proposes that Add/Remove Tiered Rebates/Fees applicable to all market participants will be based upon the total monthly volume executed by the Member⁶ on MIA X PEARL in the relevant origin type (not including Excluded Contracts)⁷ expressed as a percentage of total consolidated volume ("TCV"). TCV, which is defined in the Definitions section of the Fee Schedule, means total consolidated volume calculated as the total national volume in those classes listed on MIA X PEARL for the month for which the fees apply, excluding consolidated volume executed during the period time in which the Exchange experiences an "Exchange System Disruption" (solely in the option classes of the affected Matching Engine (as defined below)). The term Exchange System Disruption, which is defined

⁵ See Exchange Act Release Nos. 70200 (August 14, 2013), 78 FR 51242(August 20, 2013)(SR-Topaz-2013-10); 76453(November 17,2015), 80 FR 72999(November 23, 2015)(SR-EDGX-2015-56).

⁶ "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of the Exchange 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.

⁷ "Excluded Contracts" means any contracts routed to an away market for execution.

in the Definitions section of the Fee Schedule, means an outage of a Matching Engine or collective Matching Engines for a period of two consecutive hours or more, during trading hours. The term Matching Engine, which is also defined in the Definitions section of the Fee Schedule, is a part of the MIAX PEARL electronic system that processes options orders and trades on a symbol-by-symbol basis. Some Matching Engines will process option classes with multiple root symbols, and other Matching Engines may be dedicated to one single option root symbol (for example, options on SPY may be processed by one single Matching Engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated Matching Engine. A particular root symbol may not be assigned to multiple Matching Engines. The Exchange believes that it is reasonable and appropriate to select two consecutive hours as the amount of time necessary to constitute an Exchange System Disruption, as two hours equates to approximately 1.4% of available trading time per month. The Exchange notes that the term “Exchange System Disruption” and its meaning have no applicability outside of the Fee Schedule, as it’s used solely for purposes of calculating volume for the threshold tiers in the Fee Schedule.

In addition, the per contract transaction rebates and fees shall be applied retroactively to all eligible volume once the threshold tier (“Tier”) has been reached by the Member. The Exchange additionally proposes to aggregate the volume of Members and their Affiliates.⁸ Members that place resting liquidity, i.e., orders on the MIAX PEARL System, will be paid the specified “maker” rebate (each a “Maker”) and Members that execute against resting liquidity will be assessed the specified “taker” fee (each a “Taker”). For opening transactions and ABBO uncrossing transactions, interest from Priority Customer origin types shall be treated as a Maker,

⁸ “Affiliate” means an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A.

and interest from all origin types other than Priority Customers shall be treated as a Taker. Finally, Members shall be assessed lower transaction fees and smaller rebates for order executions in standard option classes in the Penny Pilot Program⁹ (“Penny classes”) than for order executions in standard option classes which are not in the Penny Pilot Program (“Non-Penny classes”), for which Members will be assessed a higher transaction fees and larger rebates.

The Add/Remove Tiered Rebates/Fees proposed by the Exchange are similar in structure to and in the range of the transaction rebates and fees charged by BATS BZX Options Exchange (“BATS”) to its market participants.¹⁰ The Exchange notes, however, that while the proposed transaction rebate and fee structure is similar to that of BATS, it is not identical since the Exchange proposes to use TCV as the denominator in determining the volume for each Tier and BATS instead uses OCC Clearing Volume (“OCV”) as its denominator in the volume for each of its tiers. OCV is the total equity and ETF options volume that clears in the Customer range at the Options Clearing Corporation (“OCC”) for the month for which the fees apply, excluding volume on any day that the Exchange experiences an exchange system disruption and on any day with a scheduled early market close. TCV encompasses volume from all clearing types [C,F,M], whereas OCV encompasses only Customer cleared volume. A further distinction is the fact that the Exchange proposes to use actual, total monthly volume as the numerator in determining the volume for each Tier and BATS instead uses an average of daily volume (“ADV”) as its numerator in the volume for each of its tiers. Additionally, BATS includes in the volume calculations for certain of its tiers applicable to its market participants the volume by

⁹ See Securities Exchange Act Release Nos. 78080 (June 15, 2016), 81 FR 40377 (June 21, 2016)(SR-MIAX-2016-16); 79432 (November 30, 2016), 81 FR 87990 (December 6, 2016)(SR-MIAX-2016-45).

¹⁰ See Bats BZX Options Fee Schedule, Transaction Fees, at http://www.bats.com/us/options/membership/fee_schedule/bzx/.

such Member on BATS' equities market. Unlike BATS, the Exchange does not presently offer any such comparable arrangement.¹¹

The Exchange's transaction rebates and fees structure is also similar to that of ISE Gemini, LLC ("Gemini").¹² Gemini has adopted a maker-taker tiered fee structure based upon volume that is also further delineated by whether the transaction is in Penny and SPY classes or Non-Penny classes. Similar to the structure proposed by the Exchange, the highest tier threshold attained by a Gemini member applies retroactively in a given month to all eligible traded contracts and applies to all eligible market participants. All eligible volume from affiliated members is aggregated in determining applicable tiers, provided there is at least 75% common ownership between the members as reflected on each member's Form BD, Schedule A. Non-Priority Customer orders are charged the taker fee for trades executed during the opening rotation and Priority Customer orders executed during the opening rotation receive the applicable maker rebate based on the tier achieved.

A. Orders for Priority Customers

Transaction rebates/fees applicable to all orders submitted by a Member for the account of a Priority Customer¹³ will be assessed according to the following table:

¹¹ Id.

¹² See ISE Gemini, LLC Fee Schedule, Section I. Regular Order Fees and Rebates, at http://www.ise.com/assets/gemini/documents/OptionsExchange/legal/fee/Gemini_Fee_Schedule.pdf

¹³ "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). See Exchange Rule 100, including Interpretations and Policies .01.

			Per Contract Rebates/Fees for Penny Classes		Per Contract Rebates/Fees for Non-Penny Classes	
Origin	Tier	Volume Criteria	Maker	Taker	Maker	Taker
Priority Customer	1	0.00% - 0.05%	(\$0.25)	\$0.49	(\$0.85)	\$0.87
	2	Above 0.05% - 0.35%	(\$0.40)	\$0.49	(\$1.05)	\$0.86
	3	Above 0.35% - 0.50%	(\$0.50)	\$0.48	(\$1.05)	\$0.85
	4	Above 0.50% - 0.75%	(\$0.53)	\$0.48	(\$1.05)	\$0.84
	5	Above 0.75%	(\$0.54)	\$0.48	(\$1.05)	\$0.84

Transactions on behalf of a BATS “Customer” are similar to transactions by a Member on behalf of the Exchange’s origin type “Priority Customer”.¹⁴ The rebates and fees proposed by the Exchange for Priority Customer transactions are also similar to those assessed in select tiers by BATS for transactions on behalf of its Customers. For example, for a BATS member adding liquidity in a Penny Pilot class on behalf of the account of a Customer, BATS pays a rebate of (i) \$0.25 for ADV and below of less than 0.05% of average OCV; (ii) \$0.40 for ADV equal to or greater than 0.05% of average OCV; (iii) \$0.48 for ADV equal to or greater than 0.40% of average OCV; and (iv) \$0.50 for ADV equal to or greater than 1.30% of average OCV. Additionally, for a BATS member taking liquidity in a Penny Pilot class on behalf of the account of a Customer, BATS assesses a fee of (i) \$0.49 for a member that has an average daily added volume in Customer orders less than 0.50% of average OCV; and (ii) \$0.48 for a member that has an average daily added volume in Customer orders equal to or greater than 0.50% of average OCV and has on BZX Equities an average daily added volume equal to or greater than 0.50% of average TCV.¹⁵

¹⁴ See supra note 10.

¹⁵ Id.

