

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-101358; File No. SR-PEARL-2024-47)

October 16, 2024

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Both an Early and Late Trading Session on its Equity Trading Platform

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”),² and Rule 19b-4 thereunder,³ notice is hereby given that on October 3, 2024, MIAX PEARL, LLC (“MIAX Pearl” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to adopt both an early and late trading session on its equity trading platform (referred to herein as “MIAX Pearl Equities”).

The text of the proposed rule change is available on the Exchange’s website at <https://www.miaxglobal.com/markets/us-equities/pearl-equities/rule-filings>, at MIAX Pearl’s principal office, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange currently operates one trading session which operates during Regular Trading Hours, i.e., 9:30 a.m. until 4:00 p.m. Eastern Time.⁴ Exchange Rule 2600(a) provides that Equity Members⁵ may enter orders into the System⁶ from 7:30 a.m. until 4:00 p.m. Eastern Time (or such earlier time as may be designated by the Exchange on a day when MIAX Pearl Equities closes early). Exchange Rule 2600(a) further provides that orders entered between 7:30 a.m. and 9:30 a.m. Eastern Time are not eligible for execution until the start of Regular Trading Hours.

The Exchange now proposes to expand its hours of operations by adopting both an Early and Late Trading Session. The proposed Early Trading Session would operate from 4:00 a.m. until 9:30 a.m. Eastern Time. Then the existing Regular Trading Hours⁷ would follow, which currently operates from 9:30 a.m. until 4:00 p.m. Eastern Time. Within Regular Trading Hours, the Exchange also operates the existing Regular Trading Session,⁸ which operates from the completion of the Exchange's Opening Process described in Exchange Rule 2615 until 4:00 p.m.

⁴ The term "Regular Trading Hours" means the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See Exchange Rule 1901.

⁵ The term "Equity Member" is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See id.

⁶ The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁷ See Exchange Rule 1901.

⁸ See id.

Eastern Time. The proposed Late Trading Session would follow and operate from 4:00 p.m. until 8:00 p.m. Eastern Time.

From the Equity Members' operational perspective, the Exchange's goal is to permit trading for those that choose to trade, without imposing burdens on those that do not. Thus, for example, the Exchange will not require any Equity Member to participate in the Early or Late Trading Sessions, including not requiring Equities Market Makers⁹ to make two-sided markets outside of Regular Trading Hours. The Exchange will minimize Equity Members' preparation efforts to the greatest extent possible by allowing Equity Members to trade during the Early and Late Trading Sessions with the same equipment, connectivity, order types, and data feeds they currently use from 9:30 a.m. Eastern Time onwards.

The Exchange will route orders to away markets during the Early and Late Trading Sessions, just as it does today during the Regular Trading Session. All routing strategies set forth in Exchange Rule 2617(b) will remain otherwise unchanged, performing the same instructions they do during Regular Trading Hours today. Order processing will operate beginning at 4:00 a.m. just as it does today beginning at 9:30 a.m. There will be no changes to the ranking, display, and execution processes or rules. Trades executed outside of Regular Trading Hours will be reported to the appropriate network processor with the ".T" modifier, just like other exchanges report trades during the same timeframes. The Exchange's commitment to high-quality regulation at all times will extend to the Early and Late Trading Sessions. The Exchange will offer all surveillance coverage currently performed by the Exchange's surveillance systems, which will launch by the time trading starts at 4:00 a.m.

⁹ The term "Equities Market Maker" shall mean an Equity Member that acts as a Market Maker in equity securities, pursuant to Chapter XXVI of the Exchange's rules. See id.

To accommodate the proposed Early and Late Trading Sessions, the Exchange proposes to amend its rules to define the Early and Late Trading Sessions, adopt new Time-in-Force (“TIF”) instructions, and modify the operation of its Opening Process. Specifically, the Exchange proposes to amend Exchange Rules 1901, Definitions, 2600, Hours of Trading and Trading Days, 2614, Orders and Order Instructions, 2615, Opening Process for Equity Securities, 2617, Order Execution and Routing, 2618, Risk Settings and Trading Risk Metrics, 2621, Clearly Erroneous Executions, and 2900, Unlisted Trading Privileges. The Exchange also proposes to adopt new Exchange Rule 2120, Customer Disclosures, regarding trading during the Early and Late Trading Sessions. Each change is based on the rules of other national equity exchanges and, therefore, do not present any new or novel issues not already considered by the Commission.

Exchange Rule 1901, Definitions

Exchange Rule 1901, Definitions, would be amended to include definitions of the terms “Early Trading Session” and “Late Trading Session”. Exchange Rule 1901 would define the “Early Trading Session” as “the time between 4:00 a.m. and 9:30 a.m. Eastern Time.”¹⁰ Exchange Rule 1901 would also define the “Late Trading Session” as “the time between 4:00 p.m. and 8:00 p.m. Eastern Time.”¹¹ The Exchange also proposes to amend the definition of the “Regular Trading Session” to account for the proposed re-adoption of the Contingent Open under Exchange Rule 2615 and described in more detail below. The amended definition of the

¹⁰ See, e.g., NYSE Arca, Inc. (“NYSE Arca”) Rule 7.34-E(a)(1) and (2) (providing that the Early Trading Session will begin at 4:00 a.m. Eastern Time and conclude at the commencement of the Core Trading Session and that the Core Trading Session will begin for each security at 9:30 a.m. Eastern Time).

¹¹ See, e.g., MEMX LLC (“MEMX”) Rule 1.5 (defining the “Post-Market Session” as the “time between 4:00 p.m. and 8:00 p.m. Eastern Time.”); and NYSE Arca Rule 7.34-E(a)(2) and (3) (providing that the Late Trading Session will begin following the conclusion of the Core Trading Session and conclude at 8:00 p.m. Eastern Time and that the Core Trading Session will end at the conclusion of Core Trading Hours or the Core Closing Auction, whichever comes later).

term “Regular Trading Session” would be “the time between the completion of the Opening Process or Contingent Open as defined in Exchange Rule 2615 and 4:00 p.m. Eastern Time.” The change is described below under the section entitled, Exchange Rule 2615, Opening Process for Equity Securities.

Exchange Rules 2600, Hours of Trading

Exchange Rule 2600 sets forth when orders may be entered into the System and during which timeframes orders are eligible for execution. Exchange Rule 2600 currently provides that orders may be entered into the System from 7:30 a.m. until 4:00 p.m. Eastern Time (or such earlier time as may be designated by the Exchange on a day when MIAX Pearl Equities closes early). Today, the Exchange begins to accept orders at 7:30 a.m. Eastern Time and Exchange Rule 2600 provides that orders entered between 7:30 a.m. and 9:30 a.m. Eastern Time are not eligible for execution until the start of Regular Trading Hours.

The Exchange proposes to amend Exchange Rule 2600 to account for the addition of the Early and Late Trading Sessions.¹² First, the Exchange proposes to begin to accept orders at 3:30 a.m. Eastern Time. The Exchange, therefore, proposes to amend Exchange Rule 2600 to expand the timeframe during which orders may be entered into the System from 7:30 a.m. until 4:00 p.m. Eastern time to 3:30 a.m. until 8:00 p.m. Eastern Time (or such earlier time as may be designated by the Exchange on a day when MIAX Pearl Equities closes early).¹³

Amended Exchange Rule 2600 would also provide that orders entered between 3:30 a.m. and 4:00 a.m. Eastern Time would not be eligible for execution until the start of the Early

¹² The proposed amendments to Exchange Rule 2600 are generally based on Cboe EDGX Exchange, Inc. (“Cboe EDGX”) Rule 11.1(a). Any slight differences are explained below.

¹³ Cboe EDGX Rule 11.1(a)(1) allows for the acceptance of orders beginning at 2:30 a.m. Eastern Time, but, like the Exchange proposes herein, no order becomes eligible for execution until 4:00 a.m. Eastern Time.

Trading Session or Regular Trading Session,¹⁴ depending on the TIF selected by the User.¹⁵ Exchange Rule 2600(a) would also provide that at the commencement of the Early Trading Session, orders entered between 3:30 a.m. and 4:00 a.m. Eastern Time will become eligible for execution and will be handled in time sequence, beginning with the order with the oldest time stamp, and placed on the MIAX Pearl Equities Book,¹⁶ routed, cancelled, or executed in accordance with the terms of the order.¹⁷ Lastly, Exchange Rule 2600(a) provides that the Exchange will not accept Intermarket Sweep Orders (“ISOs”), and all orders with a TIF of Immediate-or-Cancel (“IOC”) prior to 9:30 a.m. Eastern Time. The Exchange proposes to amend this provision in Exchange Rule 2600(a) to account for the Early Trading Session and to include additional order types and modifiers. Therefore, as amended, Exchange Rule 2600(a) would provide that the Exchange would not accept all orders with a TIF instruction of Fill-or-Kill (“FOK”),¹⁸ in addition to ISOs and orders with a TIF instruction of IOC, prior to 4:00 a.m.

¹⁴ Cboe EDGX Rule 11.1(a)(1) provides that orders entered between 2:30 a.m. and 4:00 a.m. Eastern Time would not be eligible for execution until the start of the Early Trading Session or *Regular Trading Hours*, depending on the TIF selected by the User. The Exchange notes that it proposes for orders to not become eligible for execution until the start of the Regular Trading Session, rather than Regular Trading Hours, as is the case on Cboe EDGX. On the Exchange, the Regular Trading Session commences at the conclusion of the Exchange’s Opening or Contingent Opening Process set forth under Exchange Rule 2615, which is shortly after the commencement of Regular Trading Hours at 9:30 a.m. Eastern Time. The Exchange, therefore, believes this is not a material difference since Equity Members are free to select the TIF of their choosing which would determine when their order would become eligible for execution. Further, generally, any orders with a TIF of Regular Hours Only (“RHO”) are eligible to participate in the Exchange’s Opening or Contingent Opening Process as described in Exchange Rule 2615.

¹⁵ The term “User” shall mean any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Exchange Rule 2602. See Exchange Rule 1901.

¹⁶ The term “MIAX Pearl Equities Book” means the electronic book of orders in equity securities maintained by the System. See Exchange Rule 1901.

¹⁷ But for the start time, this provision mirrors Cboe EDGX Rule 11.1(a)(1).

¹⁸ The Exchange also proposes herein to adopt a new TIF known as FOK, which is based on the rules of other exchanges, and described in more detail below. Unlike Cboe EDGX, the Exchange would accept orders with a Post Only instruction and orders with a Minimum Execution Quantity instruction that also include a TIF instruction of RHO prior to 4:00 a.m. Eastern Time. See Exchange Rule 2614(c)(2) for a description of Post Only instruction and Exchange Rule 2614(c)(7) for a description of Minimum Execution Quantity instruction.

Eastern Time. The Exchange also proposes to amend Exchange Rule 2600(a) to specify that it would not accept Market Orders (other than Market Orders that include a TIF of RHO that are to be routed to the primary listing exchange's opening process pursuant to the PAC routing option under Rule 2617(b)(5)(ii)) prior to 9:30 a.m. Eastern Time. This is because Market Orders would only be eligible to participate in the Regular Trading Session and the Exchange does not think it is appropriate to accept and hold Market Orders prior to the commencement of the Regular Trading Session due to the nature of the orders type – i.e., it seeks an immediate execution at the then available PBBO or better.¹⁹ During the Early Trading Session, the Exchange would continue to accept Market Orders that include a TIF of RHO that are to be routed to the primary listing exchange's opening process pursuant to the PAC routing option under Rule 2617(b)(5)(ii). This is consistent with current functionality where such Market Orders are routed to the primary listing market's opening process upon receipt and are not eligible for execution because the Exchange currently does not offer pre-market trading.²⁰ Adding this provision regarding Market Orders that are coupled with both a TIF of RHO and the PAC routing option adds clarity to the Exchange's Rules and would avoid any potential confusion by market participants.