B. Orders for Market Makers

Transaction rebates/fees applicable to all Market Makers¹⁶ will be assessed according to the following table:

			Per Contract Rebates/Fees for Penny Classes		Per Contract Rebates/Fees for Non-Penny Classes	
Origin	Tier	Volume Criteria	Maker	Taker	Maker	Taker
All MIAX PEARL Market Makers	1	0.00%-0.10%	(\$0.25)	\$0.50	(\$0.30)	\$1.05
	2	Above 0.10%-0.50%	(\$0.40)	\$0.48	(\$0.60)	\$1.03
	3	Above 0.50%-0.75%	(\$0.45)	\$0.47	(\$0.65)	\$1.02
	4	Above 0.75%	(\$0.48)	\$0.47	(\$0.70)	\$1.02

The Market Maker rebates and fees proposed by the Exchange are similar in structure to the transaction rebates and fees charged by BATS to its market makers. For example, for a market maker adding liquidity in a Penny Pilot class, BATS pays a rebate of (i) \$0.35 for ADV (and below) of less than 0.40% of average OCV; (ii) \$0.40 for volume equal to or greater than 0.40% of average OCV; and (iii) \$0.42 if the member has an average daily added volume in market maker and/or away market maker orders equal to or greater than 1.30% of average OCV and has average daily volume equal to or greater than 2.60% of average OCV. For a market maker adding liquidity in a Non-Penny class, BATS pays a rebate of (i) \$0.42 for volume less than 0.40% of OCV; (ii) \$0.45 for volume equal to or greater than 0.40% of average OCV; (iii) \$0.52 for volume equal to or greater than 1.30% of average OCV; and (iv) \$0.65 if the member has an average daily added volume in market maker orders in Non-Penny classes equal to or

¹⁶ “Market Maker” means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange. See Exchange Rule 100.

greater than 0.10% of average OCV and has average daily added volume in non-Priority Customer orders equal to or greater than 3.00% of average OCV.¹⁷

Additionally, for a market maker taking liquidity in a Penny Pilot class, BATS assesses a fee of (i) \$0.50 for average daily added volume of less than 1.30% of average OCV; (ii) \$0.47 for average daily added volume of equal to or greater than 1.30% of average OCV; and (iii) \$0.44 for average daily added volume of equal to or greater than 1.70% of average OCV.¹⁸

C. Orders for all other Market Participants

Transaction rebates/fees applicable to all orders submitted by a Member for the account of a non-Priority Customers, Firms, Broker-Dealers and non-MIAX Pearl Market Makers will be assessed according to the following table:

			Per Contract Rebates/Fees for Penny Classes		Per Contract Rebates/Fees for Non-Penny Classes	
Origins	Tier	Volume Criteria	Maker	Taker	Maker	Taker
Non-Priority Customer, Firm, BD, and Non-MIAX PEARL Market Makers	1	0.00%-0.10%	(\$0.25)	\$0.50	(\$0.30)	\$1.05
	2	Above 0.10%-0.50%	(\$0.40)	\$0.49	(\$0.60)	\$1.04
	3	Above 0.50%-0.75%	(\$0.45)	\$0.48	(\$0.65)	\$1.04
	4	Above 0.75%	(\$0.48)	\$0.48	(\$0.70)	\$1.04

The Add/Remove Tiered Rebates and Fees assessable to these market participants who are not Priority Customers and who are not MIAX PEARL Market Makers proposed by the Exchange are also similar in structure to and in the range of the transaction rebates and fees charged by BATS for transactions for the accounts of similar market participants. The Exchange

¹⁷ See supra note 10.

¹⁸ Id.

notes, however, that BATS has three separate groupings for these other market participants,¹⁹ whereas the Exchange is proposing to have one combined grouping for such participants. For example, for transactions on behalf of firms or broker-dealers adding liquidity in a Penny Pilot class, BATS pays a rebate of (i) \$0.36 for members with an average daily added volume in away market maker/firm/broker-dealer/joint back office orders less than .50% of average OCV, and has an average daily volume of less than .40% of average OCV; (ii) \$0.46 for members with an average daily added volume in away market maker/firm/broker-dealer/joint back office orders equal to or greater than 1.05% of average OCV, and has an average daily volume equal to or greater than 1.95% of average OCV; and (iii) \$0.43 for members with an average daily volume equal to or greater than 0.50% of average OCV, and has an average daily added volume in away market maker/firm/broker-dealer/joint back office orders equal to or greater than 0.40% of average OCV.²⁰

Additionally, for transactions on behalf of professionals, firm, broker-dealer or away market maker taking liquidity in a Penny Pilot class, BATS assesses a fee of (i) \$0.50 for average daily added volume of less than 1.30% of average OCV; (ii) \$0.47 for average daily added volume of equal to or greater than 1.30% of average OCV; and (iii) \$0.44 for average daily added volume of equal to or greater than 1.70% of average OCV.²¹

Routing Fees

MIAX PEARL proposes to assess Routing Fees in order to recoup costs incurred by MIAX PEARL when routing orders to various away markets. The amount of the applicable fee,

¹⁹ BATS has a separate grouping for (1) Professionals, (2) Firm/BD/JBO, and (3) Away Market Maker. See supra note 10.

²⁰ See supra note 10.

²¹ Id.

if any, is based upon (i) the origin type of the order, (ii) whether or not it is an order for an option in a Penny or Non-Penny class (or other explicitly identified classes) and (iii) to which away market it is being routed, according to the following table:²²

Description	Fees
Routed, Priority Customer, Penny Pilot, to: AMEX, BOX, CBOE, EDGX, MERCURY, MIAX OPTIONS, PHLX (except SPY), BX	\$0.15
Routed, Priority Customer, Penny Pilot, to: ARCA, BATS, C2, GEMINI, ISE, NOM, PHLX (SPY only)	\$0.65
Routed, Priority Customer, Non-Penny Pilot, to: AMEX, BOX, CBOE, EDGX, ISE, MERCURY, MIAX OPTIONS, PHLX, BX	\$0.15
Routed, Priority Customer, Non-Penny Pilot, to: ARCA, BATS, C2, GEMINI, NOM	\$0.97
Routed, Public Customer that is not a Priority Customer, Penny Pilot, to: AMEX, ARCA, BATS, BOX, CBOE, C2, EDGX, GEMINI, ISE, MERCURY, MIAX OPTIONS, NOM, PHLX, BX	\$0.65
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: AMEX	\$0.65
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: ARCA, BATS, C2, GEMINI, MERCURY, BX	\$1.20
Routed (Public Customer that is not a Priority Customer), Non-Penny Pilot, to: BOX, CBOE, EDGX, ISE, MIAX OPTIONS, NOM, PHLX	\$0.97

In analyzing its fees, the Exchange took into account clearing costs,²³ administrative, regulatory, and technical costs associated with routing orders to an away market. The Exchange uses unaffiliated routing brokers to route orders to the away markets; the costs associated with the use of these services are included in the Routing Fees specified in the Fee Schedule. This Routing Fees structure is comparable to the structures in place at other exchanges, such as

²² This is similar to the methodologies utilized by BATS in assessing Routing Fees. See Bats Fee Schedule under “Fee Codes and Associated Fees”.

²³ The OCC amended its clearing fee from \$0.01 per contract side to \$0.02 per contract side. See Securities Exchange Act Release No. 71769 (March 21, 2014), 79 FR 17214 (March 27, 2014) (SR-OCC-2014-05).

BATS.²⁴ The BATS BZX fee schedule has exchange groupings, whereby several exchanges are grouped into the same category, dependent on the order's origin type and whether it is a Penny or Non-Penny Pilot class. For example, BATS fee code RQ covers routed customer orders in Non-Penny classes to ARCA, C2, ISE, ISE Gemini, MIAX PEARL or NOM, with a single fee of \$0.70 per contract. The Exchange is proposing a similar structure, however its structure is more granular and thus contains more exchange groupings. The Exchange is proposing to have 8 different exchange groupings, based on the exchange, order type, and option class. The Exchange believes that having more groupings will offer the Exchange greater precision in covering its costs associated with routing orders to away markets. The per-contract transaction fee amount associated with each grouping closely approximates the Exchange's all-in cost (plus an additional, non-material amount) to execute that corresponding contract at that corresponding exchange. For example, to execute a Priority Customer order in a Penny Pilot symbol (other than SPY) at AMEX costs the Exchange approximately \$0.15 a contract. Since this is also the approximate cost to execute that same order at BOX, the Exchange is able to group AMEX and BOX together in the same grouping. This same logic and structure applies to all of the groupings in the Routing Fees table. Other exchanges, like the Exchange's affiliate, Miami International Securities Exchange, LLC ("MIAX Options"), have routing fee structures that simply pass onto the Member the actual charge assessed by the away market where the order is executed plus a fixed fee surcharge (which in the case of MIAX Options is \$0.10).²⁵ However, in the Exchange's experience, this structure of simply passing on the actual charge plus a mark-up can be administratively burdensome, particularly when multiple, third-party, unaffiliated routing

²⁴ See supra note 10.

²⁵ See MIAX Options Fee Schedule, Section 1) Transaction Fees at http://www.miaxoptions.com/sites/default/files/pagefiles/MIAX_Options_Fee_Schedule_02012017.pdf.

broker-dealers are used to route and execute the orders at the away market. This is because the routing broker-dealers have different billing policies and practices, and it often can take several hours per month reconciling trades and bills at the end of each month. By utilizing the structure proposed by the Exchange, the Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets.

ii. Regulatory Fees

Sales Value Fee

The Sales Value Fee²⁶ is proposed to be assessed by the Exchange to each Member for sales on the Exchange with respect to which the Exchange is obligated to pay a fee to the Commission pursuant to Section 31 of the Exchange Act. The Sales Value Fee is equal to the Section 31 fee rate multiplied by the Member's aggregate dollar amount of covered sales resulting from options transactions occurring on the Exchange during any computational period. The Section 31 fee rate is set annually by the United States Securities and Exchange Commission ("Commission"). To the extent there may be any excess monies collected under this rule, the Exchange may retain those monies to help fund general operating expenses. The sales transactions to which the fee applies are sales of options (other than options on a security index) and the sales of securities resulting from the exercise of physical-delivery options. The fee is collected indirectly from Members through their clearing firms by the OCC on behalf of MIAX PEARL with respect to option sales and options exercises. The Sales Value fee proposed by the

²⁶ See Exchange Rule 1207.

Exchange is identical to the fee assessed by other exchanges, including the Exchange's affiliate MIAX Options.

Web CRD²⁷ Fees

Financial Industry Regulatory Authority ("FINRA"), through the Web CRDSM registration system for the registration of associated persons of Electronic Exchange Member and Market Maker organizations that are not also FINRA members, collects from those MIAX PEARL Members general registration fees and fingerprint processing fees. The Fee Schedule sets forth both the Web CRD Fees FINRA is currently charging and the Web CRD Fees it will begin charging February 6, 2017. The Web CRD fees proposed by the Exchange are similar to those assessed by other exchanges and identical to the same fees assessed by MIAX Options.

iii. Non-Transaction Fees

The Exchange proposes to establish certain non-transaction fees, including membership, testing, system connectivity and market data fees, applicable to Members and non-Members using services provided by MIAX PEARL.

Membership Fees

MIAX PEARL proposes to assess Membership fees for Applications and Trading Permits.

A. Application for MIAX PEARL Membership

A one-time application fee based upon the applicant's status as either an Electronic Exchange Member ("EEM") or as a Market Maker will be assessed by MIAX PEARL. The Exchange proposes to assess the one-time application fee on the earlier of (i) the date the

²⁷ FINRA operates the Web Central Registration Depository (CRD®), the central licensing and registration system for the U.S. securities industry and its regulators. It contains the registration records of more than 6,800 registered broker-dealers and the qualification, employment, and disclosure histories of more than 660,000 active registered individuals.

applicant is certified in the Exchange’s membership system or (ii) once an application for MIAX PEARL membership is finally denied. MIAX PEARL proposes that the one-time application fee for membership will be waived for a period of time, which the Exchange has defined in the Fee Schedule as the Waiver Period,²⁸ for both EEMs and Market Makers. MIAX PEARL believes that this will provide incentive for potential applicants to submit early applications, which should result in increasing potential order flow and liquidity as MIAX PEARL begins trading. The Exchange will submit a rule filing to the Commission to establish the fee amount and any related requirements, and provide notice to expire the applicable Waiver Period. Even though the Exchange is proposing to waive this particular fee during the Waiver Period, the Exchange believes that is appropriate to provide market participants with the overall structure of the fee by outlining the structure on the Fee Schedule without setting forth a specific fee amount, so that there is general awareness that the Exchange intends to assess such a fee in the future, should the Waiver Period terminate and the Exchange establish an applicable fee.

B. Trading Permits

MIAX PEARL proposes to issue Trading Permits that confer the ability to transact on MIAX PEARL. Trading Permits will be issued to EEMs and Market Makers. Members receiving Trading Permits during a particular calendar month will be assessed monthly Trading Permit Fees as shall be set forth in the Fee Schedule. The Exchange notes that the Exchange’s affiliate, MIAX Options, charges trading permit fees as well, and the Exchange’s proposed structure for its Trading Permit fees is based on the structure of MIAX Options, particularly as it

²⁸ “Waiver Period” means, for each applicable fee, the period of time from the initial effective date of the MIAX PEARL Fee Schedule until such time that the Exchange has an effective fee filing establishing the applicable fee. The Exchange will issue a Regulatory Circular announcing the establishment of an applicable fee that was subject to a Waiver Period at least fifteen (15) days prior to the termination of the Waiver Period and effective date of any such applicable fee.

relates to EEMs. As it relates to Market Makers, MIAX Options charges its market makers based on the number of options classes to which the market maker is appointed. Since the market making structure on the Exchange is not identical to the market making structure on MIAX Options, the Exchange may propose to charge its Market Makers in a different manner than is charged at MIAX Options. The monthly Trading Permit Fees assessable to EEMs and Market Makers are being waived by the Exchange for the Waiver Period. The Exchange will submit a rule filing to the Commission to establish the fee amount and any related requirements, and provide notice to terminate the applicable Waiver Period. Even though the Exchange is proposing to waive this particular fee during the Waiver Period, the Exchange believes that is appropriate to provide market participants with the overall structure of the fee by outlining the structure on the Fee Schedule without setting forth a specific fee amount, so that there is general awareness that the Exchange intends to assess such a fee in the future, should the Waiver Period terminate and the Exchange establish an applicable fee.

Testing and Certification Fees

A. API Testing and Certification Fee

Members

MIAX PEARL proposes to assess an Application Programming Interface (“API”) testing and certification fee on all Members depending upon the type of interface being tested. An API makes it possible for Member software to communicate with MIAX PEARL software applications, and is subject to Member testing with, and certification by, MIAX PEARL. The Exchange proposes to offer four types of interfaces: (i) the Financial Information Exchange (“FIX”) Port, which allows Members to electronically send orders in all products traded on the Exchange; (ii) the MIAX Express Network (“MEO”) Port, which allows EEMs and Market

Makers to submit electronic orders to the Exchange; (iii) the Clearing Trade Drop (“CTD”) Port, which provides real-time trade clearing information to the participants to a trade on MIAX PEARL and to the participants’ respective clearing firms; and (iv) FIX Drop Copy (“FXD”) Port, which provides a copy of real-time trade execution, correction and cancellation information through a FIX Port to any number of FIX Ports designated by an EEM to receive such messages. API Testing and Certification Fees will be assessed (i) initially per API per interface in the month the Member has been credentialed to use one or more ports in the production environment for the tested API, and (ii) each time a Member initiates a change to its system that requires testing and certification. API Testing and Certification Fees will not be assessed in situations where the Exchange initiates a mandatory change to the Exchange’s system that requires testing and certification. The fees represent costs incurred by the Exchange as it works with each Member for testing and certifying that the Member’s software systems communicate properly with MIAX PEARL’s interfaces. MIAX PEARL has set a one-time fee so that MIAX PEARL Members will know the full cost for the service prior to beginning to use such services and thereby be more cost effective to the Members.

In order to provide an incentive to prospective Members to apply early for membership and to engage in API testing and certification such that they will be able to trade options on MIAX PEARL as soon as possible, API Testing and Certification fees assessable to Members will be waived by the Exchange for all interfaces for the Waiver Period. The Exchange will submit a rule filing to the Commission to establish the fee amount and any related requirements, and provide notice to terminate the applicable Waiver Period. Even though the Exchange is proposing to waive this particular fee during the Waiver Period, the Exchange believes that is appropriate to provide market participants with the overall structure of the fee by outlining the

structure on the Fee Schedule without setting forth a specific fee amount, so that there is general awareness that the Exchange intends to assess such a fee in the future, should the Waiver Period terminate and the Exchange establish an applicable fee.

Non-Members

MIAX PEARL proposes to assess a one-time API Testing and Certification fee per interface on third-party vendors, Service Bureaus and other non-Members whose software interfaces with MIAX PEARL software. As with Members, an API makes it possible for the software of third-party vendors, Service Bureaus and other non-Members to communicate with MIAX PEARL software applications, and is subject to testing with, and certification by, MIAX PEARL. API Testing and Certification Fees will be assessed (i) initially per API per interface in the month the non-Member has been credentialed to use one or more ports in the production environment for the tested API, and (ii) each time a non-Member initiates a change to its system that requires testing and certification. API Testing and Certification Fees will not be assessed in situations where the Exchange initiates a mandatory change to the Exchange's system that requires testing and certification.