Exchange Rule 2614, Orders and Order Instructions

The Exchange proposes to amend Exchange Rule 2614 to account for the addition of the proposed Early and Late Trading Sessions, adopt new TIF instructions, and to describe which TIF instructions are available with each order type.

¹⁹ See Cboe EDGX Rule 11.8(a)(5) and Exchange Rule 2614(a)(2)(ii).

²⁰ Exchange Rule 2617(b)(5)(B)(1)(i) provides that a Market Order designated as RHO received before the security has opened on the primary listing market will be routed to participate in the primary listing market's opening process upon receipt.

Time-in-Force Instructions

The Exchange currently offers two TIF instructions, IOC and RHO, the operation of each are described under Exchange Rule 2614(b)(1) and (2), respectively. Equity Members entering orders into the System may designate such orders to remain in effect and available for display and/or potential execution for varying periods of time. Unless cancelled earlier, once these time periods expire, the order (or unexecuted portion thereof) is cancelled. In sum, IOC is a TIF instruction that provides for the order to be executed in whole or in part as soon as such order is received. The portion not executed immediately on the Exchange or another Trading Center²¹ is treated as cancelled and is not posted to the MIAX Pearl Equities Book. RHO is a TIF instruction that designates the order for execution only during Regular Trading Hours, which includes the Opening Process for equity securities.

The Exchange now proposes to add the following four additional TIF instructions under Exchange Rule 2614(b), Time-in-Force Instructions, to account for the addition of the Early and Late Trading Sessions: Day, FOK, Good-‘til Time (“GTT”), and Good-‘til Extended Day (“GTX”).²² Each of these proposed TIF instructions are described as follows:

- Day. Exchange Rule 2614(b)(3) would describe the Day TIF as an instruction the User may attach to an order stating that an order to buy or sell which, if not executed, expires at the end of Regular Trading Hours. Exchange Rule 2614(b)(3) would further provide that any Day order entered into the System before the opening for business on the Exchange as determined pursuant to Exchange Rule 2600, or after the closing of Regular Trading Hours, will be rejected.

²¹ The term “Trading Center” shall have the same meaning as in Rule 600(b)(95) of Regulation NMS. See Exchange Rule 100.

²² Each of these proposed TIF instruction are based on Cboe EDGX Rule 11.6(q)(2) – (5).

- FOK. Exchange Rule 2614(b)(4) would describe the FOK TIF as an instruction the User may attach to an order stating that the order is to be executed in its entirety as soon as it is received and, if not so executed, cancelled. Exchange Rule 2614(b)(4) would further provide that an order with a FOK instruction is not eligible for routing away pursuant to Exchange Rule 2617(b).
- GTT. Exchange Rule 2614(b)(5) would describe the GTT TIF as an instruction the User may attach to an order specifying the time of day at which the order expires. Exchange Rule 2614(b)(5) would further provide that any unexecuted portion of an order with a TIF instruction of GTT will be cancelled at the expiration of the User's specified time, which can be no later than the close of the Late Trading Session.
- GTX. Exchange Rule 2614(b)(5) would describe the GTX TIF as an instruction the User may attach to an order to buy or sell which, if not executed, will be cancelled by the close of the Late Trading Session.

Order Types and New Time-in-Force Instructions

The Exchange currently offers the following order types, Limit Orders, Market Orders, and Pegged Orders. Pegged Orders consist of Primary Peg Orders and Midpoint Peg Orders. Under the description of each order type in Exchange Rule 2614(a), the Exchange enumerates which TIF instructions that order type may be combined with. The Exchange proposes to amend these provisions in the description of each order type under Exchange Rule 2614(a) to account for the proposed TIF instructions described above as follows:

- Limit Orders. Exchange Rule 2614(a)(1)(ii) currently provides that a Limit Order may include a TIF of IOC or RHO. As amended, Exchange Rule 2614(a)(1)(ii) would also provide that a Limit Order may include a TIF of FOK, Day, GTT, or GTX. Exchange

Rule 2614(a)(1)(ii) also currently provides that a Limit Order is eligible to participate in the Regular Trading Session. The Exchange proposes to amend this sentence of Exchange Rule 2614(a)(1)(ii) to specify that a Limit Order would also be eligible to participate in the Early and Late Trading Sessions.²³

- Market Orders. Exchange Rule 2614(a)(2)(ii) currently provides that a Market Order may include a TIF of IOC. A Market Order may only include a TIF of RHO when it is to be routed pursuant to the PAC routing option under Rule 2617(b)(5)(ii). As amended, Exchange Rule 2614(a)(2)(ii) would also provide that a Market Order may include a TIF of FOK. Market Orders would not be able to include a TIF of Day, GTT, or GTX.²⁴ Exchange Rule 2614(b)(5)(ii) also currently provides that a Market Order is eligible to participate in the Regular Trading Session. Market Orders would not be eligible to participate in the Early and Late Trading Sessions. Therefore, the Exchange proposes to amend this sentence of Exchange Rule 2614(b)(5)(ii) to specify that a Market Order is *only* eligible to participate in the Regular Trading Session.
- Pegged Orders. Exchange Rule 2614(a)(3)(iii) currently provides that a Pegged Order may include a TIF of IOC or RHO. As amended, Exchange Rule 2614(a)(3)(iii) would also provide that a Pegged Order would also be able to include a TIF of FOK, Day, GTT, or GTX. Exchange Rule 2614(a)(3)(iii) also currently provides that a Pegged Order is eligible to participate in the Regular Trading Session. The Exchange proposes to amend this sentence of Exchange Rule 2614(a)(3)(iii) to specify that a

²³ The Exchange also proposes to amend the rule text for Limit Order Price Protection described in Exchange Rule 2614(1)(ix), which changes will be described in detail below.

²⁴ Exchange Rule 2614(a)(1)(iii) also provides that a Market Order may only include a TIF of RHO when it is to be routed pursuant to the PAC routing option under Rule 2617(b)(5)(ii) and that all other Market Orders that include a TIF of RHO will be rejected.

Pegged Order would also be eligible to participate in the Early and Late Trading Sessions.

Primary Peg Orders during Early and Late Trading Session

The Exchange proposes to amend Exchange Rule 2614(a)(3)(iii) to restrict the TIF instruction that a displayed Primary Pegged Order with a Primary Offset Amount may have to RHO, or if entered during Regular Trading Hours, a TIF instruction of RHO or the proposed TIF instruction of Day. Exchange Rule 2614(a)(3)(i)(B) describes a Pegged Order as a Limit Order to buy (sell) that is assigned a working price pegged to the Protected Best Bid (Protected Best Offer),²⁵ subject to its limit price. Exchange Rule 2614(a)(3)(i)(B)3. states that a User may, but is not required to, select an offset equal to or greater than one minimum price variation (“MPV”) for the security, as defined in Exchange Rule 2612 (“Primary Offset Amount”). The Primary Offset Amount for a displayed Primary Pegged Order to buy (sell) must result in the working price of such order being inferior to or equal to the PBB (PBO), i.e., result in the price of such order being inferior to or equal to the inside quote on the same side of the market.

Other exchanges have observed that displayed Primary Pegged Orders with non-aggressive Primary Offset Amounts that remain active after the end of Regular Trading Hours may be pegged to and repriced off of each other during extended hours trading when no other reference price is available due to orders expiring or being cancelled at 4:00 p.m. Eastern Time.²⁶ To prevent this from occurring, the Exchange proposes to restrict the TIF instruction that a displayed Primary Pegged Order with a Primary Offset Amount may have to RHO, or, if entered

²⁵ With respect to the trading of equity securities, the term “Protected NBB” or “PBB” shall mean the national best bid that is a Protected Quotation, the term “Protected NBO” or “PBO” shall mean the national best offer that is a Protected Quotation, and the term “Protected NBBO” or “PBBO” shall mean the national best bid and offer that is a Protected Quotation. See Exchange Rule 1901.

²⁶ See, e.g., Securities Exchange Act Release No. 82304 (December 12, 2017), 82 FR 60075 (December 18, 2024) (SR-CboeBZX-2017-008).

during Regular Trading Hours, a TIF instruction of Day or RHO. Doing so would cause displayed Primary Pegged Orders resting on the MIAX Pearl Equities Book to be eligible for execution from 9:30 a.m. to 4:00 p.m. Eastern Time. Limiting the TIF instructions to RHO and Day only for displayed Primary Pegged Orders with Primary Offset Amounts would ensure that these orders are eligible for execution during Regular Trading Hours, which is the most liquid portion of the trading day, thereby significantly decreasing the possibility that such orders may re-price off similar orders entered on away exchanges in the absence of additional liquidity at the NBB or NBO. The proposed rule change would cause displayed Primary Pegged Orders with Primary Offset Amounts to expire at the end of Regular Trading Hours when a vast majority of orders expire and do not participate in extended hours trading. As amended, Exchange Rule 2614(a)(3)(iii) would be amended to state that a displayed Primary Pegged Order with a Primary Offset Amount shall only include a TIF of RHO or, if entered during Regular Trading Hours, a TIF instruction of Day or RHO.²⁷ Users may enter displayed Primary Pegged Orders with Primary Offset Amounts and TIF instructions of RHO beginning at 3:30 a.m. Eastern Time. However, those orders would not be eligible for execution until 9:30 a.m. Eastern Time, the start of Regular Trading Hours. Displayed Primary Peg orders with Primary Offset Amounts and a TIF of Day will be rejected if entered prior to 9:30 a.m. Eastern Time, the start of Regular Trading Hours. Primary Pegged orders that do not include a Primary Offset Amount or that are not displayed on the MIAX Pearl Equities Book would have no restrictions on the TIF instructions that may be attached to the order.

ISOs and New Time-in-Force Instructions

ISO is an order instruction that may be attached to an incoming Limit Order. The

²⁷ See, e.g., Cboe BZX Exchange, Inc. (“Cboe BZX”) Rule 11.9(c)(8)(A).

operation of ISOs will be described in proposed Exchange Rule 2614(d) and is consistent with the description of the ISO exception in Rules 600(b)(30) and 611(b)(5) of Regulation NMS.²⁸ Proposed Exchange Rule 2614(d) provides that the System will accept incoming ISOs (as such term is defined in Rule 600(b)(31) of Regulation NMS).

To be eligible for treatment as an ISO, the order must be: (A) a Limit Order; (B) marked “ISO”; and (C) the User entering the order must simultaneously route one or more additional Limit Orders marked “ISO,” as necessary, to away Trading Centers to execute against the full displayed size of any Protected Quotation for the security as set forth below. Such orders, if they meet the requirements of the foregoing sentence, may be immediately executed at one or multiple price levels in the System without regard to Protected Quotations at away Trading Centers consistent with Regulation NMS (i.e., may trade through such quotations and will not be rejected or cancelled if it will lock, cross, or be marketable against an away Trading Center).

Exchange Rule 2614(d)(1) provides that an ISO may include a TIF of IOC or RHO and the operation of an ISO will differ depending on the TIF selected. An ISO that includes a TIF of IOC will immediately trade with contra-side interest on the MIAX Pearl Equities Book up to its full size and limit price and any unexecuted quantity will be immediately cancelled. An ISO that includes a TIF of RHO, if marketable on arrival, will also immediately trade with contra-side interest on the MIAX Pearl Equities Book up to its full size and limit price. However, any unexecuted quantity of a RHO ISO will be displayed at its limit price on the MIAX Pearl Equities Book and may lock or cross a Protected Quotation that was displayed at the time of arrival of the RHO ISO. The Exchange proposes to amend Exchange Rule 2614(d)(1) to provide

²⁸ 17 CFR 242.600(b)(30), 611(b)(5).

that an ISO may include a TIF of RHO, Day, GTT, or GTX.²⁹

Exchange Rule 2614(d)(1) would also provide that incoming ISOs would not be able to include a TIF instruction of FOK.³⁰ The Exchange also proposes to amend Exchange Rule 2614(d)(1) to provide that an incoming ISO with a Displayed, Post Only, and TIF instruction of RHO, Day, GTT, or GTX will be cancelled without execution if, when entered, it is immediately marketable against a displayed order resting on the MIAX Pearl Equities Book unless such order removes liquidity pursuant to Rule 2614(c)(2).³¹ This provision is consistent with current Exchange functionality that prevents a displayed locked or crossed market.³² This provision would provide additional specificity regarding the operation of incoming ISOs with a Displayed, Post Only, and TIF instruction of Day, GTT, or GTX that is also similar to other exchanges' rules.³³

²⁹ See, e.g., Cboe EDGA Rule 11.9(c)(1) and Cboe EDGX Rule 11.9(c)(1).