Other exchanges, including NASDAQ PHLX, LLC and NASDAQ Stock Market, charge a fee for similar services to Members and non-Members.²⁹ In order to provide an incentive to non-Members to engage in early API testing and certification such that they will be able to utilize the services of MIAX PEARL as soon as possible, API Testing and Certification fees assessable to non-Members will be waived by the Exchange for all interfaces for the Waiver

²⁹ See NASDAQ PHLX LLC ("PHLX") Pricing Schedule, Chapter VII, Section E at http://nasdaqphlx.cchwallstreet.com/NASDAQPHLXTools/PlatformViewer.asp?selectednode=chp_1_4_1&manual=%2Fnasdaqomxphlx%2Fphlx%2Fphlx-rulesbrd%2F; see also NASDAQ Stock Market Options Pricing, Chapter XV, Section 13 at http://nasdaq.cchwallstreet.com/NASDAQTools/PlatformViewer.asp?selectednode=chp_1_1_15&manual=%2Fnasdaq%2Fmain%2Fnasdaq-optionsrules%2F.

Period. The Exchange will submit a rule filing to the Commission to establish the fee amount and any related requirements, and provide notice to terminate the applicable Waiver Period.

Even though the Exchange is proposing to waive this particular fee during the Waiver Period, the Exchange believes that is appropriate to provide market participants with the overall structure of the fee by outlining the structure on the Fee Schedule without setting forth a specific fee amount, so that there is general awareness that the Exchange intends to assess such a fee in the future, should the Waiver Period terminate and the Exchange establish an applicable fee.

B. Member Network Testing and Certification Fee

As described below under “System Connectivity Fees”, MIAX PEARL will establish electronic communication connections with Members and proposes to assess Members a Testing and Certification Fee of \$1,000.00 per Member per one (1) Gigabit (“Gb”) connection, \$4,000.00 per Member per ten (10) Gb connection and \$4,000.00 per Member per ten (10) Gb ultra-low-latency (“ULL”) connection. Member Network Connectivity Testing and Certification Fees will be assessed (i) initially per connection in the month the Member has been credentialed to use any API or Market Data feeds in the production environment utilizing the tested network connection, and (ii) each time a Member initiates a change to its system that requires network connectivity testing and certification. Network Connectivity Testing and Certification Fees will not be assessed in situations where the Exchange initiates a mandatory change to the Exchange’s system that requires testing and certification. Member Network Connectivity Testing and Certification Fees will not be assessed for testing and certification of connectivity to the Exchange’s Disaster Recovery Facility.

These proposed fee amounts are identical to the fees currently assessed for the same services at MIAX Options. The Exchange notes that the MENI, which is defined in the

Definitions section of the Fee Schedule, is a network infrastructure which provides Members and non-Members network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facility of the Exchange. The MENI consists of the low latency and ultra-low latency (“ULL”) connectivity options set forth in the Exchange’s Fee Schedule. The MENI can also be configured to provide network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facility of the Exchange’s affiliate, MIAX Options, via a single, shared connection. Accordingly, Members utilizing the MENI to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX Options via a single, shared connection will only be assessed one Network Connectivity Testing and Certification Fee per connection tested, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.³⁰

C. Non-Member Network Testing and Certification Fee

MIAX PEARL will establish electronic connections with and proposes to assess Service Bureaus, Extranet Providers and other non-Members a Testing and Certification Fee of \$1,200.00 per non-Member per one (1) Gigabit (“Gb”) connection, \$4,200.00 per non-Member per ten (10) Gb connection and \$4,200.00 per non-Member per ten (10) Gb ultra-low-latency (“ULL”) connection.

Non-Member Network Connectivity Testing and Certification Fees will be assessed (i) initially per connection in the month the non-Member has been credentialed to use any API or Market Data feeds in the production environment utilizing the tested network connection, and (ii)

³⁰ The Exchange notes that MIAX Options has filed with the Commission a proposed rule change to adopt similar clarifying rules in connection with the launch of trading on MIAX PEARL. See SR-MIAX-2017-05 filed on February 13, 2017 at <http://www.miaxoptions.com/rule-filings>.

each time a non-Member initiates a change to its system that requires network connectivity testing and certification. Network Connectivity Testing and Certification Fees will not be assessed in situations where the Exchange initiates a mandatory change to the Exchange's system that requires testing and certification. Non-Member Network Connectivity Testing and Certification Fees will not be assessed for testing and certification of connectivity to the Exchange's Disaster Recovery Facility.

These proposed fee amounts are identical to the fees currently assessed for the same services at MIAX Options. As with Member subscribers, the MENI can also be configured to provide network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facility of the Exchange's affiliate, MIAX Options, via a single, shared connection. Accordingly, non-Members utilizing the MENI to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX Options via a single, shared connection will only be assessed one Network Connectivity Testing and Certification Fee per connection tested, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.³¹ The Member and non-Member Network Testing and Certification fees represent installation and support costs incurred by the Exchange as it works with each Member and non-Member to make sure there are appropriate electronic connections with MIAX PEARL. Other exchanges, including MIAX Options, charge fees for similar services to Members and non-Members.³² The Exchange proposes to assess a higher Network testing and certification fee to non-Members than to Members similar to how MIAX Options assesses such fees to its Members and non-Members.

³¹ Id.

³² See supra note 29. The fees proposed by the Exchange are also identical to those assessed by MIAX Options for the same services.

The higher fee charged to non-Members reflects the greater amount of time spent by MIAX PEARL employees testing and certifying non-Members. It has been MIAX PEARL's experience that Member network connectivity testing takes less time than non-Member network connectivity testing because Members have more experience testing these systems with exchanges as generally fewer questions and issues arise during the testing and certification process.

System Connectivity Fees

MIAX PEARL proposes to assess fees to Members and non-Members for electronic connections between those entities and MIAX PEARL. The connectivity fees are generally based upon the amount of bandwidth that will be used by the Member or non-Member. MIAX PEARL currently offers fiber optic connectivity with a bandwidth of (i) one (1) Gb; (ii) ten (10) Gb; and (iii) ten (10) Gb ULL, which connects the user to MIAX PEARL using an ultra-low latency switch, which provides faster processing of messages sent to it in comparison to the switch used for the other types of connectivity. The Exchange offers connectivity to its Primary, Secondary and Disaster Recovery Facilities through the 1 Gb and 10 Gb connections and offers connectivity to its Primary and Secondary Facilities through the 10 Gb ULL connection.

A. Member Network Connectivity Fee

MIAX PEARL proposes to assess a monthly Member Network Connectivity fee of (i) \$1,100 per one (1) Gb connection to the Exchange's Primary and Secondary Facilities; (ii) \$500.00 per one (1) Gb connection to the Exchange's Disaster Recovery Facility; (iii) \$5,500.00 per ten (10) Gb connection to the Exchange's Primary and Secondary Facilities; (iv) \$2,500.00 per ten (10) Gb connection to the Exchange's Disaster Recovery Facility; and (v) \$8,500 per ten (10) Gb ULL connection to the Exchange's Primary and Secondary Facilities. MIAX PEARL

charges a higher fee for the 10 Gb and 10 Gb ULL connections due the higher costs of the bandwidths and the low latency switch in the case of the 10 Gb ULL connection. MIAX PEARL's monthly Member Network Connectivity fees are identical to those charged by MIAX Options and are comparable to the monthly fees charged for similar connectivity at Chicago Board Options Exchange, Incorporated ("CBOE"), which are (i) \$750 for a 1 Gb connection, (ii) \$4,000 for a 10 Gb connection and (iii) \$250 for 1 Gb connection to CBOE's Disaster Recovery facility,³³ and at PHLX, which are (i) \$1,000 for a 1 Gb connection, and (ii) \$5,000 for a ten (10) Gb connection.³⁴

Monthly Member Network Connectivity fees for connectivity with the Primary/Secondary Facility will be assessed in any month the Member is credentialed to use any of the MIAX PEARL APIs or Market Data feeds in the production environment and will be pro-rated when a Member makes a change to the connectivity (by adding or deleting connections) with such pro-rated fees based on the number of trading days that the Member has been credentialed to utilize any of the MIAX PEARL APIs or Market Data feeds in the production environment through such connection, divided by the total number of trading days in such month multiplied by the applicable monthly rate. Monthly Member Network Connectivity fees for connectivity with the Disaster Recovery Facility will be assessed in each month during which the Member has established connectivity with the Disaster Recovery Facility.