³⁰ See, e.g., id.

³¹ Exchange Rule 2614(c)(2) provides that an order designated as Post Only will only remove liquidity from the MIAX Pearl Equities Book when: (A) the order is for a security priced below \$1.00; or (B) the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the MIAX Pearl Equities Book and subsequently provided liquidity including the applicable fees charged or rebates provided. To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the MIAX Pearl Equities Book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and highest possible fee charged for such executions on the Exchange.

³² See Exchange Rule 2617(a)(4)(iii) (providing, in sum, that “the System will never display a locked or crossed market”).

³³ See, e.g., Cboe EDGA Rule 11.9(c)(1) and Cboe EDGX Rule 11.9(c)(1). The Exchange notes, however, that the Cboe EDGA and Cboe EDGX Rules do not account for an ISO with a Displayed instruction. The Exchange proposes to specify in proposed Exchange Rule 2614(d)(1) that an incoming ISO could include a Displayed Instruction to provide additional specificity. This addition should make clear that this provision would require an ISO with a Displayed, Post Only, and TIF instruction that would be posted at a price that would lock or cross displayed contra-side interest resting on the MIAX Pearl Equities Book to be cancelled. Doing so, is intended to avoid the Exchange displaying a locked or crossed market as a result of the ISO with a Displayed instruction. See Exchange Rule 2617(a)(4)(iv) (not allowing for a displayed locked or crossed market). The Exchange notes that a non-displayed ISO with a Post Only instruction that is not fully executed upon entry may lock or cross contra-side interest resting on the MIAX Pearl Equities Book and the Exchange would handle such orders in accordance with Exchange Rule 2617(a)(4)(iii) and (iv). The Exchange believes this order handling is consistent with Cboe EDGA and Cboe EDGX Rules which also do not allow for a displayed locked or crossed market as well as the same order handling for when they experience a non-displayed locked or crossed book. See Cboe EDGA Rule 11.10(a)(4)(C) and (D) and

Exchange Rule 2614(d)(1)(i) provides that a User entering an ISO with a TIF of IOC represents that such User has simultaneously routed one or more additional Limit Orders marked “ISO,” if necessary, to away Trading Centers to execute against the full displayed size of any Protected Quotation for the security with a price that is superior to the ISO’s limit price.

Exchange Rule 2614(d)(1)(ii) provides that a User entering an ISO with a TIF of RHO makes the same representation but further represents that it simultaneously routed one or more additional Limit Orders marked “ISO,” if necessary, to away Trading Centers to execute against the full displayed size of any Protected Quotation for the security with a price that is *equal* to its limit price. The Exchange proposes to amend Exchange Rule 2614(d)(1)(ii) to include ISOs with a TIF instruction of Day, GTT, or GTX. Orders with a TIF of Day or RHO both expire at the end of Regular Trading Hours. Because the Exchange did not initially offer a TIF of Day, it proposed to handle ISOs with a TIF of RHO the same as Day ISOs are handled on other equity exchanges. The Exchange now proposes to amend Exchange Rule 2614(d)(1)(ii) to include the TIF of Day.³⁴

The Exchange also proposes to amend Exchange Rule 2614(d)(1)(ii) to include the TIF instructions of GTT or GTX. Each of these TIF instructions are similar to Day and RHO because they each allow an order to rest on the MIAX Pearl Equities Book for a period of time. While both Day and RHO expire at the end of Regular Trading Hours, GTX allows for the order

Cboe EDGX Rule 11.10(a)(4)(C) and (D). This functionality is also consistent with MEMX Rules 11.10(a)(4)(C) and (D). See also MEMX Rule 11.8(b)(3) and (5) (providing that Limit Order may include a Displayed, Non-Displayed, or ISO instruction and including similar rule text as Cboe EDGA, Cboe EDGX, and as the Exchange proposes herein). See also Nasdaq Rule 4703(j) (stating that “[u]pon receipt of an ISO, the System will consider the stated price of the ISO to be available for other Orders to be entered at that price, unless the ISO is not itself accepted at that price level (for example, a Post-Only Order that has its price adjusted to avoid executing against an Order on the Nasdaq Book) or the ISO is not Displayed”).

³⁴ See Cboe EDGX Rule 11.9(c)(1) and Cboe EDGA Rule 11.9(c)(1).

to expire at the end of the Late Trading Session at 8:00 p.m. Eastern Time. Meanwhile, GTT allows for a User to select a time at which the order would expire, which may be before or after the end of Regular Trading Hours but must be during the same trading day. A User entering an ISO with a TIF of Day, RHO, GTT, or GTX would make the same representations, i.e., that it simultaneously routed one or more additional Limit Orders marked “ISO,” if necessary, to away Trading Centers to execute against the full displayed size of any Protected Quotation for the security with a price that is *equal* to its limit price. The portion of the ISO with a TIF of Day, GTT, or GTX that is not executed upon entry, would rest on the MIAX Pearl Equities Book like an ISO with a TIF of RHO may do so today (or an ISO with a TIF of Day does so on other equity exchanges).

Exchange Rule 2615, Opening Process for Equity Securities

The Exchange will not offer an opening process at 4:00 a.m. Eastern Time. Instead, at 4:00 a.m., the System will “wake up” by loading all open trading interest entered after 3:30 a.m. Eastern Time in time sequence, beginning with the order with the oldest timestamp onto the MIAX Pearl Equities Book. Such orders are then cancelled, executed, or routed to away Trading Centers in accordance with the terms of the order. Also at 4:00 a.m., the Exchange will open the execution system and accept new eligible orders. Equity Members will be permitted to enter orders beginning at 3:30 a.m. Eastern Time. Market Makers will be permitted, but not required, to open their quotes beginning at 4:00 a.m. Eastern Time in the same manner they open their quotes today beginning at 9:30 a.m. Eastern Time.

Exchange Rule 2615(b) provides that during the Opening Process, the Exchange attempts to match eligible buy and sell orders at the midpoint of the NBBO. All orders eligible to trade at the midpoint are processed in time sequence, beginning with the order with the oldest timestamp.

The Opening Process concludes when no remaining orders, if any, can be matched at the midpoint of the NBBO. At the conclusion of the Opening Process, the unexecuted portion of orders that were eligible to participate in the Opening Process are placed on the MIAX Pearl Equities Book in time sequence, cancelled, executed, or routed to away Trading Centers in accordance with the terms of the order.

Pursuant to Exchange Rule 2615(c), the Exchange calculates the midpoint of the NBBO as follows. When the primary listing exchange is the New York Stock Exchange LLC (“NYSE”) or NYSE American LLC (“NYSE American”), the Opening Process is priced at the midpoint of the: (i) first NBBO subsequent to the first reported trade and first two-sided quotation on the primary listing exchange after 9:30:00 a.m. Eastern Time; or (ii) then prevailing NBBO when the first two-sided quotation is published by the primary listing exchange after 9:30:00 a.m. Eastern Time, but before 9:45:00 a.m. Eastern Time if no first trade is reported by the primary listing exchange within one second of publication of the first two-sided quotation by the primary listing exchange. For any other primary listing exchange, such as The Nasdaq Stock Market LLC (“Nasdaq”), NYSE Arca, LLC (“NYSE Arca”), and Cboe BZX, the Opening Process is priced at the midpoint of the first NBBO subsequent to the first two-sided quotation published by the primary listing exchange after 9:30:00 a.m. Eastern Time.

Where a security has not begun to trade on the primary listing market, a Contingent Open serves an important purpose of prescribing an end to the early trading session and beginning of the regular trading session on that non-primary listing exchange. A Contingent Open allows a non-primary listing exchange that provides an early trading session to transition to a regular trading session in a timely manner where a security has not opened for trading on the primary

listing market.³⁵

Now that the Exchange proposes to offer an Early Trading Session, the Contingent Open would serve as a transition from the Early Trading Session to the Regular Trading Session. Exchange Rule 2615 previously provided for a Contingent Open. Because it did not previously offer an early trading session, the Exchange proposed in December 2023 to remove references to the Contingent Open from its Rules.³⁶ In sum, the Exchange proposes to reverse those changes it made to its Rules by amending Exchange Rule 2615(d) to provide for a Contingent Open at 9:45 a.m. Eastern Time. Exchange Rule 2615(d) would again describe the Contingent Open and provide that if the conditions to establish the price of the Opening Process described above do not occur by 9:45:00 a.m. Eastern Time, the Exchange will handle all orders in time sequence, beginning with the order with the oldest timestamp, and be placed on the MIAX Pearl Equities Book, cancelled, executed, or routed to away Trading Centers in accordance with the terms of the order. The earlier version of the Contingent Open that the Exchange removed in December 2023 provided that the Exchange will conduct a Contingent Open and match all orders eligible to participate in the Opening Process at the midpoint of the then prevailing NBBO. Instead, due to the likely lack of liquidity in the security and other factors that would cause it to not open on the primary listing exchange, the Exchange proposes to simply feed any orders it may have received in time sequence onto the MIAX Pearl Equities Book, just as it proposes to do at 4:00 a.m. Eastern Time when the Early Trading Session would begin.

³⁵ See, e.g., Securities Exchange Act Release Nos. 72676 (July 25, 2014), 79 FR 44520 (July 31, 2014) (Notice); and 73468 (October 29, 2014), 79 FR 65450 (November 4, 2014) (Notice of Filing of Amendment Nos. 1 and 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 3, To Amend EDGX Rule 1.5 and Chapter XI Regarding Current System Functionality Including the Operation of Order Types and Order Instructions) (SR-EDGX-2014-18).

³⁶ See Securities Exchange Act Release No. 99203 (December 18, 2023), 88 FR 88689 (December 22, 2023) (SR-PEARL-2023-71).

Exchange Rule 2615(d) would further provide that if the midpoint of the NBBO is not available for the Contingent Open, all orders are handled in time sequence, beginning with the order with the oldest timestamp, and are placed on the MIAX Pearl Equities Book, cancelled, executed, or routed to away Trading Centers in accordance with the terms of the order. The Exchange also proposes to make a corresponding change to reinsert a reference to the Contingent Open in the definition of Regular Trading Session in Exchange Rule 1901.

Next, the Exchange proposes to describe in Exchange Rule 2615 which orders may be eligible for execution in the time between the start of Regular Trading Hours at 9:30 a.m. and the Exchange's Opening Process or Contingent Opening Process. During this time, ISOs designated as RHO and all other orders without a TIF instruction of RHO may execute against eligible Early Trading Session contra-side interest resting on the MIAX Pearl Equities Book in the time period between the start of 9:30 a.m. Eastern Time and the Exchange's Opening Process or a Contingent Open. Any unexecuted portion of an ISO that is designated RHO will be converted into a non-ISO and be queued for participation in the Opening Process. This provision would be set for under Exchange Rule 2615(a)(1) and the subsequent paragraphs would be renumbered accordingly.³⁷

Lastly, the Exchange proposes to adopt Exchange Rule 2615(e)(1)(iii) to describe how the Exchange would re-open a security following a halt during the Early and Late Trading Sessions. Specifically, proposed Exchange Rule 2615(e)(1)(iii) would provide that during the Early Trading Session and Late Trading Session, the Re-Opening Process will occur at the midpoint of the NBBO after one second has passed following: (i) for Tape A securities, the Exchange's receipt of the first NBBO following the resumption of trading after a halt,

³⁷ See, e.g., Cboe BZX Rule 11.24(a)(1).

suspension, or pause; or (ii) for Tape B and C securities, the publication of the first two-sided quotation by the listing exchange following the resumption of trading after a halt, suspension, or pause. The Exchange believes it is reasonable to have different standards for Tape A securities than Tape B and C securities for the following reason. Tape A securities are listing on the NYSE, which is only open during Regular Trading Hours and, therefore, the Exchange believes it is appropriate to look for the first NBBO, which may comprise of quotes from other exchanges that are open for trading outside of Regular Trading Hours. Meanwhile, Tape B and C securities are listing on exchanges that engage in trading outside of Regular Trading Hours and may disseminate a two-sided quotation that may be used to calculate the midpoint of the NBBO. This proposed rule change is identical to the rules of at least one other national securities exchange³⁸ and would provide clarity to market participants on how the Exchange would re-open a security that was halted during the Early and Late Trading Sessions.

Exchange Rule 2617, Order Execution and Routing

Regulation NMS Compliance

Exchange Rule 2617(a)(2), Compliance with Regulation NMS and Trade-Through Protections, includes subparagraph (i), which provides that for any execution to occur during Regular Trading Hours, the price of an order to buy (sell) must be equal to or lower (greater) than the PBO (PBB), unless the order is marked ISO or the execution falls within another exception set forth in Rule 611(b) of Regulation NMS. To address the addition of the Early and Late Trading Sessions, the Exchange proposes to add subparagraph (ii) to Exchange Rule 2617(a)(2). Proposed subparagraph (ii) to Exchange Rule 2617(a)(2) would be identical to the

³⁸ See, e.g., Cboe BZX Rule 11.24(e)(1)(C).

rules of other national securities exchanges,³⁹ and provide for any execution to occur during the Early Trading Session and Late Trading Session, the price must be equal to or better than the highest Protected Bid or lowest Protected Offer, unless the order is marked ISO or a Protected Bid is crossing a Protected Offer. The addition of Exchange Rule 2617(a)(2)(ii) would align the Exchange's rules with other national securities exchanges and provide investors certainty that the Exchange would execute orders consistent with Regulation NMS's Trade Through protections during the Early and Late Trading Sessions.

PAC Routing Option

The Exchange offers the PAC routing option that enables an Equity Member to designate that their order be routed to the primary listing market to participate in the primary listing market's opening, re-opening or closing process. Specifically, Exchange Rule 2617(b)(5)(ii) describes PAC as a routing option for Market Orders and displayed Limit Orders designated with a TIF of RHO that the entering firm wishes to designate for participation in the opening, re-opening (following a regulatory halt, suspension, or pause), or closing process of a primary listing market if received before the opening, re-opening, or closing process of such market. Exchange Rule 2617(b)(5)(B)2. provides that if a Limit Order designated as IOC is entered after the security has opened on the primary listing market, the Exchange will check the System for available shares and then route the remaining shares pursuant to the PI routing option described under Exchange Rule 2617(b)(5)(iii). Any shares that remain unexecuted after routing will be cancelled in accordance with the terms of the order. The Exchange proposes to amend Exchange Rule 2617(b)(5)(B)2. to describe how the Exchange would handle Limit Orders designated as IOC and coupled with the PAC routing option received during the Early and Late Trading

³⁹ See, e.g., Cboe EDGX Rule 11.10(a)(2) and IEX Rule 11.230(a)(2)(B)

Session. Specifically, the Exchange proposes to handle such Limit Orders as it would if not coupled with the PAC routing option by checking the System for any available shares and any shares that remain unexecuted would be cancelled in accordance with the terms of the order. Limit Orders with a time-in-force of IOC that are not designated as “Do Not Route” pursuant to Exchange Rule 2614(c)(1) and that cannot be executed when reaching the Exchange will be eligible for routing away pursuant to Exchange Rule 2617(b). Exchange Rule 2617(b)(5)(B)2. would, therefore, be amended to provide that if a Limit Order designated as IOC is entered during the Early or Late Trading Sessions, the Exchange will check the System for available shares and any shares that remain unexecuted will be routed pursuant to Exchange Rule 2617(b)(4)(ii) or cancelled in accordance with the terms of the order.

Amendments to Risk Controls

To help Equity Members manage their risk, the Exchange currently offers the Trading Collar, Limit Order Price Protection, and other risk controls that authorize the Exchange to take automated action if certain conditions are met. Such risk controls provide Equity Members with enhanced abilities to manage their risk when trading on the Exchange. All of the Exchange’s existing risk controls would be available during the proposed Early and Late Trading Sessions. To account for the different trading environment that occurs during trading outside of Regular Trading Hours described above, the Exchange proposes to adopt one new risk control and to augment the operation of Limit Order Price Protection under Exchange Rule 2614(a)(1)(ix) and Trading Collars under Exchange Rule 2618(b)(1) to provide Equity Members with the proper tools to manage their risk and control their order flow during these times. Each of these changes are described below.

Trading Collar

The Exchange prevents all incoming orders, including those marked as Intermarket Sweep Orders (“ISO”), from executing at a price outside the Trading Collar price range as described in Exchange Rule 2618(b). The Trading Collar prevents buy orders from trading or routing at prices above the collar and prevents sell orders from trading or routing at prices below the collar.

The Exchange’s default behavior is to calculate the Trading Collar price range for a security by applying the numerical guidelines for Clearly Erroneous Executions or a specified dollar value established by the Exchange.⁴⁰ The result is added to the Trading Collar Reference Price to determine the Trading Collar Price for buy orders, while the result is subtracted from the Trading Collar Reference Price to determine the Trading Collar Price for sell orders. Exchange Rule 2618(b)(1)(B) provides that the Trading Collar Reference Price is equal to the following: (i) consolidated last sale price disseminated during the Regular Trading Hours on trade date; or (ii) if (i) is not available, the prior day’s Official Closing Price identified as such by the primary listing exchange, adjusted to account for events such as corporate actions and news events. Exchange Rule 2618(b)(1)(F) provides Equity Members the ability to override the Exchange’s default behavior and provides that Equity Members may select a dollar value lower, higher, or equal to the Exchange-specified percentages and dollar value on an order-by-order basis.⁴¹ In other words, Equity Members may select a dollar value equal to, more, or less conservative than the Exchange’s specified percentages and dollar value.

⁴⁰ Although the Exchange applies the numerical guidelines for Clearly Erroneous Executions, no order would be executed outside of the prescribed Price Bands pursuant to the Plan to Address Extraordinary Market Volatility.

⁴¹ See Securities Exchange Act Release No. 99954 (April 12, 2024), 89 FR 27824 (April 18, 2024) (SR-PEARL-2024-17). See also MIAx Pearl Equities Exchange Regulatory Circular 2024-10, Changes to Certain Risk Controls on MIAx Pearl Equities, dated July 1, 2024, available at https://www.miaxglobal.com/sites/default/files/circular-files/MIAx_Pearl_Equities_RC_2024_10.pdf.

The Exchange proposes to amend Exchange Rule 2618(b)(1)(B) to update the hierarchy of reference prices used by the Exchange for Trading Collars due to the adoption of the Early and Late Trading Sessions. Each of the below proposed changes are based on the rules of another national securities exchange.⁴² First, the Exchange proposes to amend Exchange Rule 2618(b)(1)(B) to provide that the Trading Collar Reference Price is equal to the most current of the references prices outlined in the Rule. As a result of this change, the Exchange proposes to remove language from current Exchange Rule 2618(b)(1)(B)(ii) that provides that the prior day's Official Closing Price identified as such by the primary listing exchange, adjusted to account for events such as corporate actions and news events, would be used where the consolidated last sale price disseminated during the Regular Trading Hours on trade date under Exchange Rule 2618(b)(1)(B)(i) is unavailable. The Exchange notes that this change does not amend existing functionality because the sequence of reference prices to be used to calculate the Trading Collar would remain the same and the proposed language is simply intended to align the Exchange's Rule with that of another national securities exchange. This proposed change provides clarity that the Exchange would use a reference price that is most current and reflects the trading behavior of the security at the time the Trading Collar is to be applied.

The Exchange proposes to amend the current hierarchy to add an additional data point that may be used as a reference price that is used by at least one other exchange that offers Limit Order Price Protection and trading outside of Regular Trading Hours.⁴³ Specifically, the Exchange proposes to amend Exchange Rule 2618(b)(1)(B) to add new paragraph (ii) to provide that the Exchange may use the last trade price for the security on trade date that occurred outside

⁴² See IEX Rule 11.190(f)(1)(A).

⁴³ See IEX Rule 11.190(f)(1)(B).

of Regular Trading Hours (Form T, as communicated by the relevant SIP) on trade date which other than for the Form T designation would have been considered a valid last sale price as the reference price. Current Exchange Rule 2618(b)(1)(B)(ii) would be renumbered to paragraph (iii) to reflect the above addition and continue to provide that the prior day's Official Closing Price identified as such by the primary listing exchange, adjusted to account for events such as corporate actions and news events may be used as a reference price.

The Exchange also proposes to make a related change to Exchange Rule 2618(b)(1)(A). Exchange Rule 2618(b)(1)(A) describes when the Trading Collar would not be applied and specifically provides that, upon entry, any portion of an order to buy (sell) that would execute at a price above (below) the Trading Collar price range⁴⁴ is cancelled, unless: (i) the prior day's Official Closing Price identified as such by the primary listing exchange, i.e., the price listed under Exchange Rule 2618(b)(1)(B)(iii) described above, is to be applied and a regulatory halt has been declared by the primary listing market during that trading day; (ii) or if no consolidated last sale price has been disseminated following the conclusion of a regulatory halt declared by the primary listing market on that trading day. The Exchange proposes to amend Exchange Rule 2618(b)(1)(A)(ii) to further provide that, upon entry, any portion of an order to buy (sell) that would execute at a price above (below) the Trading Collar Price would not be cancelled where no last trade price for the security that occurred outside of Regular Trading Hours (Form T, as communicated by the relevant SIP) on trade date, which other than for the Form T designation would have been considered a valid last sale price, has been disseminated following the conclusion of a regulatory halt declared by the primary listing market on that trading day. This

⁴⁴ The Exchange proposes to make a clarifying change to Exchange Rule 2618(b)(1)(A) to change the term "Price" to "price range" to more accurately reflect the price at which an order priced outside the Trading Collar would be cancelled.

proposed change would ensure that the Trading Collar is not applied where the applicable Trading Collar Reference Price is unavailable. Again, each of the above changes are based on the rules of another national securities exchange.⁴⁵

Exchange Rule 2618(b)(1)(E) sets forth the numerical guidelines used in the Trading Collar Price calculation to account for the proposed Early and Late Trading Sessions. Specifically, Exchange Rule 2618(b)(1)(E) provides the following numerical guidelines table used in the Trading Collar Price calculation:

Trading Collar Reference Price	Regular Trading Hours
	Numerical Guidelines
Greater than \$0.00 up to and including \$25.00	10%
Greater than \$25.00 up to and including \$50.00	5%
Greater than \$50.00	3%

The Exchange proposes to amend the explanatory paragraph below the numerical guidelines table in Exchange Rule 2618(b)(1)(E) to provide the default dollar and percentage values will be subject to a multiplier established by the Exchange during the Early and Late Trading Sessions (the “Extended Hours Multiplier”). Exchange Rule 2618(b)(1)(E) provides that the specified dollar values will be posted to the Exchange’s website and the Exchange will announce in advance any changes to the dollar value via a Regulatory Circular. Similarly, the Exchange proposes to amend Exchange Rule 2618(b)(1)(E) to also provide that the amount of the Extended Hours Multiplier would also be posted to the Exchange’s website and the Exchange will announce in advance any changes to the Extended Hours Multiplier via a Regulatory

⁴⁵ See IEX Rule 11.190(f)(1)(A).