The Exchange notes that the MENI can be configured to provide network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facility of the Exchange's affiliate, MIAX Options, via a single, shared connection. Accordingly, Members

³³ See CBOE Fee Schedule, CBOE Command Connectivity Charges at <http://www.cboe.com/publish/feeschedule/CBOEFeeSchedule.pdf>

³⁴ See PHLX Fee Schedule, Section XI Direct Connectivity to Phlx.

utilizing the MENI to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX Options via a single, shared connection will only be assessed one Member Network Connectivity Fee per connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.³⁵

B. Non-Member Network Connectivity Fee

MIAX PEARL proposes to assess a monthly non-Member Network Connectivity fee of (i) \$1,100 per one (1) Gb connection to the Exchange's Primary and Secondary Facilities; (ii) \$500.00 per one (1) Gb connection to the Exchange's Disaster Recovery Facility; (iii) \$5,500.00 per ten (10) Gb connection to the Exchange's Primary and Secondary Facilities; (iv) \$2,500.00 per ten (10) Gb connection to the Exchange's Disaster Recovery Facility; and (v) \$8,500 per ten (10) Gb ULL connection to the Exchange's Primary and Secondary Facilities. MIAX PEARL charges a higher fee for the 10 Gb and 10 Gb ULL connections due the higher costs of the bandwidths and the low latency switch in the case of the 10 Gb ULL connection. MIAX PEARL's monthly non-Member Network Connectivity fees are identical to those charged by MIAX Options and are comparable to the monthly fees charged for similar connectivity at CBOE, which are (i) \$750 for a 1 Gb connection, (ii) \$4,000 for a 10 Gb connection and (iii) \$250 for 1 Gb connection to CBOE's Disaster Recovery facility³⁶ and at PHLX, which are (i) \$1,000 for a 1 Gb connection, and (ii) \$5,000 for a ten (10) Gb connection.³⁷

Monthly non-Member Network Connectivity fees for connectivity with the Primary/Secondary Facility will be assessed in each month the non-Member has been

³⁵ See supra note 30.

³⁶ See supra note 33.

³⁷ See supra note 34.

credentialed to use any of the MIAX PEARL APIs or Market Data feeds via the network connection in the production environment and will be pro-rated when a non-Member makes a change to the connectivity (by adding or deleting connections) with such pro-rated fees based on the number of trading days that the non-Member has been credentialed to utilize any one of the two MIAX Exchanges' APIs or Market Data feeds in the production environment through such connection, divided by the total number of trading days in such month multiplied by the applicable monthly rate. Monthly Non-Member Network Connectivity fees for connectivity with the Disaster Recovery Facility will be assessed in each month during which the non-Member has established connectivity with the Disaster Recovery Facility.

As with Members, the MENI can be configured to provide network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facility of the Exchange's affiliate, MIAX Options, via a single, shared connection. Accordingly, non-Members utilizing the MENI to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX Options via a single, shared connection will only be assessed one non-Member Network Connectivity Fee per connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.³⁸

C. Pass-through of External Connectivity Fees

MIAX PEARL proposes to assess External Connectivity fees to Members and non-Members that establish connections with MIAX PEARL through a third-party. Fees charged to MIAX PEARL by third-party external vendors on behalf of a Member or non-Member connecting to MIAX PEARL (including cross-connects), will be passed through to the Member

³⁸ See supra note 30.

or non-Member. External Connectivity fees include one-time set-up fees and monthly charges charged to MIAX PEARL by a third-party.

The purpose of the External Connectivity fee is to recoup costs incurred by MIAX PEARL in establishing connectivity with external vendors acting on behalf of a Member or non-Member. MIAX PEARL will only pass-through the actual costs it is charged by the third-party external vendors. Other exchanges, including MIAX Options, charge a fee for similar services to Members and non-Members.

D. Port Fees

Once network connectivity is established, MIAX PEARL proposes to assess fees for access and services used by Members and non-Members via connections known as “Port”. MIAX PEARL provides four (4) Port types, including (i) the FIX Port, which allows Members to electronically send orders in all products traded on the Exchange; (ii) the MEO Port, which allows EEMs and Market Makers to submit electronic orders to the Exchange; (iii) the CTD Port, which provides real-time trade clearing information to the participants to a trade on MIAX PEARL and to the participants’ respective clearing firms; and (iv) FXD Port, which provides a copy of real-time trade execution, correction and cancellation information through a FIX Port to any number of FIX Ports designated by an EEM to receive such messages.

MIAX PEARL will assess monthly Port Fees on Members and non-Members in each month the market participant is credentialed to use a Port in the production environment and based upon the number of credentialed Ports that a user is entitled to use. MIAX PEARL has Primary and Secondary Facilities and a Disaster Recovery Facility. Each type of Port provides access to all three facilities for a single fee. The Exchange notes that, unless otherwise specifically set forth in the Fee Schedule, the Port Fees include the information communicated

through the Port. That is, unless otherwise specifically set forth in the Fee Schedule, there is no additional charge for the information that is communicated through the Port apart from what the user is assessed for each Port.

The Exchange will offer different options of MEO Ports depending on the services required by the Member or non-Member, including a Full Service MEO Port-Bulk,³⁹ a Full Service MEO Port-Single⁴⁰ and a Limited Service MEO Port.⁴¹ A Member or non-Member may be allocated two (2) Full-Service MEO Ports of either type per Matching Engine and up to eight (8) Limited Service MEO Ports per Matching Engine. The two (2) Full-Service MEO Ports that may be allocated per Matching Engine to a Member or non-Member may consist of: (a) two (2) Full Service MEO Ports – Bulk; or (b) two (2) Full Service MEO Ports – Single. Below is the table of Port Fees that appears in the Fee Schedule.

Type of Port	Monthly Port Fees Includes Connectivity to the Primary, Secondary and Disaster Recovery Data Centers
FIX Port	Fee waived for the Waiver Period
Full Service MEO Port - Bulk	Fee waived for the Waiver Period
Full Service MEO Port - Single	Fee waived for the Waiver Period
Limited Service MEO Port	Fee waived for the Waiver Period
CTD Port	Fee waived for the Waiver Period
FXD Port	Fee waived for the Waiver Period

³⁹ “Full Service MEO Port -- Bulk” means an MEO port that supports all MEO input message types and binary bulk order entry.

⁴⁰ “Full Service MEO Port – Single” means an MEO port that supports all MEO input message types and binary order entry on a single order-by-order basis, but not bulk orders.

⁴¹ “Limited Service MEO Port” means an MEO port that supports all MEO input message types, but does not support bulk order entry and only supports limited order types, as specified by the Exchange via Regulatory Circular.

Other exchanges, including MIAX Options, charge a fee for similar services to Members and non-Members. The Exchange's proposed structure for its Port Fees is based on the structure of MIAX Options, subject to a few differences as discussed below. First, the Exchange is not currently proposing to have tiered pricing for FIX Ports, as does MIAX Options. If the Exchange determines to adopt a tiered pricing structure in the future, the Exchange will submit a proposed rule change with the Commission to establish such a structure. Second, the Exchange is proposing to have two types of Full Service MEO Port Fees (Bulk and Single), whereas MIAX Options only has one type of full service port fee (MEI Port Fee). Further, MIAX Options charges for its MEI port fees based on the options class assignments, as measured by the national volume. Since the market making structure on the Exchange is not identical to the market making structure on MIAX Options, the Exchange may propose to assess its MEO Port Fees in a different manner than is assessed by MIAX Options for its MEI Port Fees. Finally, the amount of the CTD Port Fee assessed by MIAX Options is based on the transacted volume of the MIAX Options member. The Exchange is proposing to structure its CDT Port Fee as a monthly fixed amount, not tied to transacted volume of the Member. This fixed fee structure is the same structure in place at Nasdaq PHLX with respect to CTD port fees.⁴² In order to provide an incentive to Members and non-Members to connect to MIAX PEARL through the Ports such that they will be able to utilize the services of MIAX PEARL as soon as possible, all Port fees assessable to Port users will be waived by the Exchange for the Waiver Period for such fees. The Exchange will submit a rule filing to the Commission to establish the fee amount and any related requirements, and provide notice to terminate the applicable Waiver Period. Even though the Exchange is proposing to waive this particular fee during the Waiver Period, the Exchange

⁴² See Phlx Fee Schedule, Section VII Other Member Fees B. Port Fees.

believes that is appropriate to provide market participants with the overall structure of the fee by outlining the structure on the Fee Schedule without setting forth a specific fee amount, so that there is general awareness that the Exchange intends to assess such a fee in the future, should the Waiver Period terminate and the Exchange establish an applicable fee.

E. MPID Fees

MIAX PEARL proposes to assess monthly Member Participant Identifier (“MPID”) fees on Members based upon the type of MPID. Type of MPID will be either FIX MPID, using the FIX Port interface, or MEO MPID, using the MEO Port interface. MIAX PEARL intends to assess MPID fees in order to cover the administrative costs it incurs in assigning and managing these identifiers for each Member.