Circular. To start, the Exchange would establish the value of the Extended Hours Multiplier to be 2, which make its numerical guideline to be applied during the Early and Late Trading Sessions identical to that of another national securities exchange.⁴⁶ Further, the Exchange notes that applying a multiplier to a risk protection outside of Regular Trading Hours is not unique and currently in place on at least one other national securities exchange.⁴⁷ Doing so enables the Exchange to better tailor its Trading Collar to reflect the trading conditions that are in place outside of Regular Trading Hours and provide necessary protections to Equity Members without unnecessarily preventing an otherwise acceptable execution. Furthermore, as discussed above, Exchange Rule 2618(b)(1)(F) provides Equity Members the ability to override the Exchange's default behavior and provides that Equity Members may select a dollar value lower, higher, or equal to the Exchange-specified percentages and dollar value on an order-by-order basis. Therefore, Equity Members would have the ability to tailor the Trading Collar to consider the Extended Hours Multiplier in line with their risk appetite during the Early and Late Trading Sessions.

Limit Order Price Protection

Limit Order Price Protection is set forth under Exchange Rule 2614(a)(1)(ix) and provides for the rejection of Limit Orders priced too far away from a specified reference price at the time the order first becomes eligible to trade. A Limit Order entered before Regular Trading Hours that becomes eligible to trade during Regular Trading Hours (e.g., a Limit Order that

⁴⁶ The proposed numerical guidelines for the Early and Late Trading Sessions are based on IEX Rule 11.190(f)(1)(D).

⁴⁷ The proposed Extended Hours Multiplier is based on the similar functionality offered by NYSE Arca utilized outside of Regular Trading Hours. See NYSE Pillar Risk Controls Manual (document version 4.0), Section 5.5, available at https://www.nyse.com/publicdocs/nyse/NYSE_Pillar_Risk_Controls.pdf ("Arca Risk Controls Manual") (Early/Late Trading Multiplier (optional; Equities Markets) - may be configured to apply a double-wide price check to orders that first become eligible to trade in the Early or Late Trading Sessions (calculated as Price Protection Limit x Early/Late Trading Multiplier)).

contains a TIF of RHO) will be subject to Limit Order Price Protection at the time Regular Trading Hours begins.⁴⁸

Currently, Exchange Rule 2614(a)(1)(ix)(A) provides that a Limit Order to buy (sell) will be rejected if it is priced at or above (below) the greater of a specified dollar and percentage away⁴⁹ from the following: 1. PBO for Limit Orders to buy, the PBB for Limit Orders to sell; 2. if the PBBO is unavailable, then the consolidated last sale price disseminated during the Regular Trading Hours on trade date; or 3. if neither 1. nor 2. are available, then the prior day's Official Closing Price identified as such by the primary listing exchange, adjusted to account for events such as corporate actions and news events.

The Exchange now proposes to amend Exchange Rule 2614(a)(1)(ix)(A) to amend the hierarchy of reference prices that would be used to account for the Early and Late Trading Sessions and align with the changes to the Trading Collar reference prices under Exchange Rule 2618(b)(1)(B) described above. The Exchange proposes to amend the current hierarchy to add an additional data point that may be used as a reference price that is used by at least one other exchange that offers trading outside of Regular Trading Hours.⁵⁰ First, the Exchange proposes to amend Exchange Rule 2614(a)(1)(ix)(A) to include the language in subparagraph 1. and provide that a Limit Order to buy (sell) will be rejected if it is priced at or above (below) the greater of a specified dollar and percentage away from the PBO for Limit Orders to buy, the PBB for Limit

⁴⁸ Further, a Limit Order in a security that is subject to a trading halt becomes first eligible to trade when the halt is lifted and continuous trading has resumed. See Exchange Rule 2614(a)(1)(ix)(C).

⁴⁹ See MIAX Pearl Equities Regulatory Circular 2020-06, Limit Order Price Protection Default Values (dated September 14, 2020), available at https://www.miaxglobal.com/sites/default/files/circular-files/MIAX_PEARL_Equities_RC_2020_06.pdf (providing default specified dollar and percentage values for Limit Order Price Protection in the event that Equity Members do not customize the dollar and percentage values on a per session basis).

⁵⁰ See IEX Rule 11.190(f)(1)(A).

Orders to sell. As a result of this change, the Exchange proposes to renumber Exchange Rule 2614(a)(1)(ix)(A)2. as Exchange Rule 2614(a)(1)(ix)(A)1. Exchange Rule 2614(a)(1)(ix)(A) would further be amended to provide that if the PBBO is unavailable, a Limit Order to buy (sell) will be rejected if it is priced at or above (below) the greater of a specified dollar and percentage away from the most current of the following prices currently set forth in the Rule: the consolidated last sale price disseminated during Regular Trading Hours on trade date described under Exchange Rule 2614(a)(1)(ix)(A)1.; or the prior day's Official Closing Price identified as such by the primary listing exchange, adjusted to account for events such as corporate actions and news events described under Exchange Rule 2614(a)(1)(ix)(A)2. (proposed to be renumbered as subparagraph 3. Described immediately below). The Exchange proposes to further amend Exchange Rule 2614(a)(1)(ix)(A) to include an additional price under subparagraph 2. that would align the prices used for Limit Order Price Protection with those to be used for the Trading Collar during the Early and Late Trading Sessions. Specifically, Exchange Rule 2614(a)(1)(ix)(A)2. would provide that the last trade price for the security on trade date that occurred outside of Regular Trading Hours (Form T, as communicated by the relevant SIP) on trade date which other than for the Form T designation would have been considered a valid last sale price would be applied where is it more current than the prices set forth under Exchange Rule 2614(a)(1)(ix)(A)1. and 3. described above. Again, each of the above changes are based on the rules of another national securities exchange⁵¹ and other than using the PBBO, are designed to align the waterfall of reference prices with the changes proposed herein to the Trading Collar risk protection under Exchange Rule 2618(b)(1)(B), described above.

⁵¹ See IEX Rule 11.190(f)(1)(A).

As a result of the above proposed changes, the Exchange proposes to remove language from current Exchange Rule 2614(a)(1)(ix)(A)2. and 3. that the reference price set forth in each Rule would be applied where a preceding reference price is unavailable. The Exchange notes that this change does not amend existing functionality because the sequence of reference prices to be used to calculate Limit Order Price Protection would remain the same and the proposed language is simply intended to align the Exchange's Rule with that of another national securities exchange and to account for the addition of the Early and Late Trading Sessions. The proposed change provides clarity that the Exchange would use a reference price that is most current and reflects the trading behavior of the security at the time Limit Order Price Protection is to be applied and is consistent with the same change proposed above for the Exchange's Trading Collar risk protection.

The Exchange believes its use of the amended reference price waterfall is reasonable because it would ensure that Limit Order Price Protection would continue to be applied when one or more reference prices are unavailable. Unlike on other exchanges,⁵² this would provide added protections to Equity Members when trading outside of Regular Trading Hours. The Exchange also believes it is reasonable to use the last trade price for the security on trade date that occurred outside of Regular Trading Hours as a reference price when the PBO (PBB) and consolidated last sale are unavailable because it would ensure that the Exchange is using a reference price that most accurately reflects the security's current trading behavior. Without this ability, the Exchange would use the prior day's official closing price as a reference price, which may be unrelated to the security's current trading behavior, especially during the Late Trading

⁵² See NYSE Arca Rule 7.31-E(a)(2)(B)(ii) (stating that "[d]uring the Early and Late Trading Sessions, Limit Order Price Protection will not be applied to an incoming Limit Order to buy (sell) if there is no NBO (NBB)").

Session due to the official closing price and application of Limit Order Price Protection being separated by almost a complete trading day.

Next, the Exchange proposes to amend Exchange Rule 2614(a)(1)(ix)(B) regarding specified percentage elections for Limit Order Price Protection. Exchange Rule 2614(a)(1)(ix)(B) provides that Equity Members may customize the Limit Order Price Protection specified dollar and percentage values on an MPID and/or per session basis. If an Equity Member does not provide MIAX Pearl Equities specified dollar and percentage values for their order(s), default specified dollar and percentage values established by the Exchange will be applied.⁵³

Like the proposed changes described above for the Trading Collar under Exchange Rule 2618(b)(1)(B), the Exchange proposes to apply a multiplier to the Limit Order Price Protection specified dollar and percentage values during the Early and Late Trading Sessions. Specifically, the Exchange proposes to amend Exchange Rule 2614(a)(1)(ix)(B) to provide that during the Early Trading Session and Late Trading Session, the default dollar and percentage values will be subject to a multiplier established by the Exchange (referred to as the “LOPP Extended Hours Multiplier”). This functionality is available on at least one other national securities exchange.⁵⁴ Exchange Rule 2614(a)(1)(ix)(B) would further provide that the default amount of the LOPP Extended Hours Multiplier will be posted to the Exchange’s website and the Exchange will

⁵³ The default specified dollar and percentage values are posted to the Exchange’s website. See supra note 6. The Exchange will announce in advance any changes to those dollar and percentage values via a Regulatory Circular.

⁵⁴ The proposed LOPP Extended Hours Multiplier is based on the similar functionality offered by NYSE Arca during its early and late trading sessions. See NYSE Pillar Risk Controls Manual (document version 4.0), Section 5.5, available at https://www.nyse.com/publicdocs/nyse/NYSE_Pillar_Risk_Controls.pdf (“Arca Risk Controls Manual”) (Early/Late Trading Multiplier (optional; Equities Markets) - may be configured to apply a double-wide price check to orders that first become eligible to trade in the Early or Late Trading Sessions (calculated as Price Protection Limit x Early/Late Trading Multiplier)).

announce in advance any changes to the LOPP Extended Hours Multiplier via a Regulatory Circular, which is the case today for the default specified dollar and percentage established by the Exchange.

Lastly, Exchange Rule 2614(a)(1)(ix)(B) would also provide that Equity Members may select a LOPP Extended Hours Multiplier that is higher than, equal to, or lower than the default LOPP Extended Hours Multiplier established by the Exchange. This proposed rule change would allow Equity Members to select their own LOPP Extended Hours Multiplier, enabling them to customize Limit Order Price Protection based on their own risk appetite during the Early and Late Trading Sessions. Importantly, the proposed rule change would not only allow Equity Members to select a LOPP Extended Hours Multiplier more aggressive than the Exchange's defaults, but also more conservative in cases where they seek to apply a tighter Limit Order Price Protection thresholds in line with their risk appetite. The ability to override the Exchange's LOPP Extended Hours Multiplier would be completely voluntary and all orders would continue to be subject to other risk protections provided by the Exchange.