Other exchanges, including MIAX Options, charge a fee for similar services to Members, however there are the following differences between the structure proposed by the Exchange and the structure at MIAX Options, as discussed below. First, as discussed above, the Exchange is proposing to distinguish between MPIDs associated with FIX and MPIDs associated with MEO, and thus both types of MPIDs will respectively have their own associated fee amount. MIAX Options does not make that distinction, and thus has only one type of MPID fee. The Exchange has determined to make this distinction (between FIX MPIDs and MEO MPIDs) due to the difference in market structure between the Exchange and MIAX Options, as the Exchange believes that its maker-taker, price time market structure makes it appropriate to for having a dual MPID fee structure, given the expected trading behavior of Members over the respective interface and the Exchange’s costs associated with maintaining each type of interface. Further, MIAX Options only assesses MPID fees on EEMs, whereas the Exchange proposes to assess MPID fees on all Members. Again, the Exchange has determined to make this distinction

(assessing MPID fees on all Members versus only on EEMs) because it believes that its maker-taker, price time market structure makes it appropriate for assessing all Members based on expected trading behavior of Members on the Exchange and the Exchange's costs associated with maintaining each type of interface. Second, the Exchange is not currently proposing to have tiered pricing for MPIDs, as does MIAX Options. The Exchange has determined to make this distinction (not offering tiered pricing versus offering tiered pricing) because it believes that its maker-taker, price time market structure will result in Members needing fewer MPIDs, therefore lessening the need for a tiered pricing structure. If the Exchange determines to adopt a tiered pricing structure in the future, the Exchange will submit a proposed rule change with the Commission to establish such a structure. In order to provide an incentive to Members to start trading on MIAX PEARL as soon as possible, all MPID fees assessable to Members will be waived by the Exchange for the Waiver Period for such fees. The Exchange will submit a rule filing to the Commission to establish the fee amount and any related requirements, and provide notice to terminate the applicable Waiver Period. Even though the Exchange is proposing to waive this particular fee during the Waiver Period, the Exchange believes that is appropriate to provide market participants with the overall structure of the fee by outlining the structure on the Fee Schedule without setting forth a specific fee amount, so that there is general awareness that the Exchange intends to assess such a fee in the future, should the Waiver Period terminate and the Exchange establish an applicable fee.

F. Technical Support Request Fee

MIAX PEARL proposes to assess a technical support request fee to both Members and non-Members that request MIAX PEARL technical support at any of the MIAX PEARL data centers. MIAX PEARL proposes that such fee will be \$200 per hour for such technical support.

The purpose of the proposed fee is to permit users to request the use of Exchange's on-site data center personnel as technical support as a convenience to the users to test or otherwise assess the user's connectivity to the Exchange. Other exchanges, including MIAX Options, charge a fee for similar services to Members and non-Members.

Market Data Fees

The Exchange proposes to assess fees for its market data products, MIAX PEARL Top of Market ("ToM") and MIAX PEARL Liquidity Feed ("PLF"). The Exchange notes that it has separately filed with the Commission a proposed rule change to establish the ToM and PLF products (the "Market Data Product Filing").⁴³ More information about the ToM and PLF products can be found in the Market Data Product Filing. To summarize, ToM provides market participants with a direct data feed that includes the Exchange's best bid and offer, with aggregate size, and last sale information, based on displayable order and quoting interest on the Exchange. The ToM data feed includes data that is identical to the data sent to the processor for the Options Price Reporting Authority ("OPRA"). ToM will also contain a feature that provides the number of Priority Customer contracts that are included in the size associated with the Exchange's best bid and offer.

PLF is a real-time full order book data feed that provides information for orders on the MIAX PEARL order book. PLF will provide real-time information to enable users to keep track of the simple order book for all symbols listed on MIAX PEARL. PLF will provide the following real-time data to its users with respect to each order for the entire order book: origin, limit price, side, size, and time-in-force (e.g., day, GTC). It is a compilation of data for orders

⁴³ See Securities Exchange Act Release No. 79913 (February 1, 2017) (SR-PEARL-2017-01) Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Establish MIAX PEARL Top of Market ("ToM") and MIAX PEARL Liquidity Feed ("PLF") Data Products.

residing on the Exchange's order book for options traded on the Exchange that the Exchange provides through a real-time multi-cast data feed. The Exchange believes the PLF is a valuable tool that subscribers can use to gain comprehensive insight into the limit order book in a particular option.

The Exchange proposes to charge monthly fees to Distributors of the ToM and/or PLF market data products. MIAX PEARL will assess market data fees applicable to the market data products on Internal and External Distributors in each month the Distributor is credentialed to use the applicable market data product in the production environment. A "Distributor" of MIAX PEARL data is any entity that receives a feed or file of data either directly from MIAX PEARL or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). All Distributors are required to execute a MIAX PEARL Distributor Agreement. Market data fees for ToM and PLF will be reduced for new Distributors for the first month during which they subscribe to the applicable market data product, based on the number of trading days that have been held during the month prior to the date on which they have been credentialed to use the applicable market data product in the production environment. Such new Distributors will be assessed a pro-rata percentage of the fees described above, which is the percentage of the number of trading days remaining in the affected calendar month as of the date on which they have been credentialed to use the applicable market data product in the production environment, divided by the total number of trading days in the affected calendar month.

Other exchanges, including MIAX Options, charge fees for market data products to Members and non-Members. In order to provide an incentive to Members and non-Members to receive the market data feeds as soon as possible, all market data fees assessable to Distributors

for ToM and PLF will be waived by the Exchange for the Waiver Period for such fees. The Exchange will submit a rule filing to the Commission to establish the fee amount and any related requirements, and provide notice to terminate the applicable Waiver Period. Even though the Exchange is proposing to waive this particular fee during the Waiver Period, the Exchange believes that is appropriate to provide market participants with the overall structure of the fee by outlining the structure on the Fee Schedule without setting forth a specific fee amount, so that there is general awareness that the Exchange intends to assess such a fee in the future, should the Waiver Period terminate and the Exchange establish an applicable fee.

The Exchange does not propose to adopt any other fees at this time. The Exchange expects to adopt additional fees after the terminations of applicable Waiver Periods as determined by the Exchange, which shall be at a later date. The Exchange will submit rule filings with the Commission prior to any such fees becoming effective.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁴⁴ in general, and furthers the objectives of Section 6(b)(4) of the Act⁴⁵ in particular, in that it is an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act 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 and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

⁴⁴ 15 U.S.C. 78f(b).

⁴⁵ 15 U.S.C. 78f(b)(4) and (5).

i. Transaction Fees

Add/Remove Tiered Transaction Rebates/Fees

The Exchange believes the rebates and fees proposed for transactions on MIAX PEARL are reasonable, equitable and not unfairly discriminatory. MIAX PEARL operates within a highly competitive market in which market participants can readily send order flow to several other competing venues if, among other things, they deem fees at a particular venue to be unreasonable or excessive. The proposed fee structure is intended to attract order flow to MIAX PEARL by offering market participants incentives to submit their orders to MIAX PEARL.

Volume-based pricing models such as those proposed on the Exchange have been widely adopted by options exchanges and are equitable and not unfairly discriminatory because they are open to all Members and provide additional benefits or discounts that are reasonably related to the value of an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes.

The Exchange's proposal to offer a rebate to Makers that provide liquidity in Penny and Non-Penny classes is also equitable and not unfairly discriminatory under the Act. The Exchange believes that the proposed maker-taker model is an important competitive tool for exchanges and directly or indirectly can provide better prices for investors. The proposed fee structure may incentivize the MIAX PEARL Bid and Offer ("MBBO") because the rebate payable to Makers effectively subsidizes, and thus encourages, the posting of liquidity. The Exchange believes that the Maker rebate will also provide MIAX PEARL Market Makers with greater incentive to either match or improve upon the best price displayed on MIAX PEARL, all to the benefit of investors and the public in the form of improved execution prices. MIAX

PEARL believes the proposed Add/Remove Tiered transaction rebates and fees assessed to Market Makers are reasonable because they are comparable to transaction fees charged by other options exchanges.

The Exchange believes that its proposed Add/Remove Tiered transaction rebates and fees are equitable and not unfairly discriminatory because they are available to all Market Makers and are reasonably related to the value to the Exchange that comes with higher market quality and higher levels of liquidity in the price and volume discovery processes. Such increased liquidity at the Exchange should allow it to spread its administrative and infrastructure costs over a greater number of transactions leading to lower costs per transaction.

The Exchange believes it is equitable and not unfairly discriminatory for MIAX PEARL Market Makers to be assessed generally lower fees than other professional market participants (referred to as non-Priority Customers, Non-Member Broker-Dealers, non-MIAX PEARL Market Makers and Firms in the Fee Schedule). Market Makers have obligations that other professional market participants do not. In particular, they must maintain continuous two-sided markets in the classes in which they are registered to trade, and must meet certain minimum quoting requirements. Therefore, the Exchange believes it is appropriate that Market Makers be assessed lower Add/Remove Tiered transaction fees since they have the potential to provide greater volumes of liquidity to the market.