Lastly, the Exchange proposes to amend Exchange Rule 2614 a)(1)(ix)(C) regarding when Limit Order Price Protection would be applied to account for the addition of the Early and Late Trading Sessions as well as align with the reference prices set forth under amended Exchange Rule 2614(a)(1)(ix)(B) described above. Currently, Exchange Rule 2614 a)(1)(ix)(C) provides that Limit Order Price Protection will not be applied if: the prices listed under paragraphs (a)(1)(ix)(A)1., 2., or 3 of Exchange Rule 2614 are unavailable; or 2. the price listed under paragraph (a)(1)(ix)(A)3. of Exchange Rule 2614. is to be applied and a regulatory halt has been declared by the primary listing market during that trading day; or 3. if no consolidated last sale price or the last trade price for the security has been disseminated following the conclusion

of a regulatory halt declared by the primary listing market during that trading day. The Exchange proposes to delete Exchange Rule 2614 (a)(1)(ix)(C)3. and remove references to subparagraphs 1., 2., and 3. of Exchange Rule 2614(a)(1)(ix)(A) to account for the above changes and the result that Limit Order Price Protection would not be applied when any of the prices listed under Exchange Rule 2614(a)(1)(ix)(A) are not available. Deleting Exchange Rule 2614 (a)(1)(ix)(C)3. is not a substantive change because Exchange Rule 2614 (a)(1)(ix)(C)1. accounts for there being no consolidated last sale price (or even no last trade price for the security on trade date that occurred outside of Regular Trading Hours). These changes to Exchange Rule 2614(a)(1)(ix)(C) would align it with the reference prices set forth under Exchange Rule 2614(a)(1)(ix)(B), as well as when the Trading Collar would be applied under Exchange Rule 2618(b)(1)(A), both of which are described above.

Early/Late Trading Session Pre-Order Risk Control

The Exchange offers Equity Members the ability to establish certain risk control parameters that assist Equity Members in managing their market risk on a per order basis. These optional risk controls are set forth under Exchange Rule 2618(a)(1) and offer Equity Members protection from entering orders outside of certain size and price parameters, and selected order type and modifier combinations, as well as protection from the risk of duplicative executions. The Exchange also permits Equity Members to block new orders, to cancel all open orders, block both new orders and cancel all open orders, and automatically cancel all orders to the extent the Equity Member loses its connection to MIAX Pearl Equities.⁵⁵ The risk controls are available to all Equity Members, but are particularly useful to Equity Market Makers, who are required to

⁵⁵ See Exchange Rule 2618(a)(7)(a) (proposed herein to be renumbered as Exchange Rule 2618(a)(7)(A)). The Exchange also proposes to renumber Exchange Rule 2618(a)(7)(b) as Exchange Rule 2618(a)(7)(B).

continuously quote in the equity securities to which they are assigned.

Pursuant to Exchange Rule 2618(a)(1)(C), the risk controls include, among others, controls related to the order types or modifiers that can be utilized (including short sales and ISOs). The Exchange proposes to amend Exchange Rule 2618(a)(1)(C) to include pre-market and post-market in the list of risk controls for certain orders and is based on the rules of another national securities exchange.⁵⁶ With the proposed change, Equity Members would have the ability to instruct the Exchange to block any orders entered during the proposed Early and Late Trading Sessions.⁵⁷ Use of this pre-order risk control would be completely voluntary. Equity Members who do not wish to trade outside of Regular Trading Hours may use this risk control to ensure that an order that they may have inadvertently entered during the Early or Late Trading Sessions would be rejected by the Exchange.

* * * * *

The Exchange does not guarantee that the risk settings in this proposal are sufficiently comprehensive to meet all of an Equity Member's risk management needs. Pursuant to Rule 15c3-5 under the Act,⁵⁸ a broker-dealer with market access must perform appropriate due diligence to assure that controls are reasonably designed to be effective, and otherwise consistent with the rule.⁵⁹ Use of the Exchange's risk settings will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and

⁵⁶ The inclusion of pre-market and post-market in the list of risk control settings is based on EDGX Rule 11.10(c).

⁵⁷ The configuration to block/reject orders from the proposed Early and Late Trading Sessions is also based on a similar configuration available on NYSE Arca. See the Arca Risk Controls Manual, Section 5.3 (Order Restriction), supra note 52.

⁵⁸ 17 CFR § 240.15c3-5.

⁵⁹ See Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access, available at <https://www.sec.gov/divisions/marketreg/faq-15c-5-risk-management-controls-bd.htm>.

Commission rules remains with the Equity Member.

Exchange Rule 2621, Clearly Erroneous Executions

Clearly Erroneous Trade Processing. The Exchange will process trade breaks beginning at 4:00 a.m. pursuant to amended Exchange Rule 2621, Clearly Erroneous Executions. The Exchange proposes to amend Exchange Rule 2621 to account for the Early and Late Trading Sessions by adopting provisions that are substantially identical with those of other equity exchanges, all of which adopted and enforce identical rules regarding clearly erroneous executions.⁶⁰ This includes amending the title of Exchange Rule 2621(c)(2) and subparagraphs (A), (B), (C), and (D) to include the Early and Late Trading Sessions, as well as further amending subparagraph (A) to include numerical guidelines for the Early and Late Trading Sessions, which are identical to those of other equities exchanges.⁶¹ This also includes amending Exchange Rule 2621(d)(3) to mirror other equities exchange by including the Early and Late Trading Sessions.⁶²

Exchange Rule 2120, Customer Disclosures

The Exchange proposes to adopt new Exchange Rule 2120, Customer Disclosures, which require Equity Members to make certain disclosures regarding the risk of trading outside of Regular Trading Hours. Proposed Exchange Rule 2120 is substantially identical to the rules of other equity exchanges,⁶³ and includes provisions requiring disclosures concerning the risk of lower liquidity, high volatility, changing prices, unlinked markets, news announcement, wider spreads, and the lack of calculation or dissemination of underlying Index Values or Intraday

⁶⁰ See, e.g., Cboe BZX Rule 11.17 and MEMX Rule 11.15.

⁶¹ Id.

⁶² Id.

⁶³ See, e.g., Cboe BZX Rule 3.21 and MEMX Rule 3.21.

Indicative Values (“IIV”).

Exchange Rule 2900, Unlisted Trading Privileges

Exchange Rule 2900(a) provides that the Exchange may extend unlisted trading privileges (“UTP”) to any security that is an NMS Stock that is listed on another national securities exchange or with respect to which unlisted trading privileges may otherwise be extended in accordance with Section 12(f) of the Act⁶⁴ and any such security shall be subject to all Exchange rules applicable to trading on the Exchange, unless otherwise noted. Pursuant to Exchange Rule 2900(n)(1), the Exchange distributes an information circular prior to the commencement of trading in each such UTP Exchange Traded Product that generally includes the same information as is contained in the information circular provided by the listing exchange, including (a) the special risks of trading the new Exchange Traded Product, (b) the Exchange Rules that will apply to the new Exchange Traded Product, and (c) information about the dissemination of value of the underlying assets or indices. The Exchange proposes to amend Exchange Rule 2900(b)(1) to provide that the information circular distributed by the Exchange also include risk of trading during the Early Trading Session (4:00 a.m. - 9:30 a.m. Eastern Time) and Late Trading Session (4:00 p.m. – 8:00 p.m. Eastern Time) due to the lack of calculation or dissemination of the Intraday Indicative Value (“IIV”) or a similar value. The proposed text is identical to the rules of at least one other national securities exchange.⁶⁵

Exchange Rule 2900(b)(3) provides that the Exchange will halt trading in a UTP Exchange Traded Product as provided for in Exchange Rule 2622. The Exchange proposes to amend Exchange Rule 2900(b)(3) to include language that is identical to at least one other

⁶⁴ 17 CFR § 781.12(f).

⁶⁵ See, e.g., Cboe EDGX Rule 14.1(c)(1).

national securities exchange⁶⁶ that describes how the Exchange would halt or continue trading during its proposed extended hours trading sessions. First, the Exchange proposes to add subparagraph (A) to Exchange Rule 2900(b)(3) entitled, Early Trading Session and Late Trading Session, which would provide that if a UTP Derivative Security begins trading on the Exchange in the Early Trading Session or Late Trading Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of the IIV or the value of the underlying index, as applicable, to such UTP Derivative Security, by a major market data vendor, the Exchange may continue to trade the UTP Derivative Security for the remainder of the Early Trading Session and Late Trading Session. Then, the Exchange proposes to add subparagraph (B) to Exchange Rule 2900(b)(3), entitled, Late Trading Session and Next Business Day's Early Trading Session. Proposed subparagraph (i) to Exchange Rule 2900(b)(3)(B) would provide that if the IIV or the value of the underlying index became unavailable during the Early Trading Session or Regular Trading Hours and continues not to be calculated or widely available after the close of Regular Trading Hours, the Exchange may trade the UTP Derivative Security in the Late Trading Session only if the listing market traded such securities until the close of its regular trading session without a halt. Lastly, proposed subparagraph (ii) of Exchange Rule 2900(b)(3)(B), subsection (ii) would provide that if the IIV or the value of the underlying index became unavailable as discussed under proposed paragraph (A) of proposed Exchange Rule 2900(b)(3) discussed above and continues not to be calculated or widely available as of the commencement of the Early Trading Session on the next business day, the Exchange shall not commence trading of the UTP Derivative Security in the Early Trading Session that day. If an interruption in the calculation or wide dissemination of the IIV or the value of the underlying index continues, the Exchange may

⁶⁶ See, e.g., Cboe EDGX Rule 14.1, Interpretations and Policies .01(a) and (b).

resume trading in the UTP Derivative Security only if calculation and wide dissemination of the IIV or the value of the underlying index resumes or trading in the UTP Derivative Security resumes in the listing market.

Again, each of the above proposed changes to Exchange Rule 2900 are identical to those of at least one other national securities exchange. Codifying these provisions in its rules would ensure that the Exchange's rules are aligned with other national securities exchanges and describe that the Exchange will continue to disseminate information circulars for, and halt trading in, UTP Derivative Securities in accordance with industry practice.

Implementation

Due to the technological changes associated with this proposed change, the Exchange will issue a trading alert publicly announcing the implementation date of the proposed enhancements to its risk controls set forth herein. The Exchange anticipates that the implementation date will be in the first or second quarter of 2025.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁶⁷ in general, and furthers the objectives of Section 6(b)(5),⁶⁸ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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. Specifically, the Exchange

⁶⁷ 15 U.S.C. 78f(b).

⁶⁸ 15 U.S.C. 78f(b)(5).

believes the proposed amendments will remove impediments to and perfect the mechanism of a free and open market and a national market system because it would provide market participants an additional pool of liquidity outside of Regular Trading Hours. The Exchange simply proposes to expand the hours during which trading occurs on the Exchange as well as expand functionality and risk controls in a manner that either mirrors or is substantially similar to what is currently available on other exchanges. The Exchange also believes that the proposed rule change is non-discriminatory as it would apply to all Equity Members uniformly. In other words, any Equity Member that wishes to participate in the proposed Early or Late Trading Sessions may do so equally. The proposed rule change in whole is designed to attract more order flow to the Exchange between 4:00 a.m. and 9:30 a.m. Eastern Time and 4:00 p.m. and 8:00 p.m. Eastern Time. Increased liquidity during these times should lead to improved price discovery and increased execution opportunities on the Exchange, therefore, promoting just and equitable principles of trade, and removing impediments to and perfecting the mechanism of a free and open market and a national market system.

Early and Late Trading Sessions

The Exchange believes its proposal to adopt the Early and Late Trading Sessions promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, prevents fraudulent and manipulative acts and practices, and, in general, protects investors and the public interest. The Exchange believes that the Early and Late Trading Sessions will benefit investors, the national market system, Equity Members, and the Exchange market by increasing competition for order flow and executions, and thereby spur product enhancements and lower prices. The Early and Late Trading Sessions will benefit Equity Members and the Exchange market by increasing

trading opportunities between 4:00 a.m. and 9:30 p.m. and 4:00 p.m. and 8:00 p.m. Eastern Time without increasing ancillary trading costs (telecommunications, market data, connectivity, etc.) and, thereby, decreasing average trading costs per share. The Exchange notes that trading during the proposed Early and Late Trading Session is currently available on MEMX, NYSE Arca, and elsewhere and its proposed definitions under Exchange Rule 1901 are based on the rules of these exchanges.⁶⁹ The Exchange believes that the availability of trading between 4:00 a.m. and 9:30 p.m. and 4:00 p.m. and 8:00 p.m. Eastern Time has been beneficial to market participants including investors and issuers on other markets. Introduction of the Early and Late Trading Sessions on the Exchange will further expand these benefits.

Additionally, the Exchange Act's goal of creating an efficient market system includes multiple policies such as price discovery, order interaction, and competition among markets. The Exchange believes that offering competing trading sessions will promote all of these policies and will enhance quote competition, improve liquidity in the market, support the quality of price discovery, promote market transparency, and increase competition for trade executions while reducing spreads and transaction costs. Additionally, increasing liquidity during the Early and Late Trading Sessions will raise investors' confidence in the fairness of the markets and their transactions, particularly due to the lower volume of trading occurring prior to opening.

The expansion of trading hours through the creation of the Early and Late Trading Sessions promotes just and equitable principles of trade by providing market participants with additional options in seeking executions on the Exchange. The Exchange will report the best bid and offer on the Exchange to the appropriate network processor and via the Exchange's

⁶⁹ See supra notes 9 and 10.

proprietary data feeds beginning at 4:00 a.m. Eastern Time.⁷⁰ The proposal will, therefore, facilitate a well-regulated, orderly, and efficient market during a period of time that is currently underserved.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices because all surveillance coverage currently performed by the Exchange's surveillance systems will launch by the time trading starts at 4:00 a.m. Eastern Time and continue until 8:00 p.m. Eastern Time. Proposed Exchange Rule 2120 is substantially identical to the rules of other equity exchanges,⁷¹ and includes provisions requiring disclosures concerning the risk of lower liquidity, high volatility, changing prices, unlinked markets, news announcement, wider spreads, and the lack of calculation or dissemination of underlying Index Values or IIV. The Exchange believes that the proposed rule change will protect investors and the public interest because the Exchange is adopting customer disclosure requirements under proposed Exchange Rule 2120 to prohibit equity Members from accepting an order from a customer for execution in the Early and Late Trading Session without disclosing to their customer that extended hours trading involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and any other relevant risk.

Exchange Rules 2600, Hours of Trading

The Exchange believes its proposed amendments to Exchange Rule 2600 promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system. Exchange Rule 2600 sets forth when orders may

⁷⁰ See, e.g., 17 CFR § 242.603(a).

⁷¹ See, e.g., Cboe BZX Rule 3.21 and MEMX Rule 3.21.

be entered into the System and during which timeframes orders are eligible for execution. The Exchange proposes to amend Exchange Rule 2600 to account for the addition of the Early and Late Trading Sessions and is based on the rules of other exchanges,⁷² with slight immaterial differences. For example, Cboe EDGX Rule 11.1(a)(1) provides that orders entered between 2:30 a.m. and 4:00 a.m. Eastern Time would not be eligible for execution until the start of the Early Trading Session or *Regular Trading Hours*, depending on the TIF selected by the User. The Exchange notes that, in addition to becoming eligible for execution at the start of the Early Trading Session, it proposes to state that orders may also become eligible for execution at the start of the Regular Trading Session, rather than Regular Trading Hours, as is the case on Cboe EDGX. On the Exchange, the Regular Trading Session commences at the conclusion of the Exchange's Opening or Contingent Opening Process set forth under Exchange Rule 2615, which is shortly after the commencement of Regular Trading Hours at 9:30 a.m. Eastern Time. The Exchange, therefore, believes this is not a material difference since Equity Members are free to select the TIF of their choosing which would determine when their order would become eligible for execution. Further, generally, any order with a TIF of RHO becomes eligible for execution at the start of Regular Trading Hours at 9:30 a.m. Eastern Time⁷³ and is eligible to participate in the Exchange's Opening or Contingent Opening Process as described in Exchange Rule 2615.

Exchange Rule 2600(a) would also provide that the Exchange would not accept all orders with a TIF instruction of FOK, in addition to ISOs and orders with a TIF instruction of IOC, prior to 4:00 a.m. Eastern Time. Unlike Cboe EDGX, the Exchange would accept orders with a Post Only instruction and orders with a Minimum Execution Quantity instruction that also

⁷² Cboe EDGX Rule 11.1(a) and (a)(1).

⁷³ See, e.g., proposed Exchange Rule 2615(a)(1).

include a TIF instruction of RHO prior to 4:00 a.m. Eastern Time.

Exchange Rule 2600(a) would also provide that the Exchange would not accept Market Orders (other than Market Orders that include a TIF of RHO that are to be routed to the primary listing exchange's opening process pursuant to the PAC routing option under Rule 2617(b)(5)(ii)) prior to 9:30 a.m. Eastern Time. The Exchange believes this is reasonable because Market Orders would only be eligible to participate in the Regular Trading Session and the Exchange does not think it is appropriate to accept and hold Market Orders prior to the commencement of the Regular Trading Session due to the nature of the orders type – i.e., it seeks an immediate execution at the then available PBBO or better.⁷⁴ Also unlike Cboe EDGX, the Exchange would continue to accept Market Orders that include a TIF of RHO during the Early Trading Session that are to be routed to the primary listing exchange's opening process pursuant to the PAC routing option under Rule 2617(b)(5)(ii). The Exchange again believes that this difference is immaterial. The proposal to continue to accept Market Orders that are coupled with both a TIF of RHO and the PAC routing option is consistent with current functionality where such Market Orders are routed to the primary listing market's opening process upon receipt and are not eligible for execution because the Exchange currently does not offer pre-market trading.⁷⁵ Adding this provision in Exchange Rule 2600 regarding Market Orders that are coupled with both a TIF of RHO and the PAC routing option generally repeats what is already set forth in Exchange Rule 2617(b)(5)(ii)(A)1. This proposed change would add clarity to the Exchange's Rules as well as would avoid any potential confusion by market participants.

⁷⁴ See Cboe EDGX Rule 11.8(a)(5) and Exchange Rule 2614(a)(2)(ii).

⁷⁵ Exchange Rule 2617(b)(5)(B)(1)(i) provides that a Market Order designated as RHO received before the security has opened on the primary listing market will be routed to participate in the primary listing market's opening process upon receipt.

Today, the Exchange also does not accept orders with a Post Only instruction and orders with a Minimum Execution Quantity instruction that also include a TIF instruction of RHO prior to 9:30 a.m. Eastern Time, the time after which the Exchange would conduct its Opening Process and begin to execute orders. At such time, the Exchange would begin to accept Post Only instruction and orders with a Minimum Execution Quantity instruction that also include a TIF instruction of RHO. The Exchange is simply updating its Exchange Rule 2600 to reflect the new time it would begin to execute orders and at which it would begin to accept Post Only instruction and orders with a Minimum Execution Quantity instruction that also include a TIF instruction of RHO. Doing so would provide market participants seeking to utilize those order types during the Early Trading Session with an additional exchange to send those orders for potential execution.

Exchange Rule 2614, Orders and Order Instructions

The Exchange proposes to amend Exchange Rule 2614 to account for the addition of the proposed Early and Late Trading Sessions, adopt new TIF instructions, describe which TIF instructions are available with each order type, and adopt other similar functionality as other exchanges that provide trading outside of Regular Trading Hours. Each of these changes remove impediments to and perfect the mechanism of a free and open market and a national market system because they would allow the Exchange to provide efficient trading modifiers and functionality that is in place on other exchanges and would provide for efficient executions and order interactions during the Early and Late Trading Sessions.

Time-in-Force Instructions

The Exchange believes its proposed TIF instructions promote just and equitable principles of trade, and remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes that the proposed TIF instructions

will benefit investors by providing them with greater control over their orders. The proposed TIF instructions simply provide market participants with additional functionality they may use to instruct the Exchange when their orders may be or are to become eligible for execution.

In addition, Equity Members will maintain the ability to cancel or modify the terms of their order at any time, including during the Early and Late Trading Sessions. As a result, an Equity Member who utilizes the proposed TIF instructions, but later determines that market conditions favor execution during another trading session, such as Regular Trading Hours, can cancel the order resting on the MIAX Pearl Equities Book and enter a separate order with a TIF instruction that would provide that the order be eligible for execution during the trading session(s) they prefer.

The ability to select the trading sessions or time upon which an order is to be eligible for execution is not novel and is currently available on the Exchange and other market centers. For example, on the Exchange, a User may currently enter an order starting at 7:30 a.m. Eastern Time and select that such order not be eligible for execution until 9:30 a.m., the start of Regular Trading Hours, using TIF instructions of Regular Hours Only.⁷⁶ In addition, each of the proposed TIF instructions are well established in the equities markets and available on most other national securities exchanges.⁷⁷

Primary Peg Orders during Early and Late Trading Session

The proposed rule change removes impediments to and perfects the mechanism of a free and open market and a national market system by ensuring that Primary Pegged Orders with Primary Offset Amounts displayed on the MIAX Pearl Equities Book do not inadvertently re-

⁷⁶ See Exchange Rule 2600(a). See also Nasdaq Rule 4703(a) (outlining TIF instructions that do not activate orders until 9:30 a.m. Eastern Time).

⁷⁷ Each of these proposed TIF instruction are based on Cboe EDGX Rule 11.6(q)(2) – (5).

price off similar orders on away exchanges in absence of other liquidity creating the illusion of aberrant prices for the security. The proposed rule change would restrict the use of the order type to Regular Trading Hours only, the most liquid part of the trading day, thereby significantly decreasing the possibility of such orders re-pricing off of each other in the absence of additional liquidity. The Exchange does not propose to amend or alter the operation of Primary Pegged Orders in any other manner. The proposed rule change also promotes just and equitable principles of trade by limiting the times at which such orders are active so as to ensure that the order pegs to prices that reflect the true NBBO of the security and not the Primary Offset Amount of a pegged order in the absence of other liquidity. The proposed rule change also removes impediments to and perfects the mechanism of a free and open market and a national market system because also it aligns with similar functionality availability on other national securities exchanges.⁷⁸

Exchange Rule 2615, Opening Process for Equity Securities

Opening and Re-Opening Processes. The Exchange believes its proposed amendments to Exchange Rule 2615(a)(1) promotes just and equitable principles of trade removes impediments to and perfects the mechanism of a free and open market and a national market system. Amended Exchange Rule 2615(a)(1) would provide market participants clarity as to how the Exchange would handle orders between 9:30 a.m. Eastern Time and its Opening or Contingent Opening Process. This proposal is also identical to the rules of at least one other national securities exchange⁷⁹ and would, therefore, provide for consistent functionality across exchanges.

⁷⁸ See, e.g., Securities Exchange Act Release No. 82304 (December 12, 2017), 82 FR 60075 (December 18, 2024) (SR-CboeBZX-2017-008).

⁷⁹ See, e.g., Cboe BZX Rule 11.24(a)(1).

Likewise, the Exchange believes its proposal to adopt Exchange Rule 2615(e)(1)(iii) to describe how the Exchange would re-open a security following a halt during the Early and Late Trading Sessions promotes just and equitable principles of trade because it would provide clarity to market participants on how the Exchange would re-open a security that was halted during the Early or Late Trading Sessions. This proposal is also identical to the rules of at least one other national securities exchange⁸⁰ and would, therefore, provide for consistent functionality across exchanges.

Contingent Open. The Exchange believes its proposed amendments to Exchange Rule 2615(d) to reinstate the Contingent Opening Process promotes just and equitable principles of trade because a Contingent Open serves an important purpose of prescribing an end to the early trading session and beginning of the regular trading session on that non-primary listing exchange where a security has not begun to trade on the primary listing market. A Contingent Open allows a non-primary listing exchange that provides an early trading session to transition to a regular trading session in a timely manner where a security has not opened for trading on the primary listing market.