The Exchange believes the proposed Add/Remove Tiered rebates and fees assessed on Priority Customers are reasonable, equitable, and not unfairly discriminatory because they are, as detailed in the Purpose section above, comparable to fees that Priority Customers are assessed at other competing exchanges.⁴⁶ The Exchange believes charging lower fees and providing higher

⁴⁶ See supra notes 10 and 12.

rebates to Priority Customer orders attracts that order flow to the Exchange and thereby creates liquidity to the benefit of all market participants who trade on the Exchange. Further, the Exchange believes that it is equitable and not unfairly discriminatory to assess lower fees to Priority Customer orders than to non-Priority Customer orders. A Priority Customer is by definition not a broker or dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). This limitation does not apply to participants on the Exchange whose behavior is substantially similar to that of market professionals, including non-Priority Customers, non-MIAX PEARL Market Makers, Firm, and Broker-Dealers, who will generally submit a higher number of orders (many of which do not result in executions) than Priority Customers.

Routing Fees

The Exchange believes that the proposed Routing Fees are reasonable, equitable and not unfairly discriminatory because they seek to recoup costs that are incurred by the Exchange when routing Public Customer orders to away markets on behalf of Members. Each destination market's transaction charge varies and there is a cost incurred by the Exchange when routing orders to away markets. The costs to the Exchange include clearing costs, administrative, regulatory and technical costs associated with routing options. The Exchange believes that the proposed Routing Fees would enable the Exchange to recover the costs it incurs to route orders to away markets in addition to transaction fees assessed to market participants for the execution of Public Customer orders by the away market. The Exchange is proposing to have 8 different exchange groupings, based on the exchange, order type, and option class. The Exchange believes that having more groupings will offer the Exchange greater precision in covering its costs associated with routing orders to away markets. The per-contract transaction fee amount

associated with each grouping closely approximates the Exchange's all-in cost (plus an additional, non-material amount) to execute that corresponding contract at that corresponding exchange. For example, to execute a Priority Customer order in a Penny Pilot symbol (other than SPY) at AMEX costs the Exchange approximately \$0.15 a contract. Since this is also the approximate cost to execute that same order at BOX, the Exchange is able to group AMEX and BOX together in the same grouping. This same logic and structure applies to all of the groupings in the Routing Fees table. Other exchanges, like the Exchange's affiliate, Miami International Securities Exchange, LLC ("MIAX Options"), have routing fee structures that simply pass onto the Member the actual charge assessed by the away market where the order is executed plus a fixed fee surcharge (which in the case of MIAX Options is \$0.10). However, in the Exchange's experience, this structure of simply passing on the actual charge plus a mark-up can be administratively burdensome, particularly when multiple, third-party, unaffiliated routing broker-dealers are used to route and execute the orders at the away market. By utilizing the structure proposed by the Exchange, the Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets.

In addition, the Exchange believes that it is equitable and not unfairly discriminatory to assess lower routing fees to Priority Customer orders than to non-Priority Customer orders. A Priority Customer is by definition not a broker or dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). This limitation does not apply to non-Priority Customers, who will generally submit a higher number of orders (many of which do not result in executions) than

Priority Customers. Further, the routing fees for Priority Customer orders are based on the fees charged by the away market for the execution of such orders, therefore it is reasonable and appropriate for the routing fees to be lower than the routing fees for non-Priority Customer orders, as this is fee construct at the away markets.

ii. Regulatory Fees

Sales Value Fee

The assessment by the Exchange of the proposed Sales Value Fee is reasonable, equitable and not unfairly discriminatory since it allows the Exchange to offset the cost it incurs in payment to the Commission of a transaction fee that is designed to recover the costs related to the government's supervision and regulation of the securities markets and securities professionals. The amount of the fee is the same amount assessed to the Exchange pursuant to Section 31 of the Exchange Act. The Exchange believes it is reasonable to recover the actual costs associated with the payment of Section 31 fees and other exchanges, including MIAX Options, charge the same fee to their market participants.

Web CRD Fees

The Exchange believes it is reasonable, equitable and not unfairly discriminatory for the proposed FINRA fees to be included on the Fee Schedule because these fees are not being assessed or set by MIAX PEARL, but by FINRA, and will be assessed to broker-dealers that register associated persons through FINRA's Web CRD system, and other exchanges, including MIAX Options, charge the same fees to their market participants.

iii. Non-Transaction Fees

Membership Fees

The Exchange believes that the assessment of one-time Membership Application fees is reasonable, equitable and not unfairly discriminatory. As described in the Purpose section, the one-time application fees are charged by other options exchanges, including MIAX Options, and are designed to recover costs associated with the processing of such applications. MIAX PEARL believes it is reasonable and equitable to waive the fee to applicants who apply for membership during the Waiver Period since the waiver of such fees provides incentives to interested applicants to apply early for MIAX PEARL membership. This in turn provides MIAX PEARL with potential order flow and liquidity providers as it begins operations. The waiver will apply equally to all applicants during the Waiver Period for the membership application fee.

Trading Permit Fees

The Exchange believes that the assessment of Trading Permit fees is reasonable, equitable and not unfairly discriminatory. The assessment of Trading Permit fees is done by the Exchange's affiliate, MIAX Options, and is commonly done by other exchanges as described in the Purpose section above. MIAX PEARL believes it is reasonable and equitable to waive the fee to Members during the Waiver Period since the waiver of such fees provides incentives to interested Members to apply early for trading permits. This in turn provides MIAX PEARL with potential order flow and liquidity providers as it begins operations. The waiver of the Trading Permit fees will apply equally to all Members during the Waiver Period.

API and Network Testing and Certification Fees

MIAX PEARL believes that the assessment of API and Network Testing and Certification fees is a reasonable allocation of its costs and expenses among its Members and other persons using its facilities since it is recovering the costs associated with providing such

infrastructure testing and certification services. Other exchanges, including MIAX Options, charge a fee for similar services to Members and non-Members.

MIAX PEARL believes it is reasonable and equitable to waive the API Testing and Certification fee assessable to Members and non-Members during the Waiver Period since the waiver of such fees provides incentives to interested Members and non-Members to test their APIs early. Determining system operability with the Exchange's system early will in turn provide MIAX PEARL with potential order flow and liquidity providers as it begins operations. The waiver of API Testing and Certification fees will apply equally to all Members and non-Members during the Waiver Period.

Additionally, MIAX PEARL believes it is reasonable, equitable and not unfairly discriminatory to assess different Network Testing and Certification fees to Members and non-Members. The higher fee charged to non-Members reflects the greater amount of time spent by MIAX PEARL employees testing and certifying non-Members. It has been MIAX PEARL's experience that Member testing takes less time than non-Member testing because Members have more experience testing these systems with exchanges; generally fewer questions and issues arise during the testing and certification process.

System Connectivity Fees

The Exchange believes that the proposed System Connectivity Fees constitute an equitable allocation of fees, and are not unfairly discriminatory, because they allow the Exchange to recover costs associated with offering access through the network connections and access and services through the Ports, responding to customer requests, configuring MIAX PEARL systems, programming API user specifications and administering the various services. Access to the MIAX PEARL market will be offered on fair and non-discriminatory terms. The

proposed System Connectivity Fees are also expected to offset the costs MIAX PEARL incurs in maintaining, and implementing ongoing improvements to the trading systems, including connectivity costs, costs incurred on gateway software and hardware enhancements and resources dedicated to gateway development, quality assurance, and technology support. The Exchange believes that its proposed fees are reasonable in that they are competitive with those charged by other exchanges and are identical to those charged by MIAX Options for the same connectivity.

MIAX PEARL believes it is reasonable, equitable and not unfairly discriminatory to pass-through External Connectivity fees to Members and non-Members that establish connections with MIAX PEARL through a third-party. MIAX PEARL will only pass-through the actual costs it is charged by third-party external vendors. MIAX PEARL believes it is reasonable and equitable to recover costs charged it on behalf of a Member or non-Member that establishes connections with MIAX PEARL through a third party. Other exchanges, including MIAX Options, charge a fee for similar services to Members and non-Members.

MIAX PEARL believes it is reasonable, equitable and not unfairly discriminatory to assess Port fees on both Members and non-Members who use such services. In particular, the Exchange believes that it is reasonable, equitable and not unfairly discriminatory to assess Port fees on Members since the Ports enable Members to submit orders and to receive information regarding transactions. Specifically, the FIX Port and the various MEO Ports enable Members to submit orders electronically to the Exchange for processing. The Exchange believes that its proposed fees are reasonable in that other exchanges offer similar ports with similar services and charge fees for the use of such ports, including MIAX Options.

MIAX PEARL believes it is reasonable and equitable to waive the Port fees assessable to Members and non-Members during the Waiver Period since the waiver of such fees provides incentives to Members and non-Members to connect to the Ports early. Determining connectivity and system operability with the Exchange's system early will in turn provide MIAX PEARL with potential order flow and liquidity providers as it begins operations. The waiver of Port fees will apply equally to all Members and non-Members during the Waiver Period.

The Exchange believes that its fees for MPIDs are reasonable, equitable and not unfairly discriminatory in that they apply to all Members using either FIX or MEO equally and allow the Exchange to recover operational and administrative costs in assigning and maintaining such services. The Exchange believes that its proposed fees are reasonable in that other exchanges charge fees for similar services, including MIAX Options, subject to the differences discussed above, which the Exchange believes are reasonable given the different market structure between the Exchange and MIAX Options.

MIAX PEARL believes it is reasonable and equitable to waive the MPID fee to Members during the Waiver Period since the waiver of such fees provides incentives to Members to apply early. This in turn provides MIAX PEARL with potential order flow and liquidity providers as it begins operations. The waiver of the MPID fees will apply equally to all Members during the Waiver Period.

The Exchange believes that the proposed Technical Support fee is fair, equitable and not unreasonably discriminatory, because it is assessed equally to all Members and Non-Members who request technical support. Furthermore, Members and Non-Members are not required to use the service but instead it is offered as a convenience to all Members and Non-Members. The proposed fee is reasonably designed because it will permit both Members and Non-Members to

request the use of the Exchange's on-site data center personnel as technical support and as a convenience in order to test or otherwise assess the User's connectivity to the Exchange and the fee is within the range of the fee charged by other exchanges for similar services and is identical to the same fee assessed by MIAX Options.

Market Data Fees

The Exchange believes that its proposal to assess market data fees is consistent with the provisions of Section 6(b)(4) of the Act in that it provides an equitable allocation of reasonable fees among distributors of ToM and PLF, because all Distributors in each of the respective category of Distributor (*i.e.*, Internal and External) will be assessed the same fees as other Distributors in their category for the applicable market data product.

In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data:

“[E]fficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data when broker-dealers may choose to receive (and pay for) additional market data based on their own internal analysis of the need for such data.”⁴⁷

By removing “unnecessary regulatory restrictions” on the ability of exchanges to sell their own data, Regulation NMS advanced the goals of the Act and the principles reflected in its legislative history. If the free market should determine whether proprietary data is sold to

⁴⁷ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

broker-dealers at all, it follows that the price at which such data is sold should be set by the market as well.

In July, 2010, Congress adopted H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), which amended Section 19 of the Act. Among other things, Section 916 of the Dodd-Frank Act amended paragraph (A) of Section 19(b)(3) of the Act by inserting the phrase “on any person, whether or not the person is a member of the self-regulatory organization” after “due, fee or other charge imposed by the self-regulatory organization.” As a result, all SRO rule proposals establishing or changing dues, fees or other charges are immediately effective upon filing regardless of whether such dues, fees or other charges are imposed on members of the SRO, non-members, or both. Section 916 further amended paragraph (C) of Section 19(b)(3) of the Act to read, in pertinent part, “At any time within the 60-day period beginning on the date of filing of such a proposed rule change in accordance with the provisions of paragraph (1) [of Section 19(b)], the Commission summarily may temporarily suspend the change in the rules of the self-regulatory organization made thereby, 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 this title. If the Commission takes such action, the Commission shall institute proceedings under paragraph (2)(B) [of Section 19(b)] to determine whether the proposed rule should be approved or disapproved.”

The Exchange believes that these amendments to Section 19 of the Act reflect Congress’s intent to allow the Commission to rely upon the forces of competition to ensure that fees for market data are reasonable and equitably allocated. Although Section 19(b) had formerly authorized immediate effectiveness for a “due, fee or other charge imposed by the self-regulatory

organization,” the Commission adopted a policy and subsequently a rule stating that fees for data and other products available to persons that are not members of the self-regulatory organization must be approved by the Commission after first being published for comment. At the time, the Commission supported the adoption of the policy and the rule by pointing out that unlike members, whose representation in self-regulatory organization governance was mandated by the Act, non-members should be given the opportunity to comment on fees before being required to pay them, and that the Commission should specifically approve all such fees. MIAX PEARL believes that the amendment to Section 19 reflects Congress’s conclusion that the evolution of self-regulatory organization governance and competitive market structure have rendered the Commission’s prior policy on non-member fees obsolete. Specifically, many exchanges have evolved from member-owned, not-for-profit corporations into for-profit, investor-owned corporations (or subsidiaries of investor-owned corporations). Accordingly, exchanges no longer have narrow incentives to manage their affairs for the exclusive benefit of their members, but rather have incentives to maximize the appeal of their products to all customers, whether members or non-members, so as to broaden distribution and grow revenues. Moreover, the Exchange believes that the change also reflects an endorsement of the Commission’s determinations that reliance on competitive markets is an appropriate means to ensure equitable and reasonable prices. Simply put, the change reflects a presumption that all fee changes should be permitted to take effect immediately, since the level of all fees are constrained by competitive forces. The Exchange therefore believes that the assessment of fees for the use of ToM and PLF is proper for non-member Distributors.

The decision of the United States Court of Appeals for the District of Columbia Circuit in NetCoalition v. SEC, No. 09-1042 (D.C. Cir. 2010), although reviewing a Commission decision

made prior to the effective date of the Dodd-Frank Act, upheld the Commission’s reliance upon competitive markets to set reasonable and equitably allocated fees for market data:

“In fact, the legislative history indicates that the Congress intended that the market system ‘evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed’ and that the SEC wield its regulatory power ‘in those situations where competition may not be sufficient,’ such as in the creation of a ‘consolidated transactional reporting system.’”⁴⁸

The court’s conclusions about Congressional intent are therefore reinforced by the Dodd-Frank Act amendments, which create a presumption that exchange fees, including market data fees, may take effect immediately, without prior Commission approval, and that the Commission should take action to suspend a fee change and institute a proceeding to determine whether the fee change should be approved or disapproved only where the Commission has concerns that the change may not be consistent with the Act.

MIAX PEARL believes that the assessment of the proposed market data fees for ToM and PLF is fair and equitable in accordance with Section 6(b)(4) of the Act, and not unreasonably discriminatory in accordance with Section 6(b)(5) of the Act. As described above, market data fees are assessed by other exchanges, including MIAX Options.

Moreover, the decision as to whether or not to subscribe to ToM or PLF is entirely optional to all parties. Potential subscribers are not required to purchase the ToM or PLF market data feed, and MIAX PEARL is not required to make the ToM or PLF market data feed available. Subscribers can discontinue their use at any time and for any reason, including due to their assessment of the reasonableness of fees charged. The allocation of fees among subscribers is fair and reasonable because, if the market deems the proposed fees to be unfair or inequitable, firms can diminish or discontinue their use of this data.

⁴⁸ NetCoalition, at 15 (quoting H.R. Rep. No. 94–229, at 92 (1975), as reprinted in 1975 U.S.C.C.A.N. 321, 323).

MIAX PEARL believes it is reasonable and equitable to waive the market data fees to Distributors during the Waiver Period since the waiver of such fees provides incentives to interested Distributors to receive the data feeds early. This in turn provides MIAX PEARL with potential order flow and liquidity providers as it begins operations. The waiver of the market data fees will apply equally to all Distributors during the Waiver Period.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must establish fees that are competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fees in the MIAX PEARL Fee Schedule appropriately reflect this competitive environment.

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

MIAX PEARL 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. Unilateral action by MIAX PEARL in establishing rebates and fees for services provided to its Members and others using its facilities will not have an impact on competition. As a new entrant in the already highly competitive environment for equity options trading, MIAX PEARL does not have the market power necessary to set prices for services that are unreasonable or unfairly discriminatory in violation of the Act. MIAX PEARL's proposed rebates and fees, as described herein, are comparable to rebates and fees charged by other options exchanges for the same or similar services, including those rebates and fees assessed by its affiliate, MIAX Options.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,⁴⁹ and Rule 19b-4(f)(2)⁵⁰ thereunder. 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.

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-PEARL-2017-10 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-2017-10. 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

⁴⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

⁵⁰ 17 CFR 240.19b-4(f)(2).

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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-PEARL-2017-10 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.⁵¹

Eduardo A. Aleman
Assistant Secretary

⁵¹ 17 CFR 200.30-3(a)(12).