Because it did not previously offer an early trading session, the Exchange proposed in December 2023 to remove references to the Contingent Open from its Rules.⁸¹ Now that the Exchange proposes to offer an Early Trading Session, the Contingent Open would serve as a transition from the Early Trading Session to the Regular Trading Session. Also, other exchanges that provide for pre-market trading also conduct a Contingent Open.⁸²

⁸⁰ See, e.g., Cboe BZX Rule 11.24(e)(1)(iii).

⁸¹ See Securities Exchange Act Release No. 99203 (December 18, 2023), 88 FR 88689 (December 22, 2023) (SR-PEARL-2023-71).

⁸² See, e.g., Securities Exchange Act Release Nos. 72676 (July 25, 2014), 79 FR 44520 (July 31, 2014) (Notice); and 73468 (October 29, 2014), 79 FR 65450 (November 4, 2014) (Notice of Filing of Amendment Nos. 1 and 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as

The Exchange notes, however, that the earlier version of the Contingent Open that the Exchange removed in December 2023 provided that the Exchange will conduct a Contingent Open and match all orders eligible to participate in the Opening Process at the midpoint of the then prevailing NBBO. The Exchange no longer proposes to do so and rather, in cases where the conditions to establish the price of the Opening Process described in Exchange Rule 2615(c) do not occur by 9:45:00 a.m. Eastern Time, handle all orders in time sequence, beginning with the order with the oldest timestamp, and be placed on the MIAX Pearl Equities Book, cancelled, executed, or routed to away Trading Centers in accordance with the terms of the order. The Exchange proposes this change to simply feed any orders it may have received in time sequence onto the MIAX Pearl Equities Book due to the likely lack of liquidity in the security and other factors that would cause it to not open on the primary listing exchange by 9:45 a.m. Eastern Time. This change is not material because it would be identical to how the Exchange proposes to handle orders at 4:00 a.m. Eastern Time when the Early Trading Session would begin as well as how other non-primary listing exchanges that do not perform an opening process handle orders when they commence trading. Therefore, the Exchange's proposal to reinstitute the Contingent Opening Process, as proposed, is consistent with the Act because it would allow for orders to be fed onto the MIAX Pearl Equities Book in a consistent manner when the Exchange does not conduct an Opening Process because the conditions in Exchange Rule 2615(c) have not been satisfied.

Exchange Rule 2617, Order Execution and Routing

Regulation NMS Compliance

Modified by Amendment Nos. 1 and 3, To Amend EDGX Rule 1.5 and Chapter XI Regarding Current System Functionality Including the Operation of Order Types and Order Instructions) (SR-EDGX-2014-18).

The Exchange believes its proposed adoption of Exchange Rule 2617(a)(2)(ii) promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system because provide investors certainty that the Exchange would execute orders consistent with Regulation NMS's Trade Through protections during the Early and Late Trading Sessions. It is also identical to the rules of other national securities exchanges⁸³ and would, therefore, align the Exchange's rules with other national securities exchanges, thereby avoiding potential investor confusion by providing for consistent rules across exchanges.

PAC Routing Option

The Exchange believes its proposal to amend Exchange Rule 2617(b)(5)(B)2. to describe how the Exchange would handle Limit Orders designated as IOC and coupled with the PAC routing option received during the Early and Late Trading Session promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system. The Exchange simply proposes to handle such Limit Orders as it would if not coupled with the PAC routing option by checking the System for any available shares and any shares that remain unexecuted would either be routed or cancelled in accordance with the terms of the order, and not in a different manner.

Adding this provision in Exchange Rule 2617(b)(5)(B)2. generally repeats what is already set forth in Exchange Rule 2614(b)(1) which describes the TIF instruction of IOC. Amending Exchange Rule 2617(b)(5)(B)2. to include the treatment of an order coupled with a TIF instruction of IOC, albeit also coupled with the PAC routing option, would provide added clarity to the Rule to the benefit of investors and national market system by seeking to avoid

⁸³ See, e.g., Cboe EDGX Rule 11.10(a)(2) and IEX Rule 11.230(a)(2)(B)

potential investor confusion.

Amendments to Risk Controls

The proposed changes to select risk controls during the Early and Late Trading Session are consistent with Section 6(b) of the Act,⁸⁴ in general, and further the objectives of Section 6(b)(5),⁸⁵ in particular, because they are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

Specifically, the Exchange believes the proposed changes will remove impediments to and perfect the mechanism of a free and open market and a national market system because they provide additional functionality that is calibrated to account for the different trading environment so that Equity Members may appropriately manage their risk during the Early and Late Trading Sessions. The Exchange believes that the proposed changes would protect investors and the public interest because the proposed additional functionality is a form of risk mitigation that will aid Equity Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events during the Early and Late Trading Sessions. In turn, the application of such risk management functionality could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system, particularly during the Early and Late Trading Sessions. The proposed rule changes would provide an additional option for Equity Members seeking to

⁸⁴ 15 U.S.C. 78f(b).

⁸⁵ 15 U.S.C. 78f(b)(5).

further tailor their risk management capability while transacting on the Exchange outside of Regular Trading Hours.

Trading Collars

The Exchange's proposal to amend Exchange Rule 2618(b)(1)(B) to update the hierarchy of reference prices used by the Exchange for Trading Collars due to the adoption of the Early and Late Trading Sessions perfects the mechanism of a free and open market and a national market system because it would provide clarity within Exchange Rule 2618(b)(1)(B) and align the Exchange's Rule with that of another national securities exchange.⁸⁶ This proposed change does not amend existing functionality as the sequence of reference prices to be used to calculate the Trading Collar would generally remain the same. The proposed rule change would also provide consistent rules across exchanges on how the Trading Collar and like risk controls would operate. The proposed rule change, therefore, removes impediments to and perfects the mechanism of a free and open market and a national market system.

The Exchange believes its proposal to amend Exchange Rule 2618(b)(1)(B) to update the current hierarchy to add an additional data point that may be used as a reference price for Trading Collars removes impediments to and perfects the mechanism of a free and open market. To account for the addition of the Early and Late Trading Sessions, the Exchange proposes to also use the last trade price for the security on trade date that occurred outside of Regular Trading Hours on trade date as the Trading Collar Reference Price in the scenario where it was the most current price as compared to the consolidated last sale price disseminated during Regular Trading Hours on trade date and the prior day's Official Closing Price. This proposed change removes impediments to and perfects the mechanism of a free and open market by

⁸⁶ See IEX Rule 11.190(f)(1)(A).

providing the Exchange with a more recent reference price to use for Trading Collars outside of Regular Trading Hours, where reference prices may be more stale using the two data points outlined in current Exchange Rule 2618(b)(1)(B). This proposed change will also align the Exchange's Rule with that of another national securities exchange⁸⁷ and, therefore, avoid potential investor confusion regarding how the Trading Collar and like risk controls would be calculated.

The Exchange also believes its proposal to make a related change to Exchange Rule 2618(b)(1)(A) regarding when the Trading Collar would not be applied perfects the mechanism of a free and open market and a national market system because it would ensure that the Trading Collar is not applied where the applicable Trading Collar Reference Price is unavailable as set forth under amended Exchange Rule 2618(b)(1)(B) described above. As amended, both Exchange Rules 2618(b)(1)(A) and (B) would be consistent and not apply the Trading Collar where there is not only no Official Closing Price or consolidated last sale price, but no last trade price for the security on trade date that occurred outside of Regular Trading Hours on trade date following the conclusion of a regulatory halt on that trading day. In such cases, there would be no reference price to use to calculate the Trading Collar and, therefore, the Trading Collar should not be applied. Again, each of the above changes are based on the rules of another national securities exchange.⁸⁸

The Exchange believes its proposal to provide an Extended Hours Multiplier for the Trading Collar Reference Price calculation to be used during the proposed Early and Late Trading Sessions also removes impediments to and perfects the mechanism of a free and open

⁸⁷ See IEX Rule 11.190(f)(1)(A).

⁸⁸ See id.

market, and promotes just and equitable principles of trade because it provides appropriate risk setting parameters to be applied outside of Regular Trading Hours under Exchange Rule 2618(b)(1)(E). Today, Exchange Rule 2618(b)(1)(E) provides that the specified dollar values are posted to the Exchange's website and the Exchange announces in advance any changes to the dollar value via a Regulatory Circular. Similarly, amended Exchange Rule 2618(b)(1)(E) would also provide that the amount of the Extended Hours Multiplier would be posted to the Exchange's website and the Exchange will likewise announce in advance any changes to the Extended Hours Multiplier via a Regulatory Circular. Doing so enables the Exchange to better tailor its Trading Collar to reflect the trading conditions that are in place outside of Regular Trading Hours and provide necessary protections to Equity Members without unnecessarily preventing an otherwise acceptable execution. Furthermore, as discussed above, Exchange Rule 2618(b)(1)(F) provides Equity Members the ability to override the Exchange's default behavior and provides that Equity Members may select a dollar value lower, higher, or equal to the Exchange-specified percentages and dollar value on an order-by-order basis. Therefore, Equity Members would have the ability to tailor the Trading Collar to consider the Extended Hours Multiplier in line with their risk appetite during the Early and Late Trading Sessions.

The Exchange notes that applying a multiplier to a risk protection outside of Regular Trading Hours is not unique and currently in place on at least one other national securities exchange.⁸⁹ Therefore, like the above changes, this proposed change will also align the Exchange's Rule with that of another national securities exchange, and therefore, avoid potential

⁸⁹ The proposed Extended Hours Multiplier is based on the similar functionality offered by NYSE Arca utilized outside of Regular Trading Hours. See NYSE Pillar Risk Controls Manual (document version 4.0), Section 5.5, available at https://www.nyse.com/publicdocs/nyse/NYSE_Pillar_Risk_Controls.pdf ("Arca Risk Controls Manual") (Early/Late Trading Multiplier (optional; Equities Markets) - may be configured to apply a double-wide price check to orders that first become eligible to trade in the Early or Late Trading Sessions (calculated as Price Protection Limit x Early/Late Trading Multiplier)).

investor confusion regarding how the Trading Collar and like risk controls would be calculated outside of Regular Trading Hours.

The Exchange believes that the proposed Extended Hours Multiplier to be used during Early and Late Trading Sessions for Trading Collars is designed to protect investors and the public interest because it is an additional risk setting parameter and form of risk mitigation that can aid Equity Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events during irregular trading hours. In turn, this enhances the integrity of trading on the securities markets during the Early and Late Trading Sessions and helps to assure the stability of the financial system.

Limit Order Price Protection

The Exchange's proposal to amend Exchange Rule 2614(a)(1)(ix)(A) is also designed to protect investors and the public interest because it would align the Exchange's Rule with that of another national securities exchange⁹⁰ and is consistent with the same change proposed above for the Exchange's Trading Collar risk protection.

The Exchange believes its proposal to amend Exchange Rule 2614(a)(1)(ix)(A) to update the current hierarchy and to add an additional data point that may be used as a reference price for Limit Order Price Protection removes impediments to and perfects the mechanism of a free and open market. Each of these proposed changes are based on the rules of another national securities exchange⁹¹ and other than using the PBBO, are designed to align the waterfall of

⁹⁰ The proposed Extended Hours Multiplier is based on the similar functionality offered by NYSE Arca utilized outside of Regular Trading Hours. See NYSE Pillar Risk Controls Manual (document version 4.0), Section 5.5, available at https://www.nyse.com/publicdocs/nyse/NYSE_Pillar_Risk_Controls.pdf ("Arca Risk Controls Manual") (Early/Late Trading Multiplier (optional; Equities Markets) - may be configured to apply a double-wide price check to orders that first become eligible to trade in the Early or Late Trading Sessions (calculated as Price Protection Limit x Early/Late Trading Multiplier)).

⁹¹ See IEX Rule 11.190(f)(1)(A).

reference prices with the changes proposed herein to the Trading Collar risk protection under Exchange Rule 2618(b)(1)(B), described above.

The Exchange would continue to reject a Limit Order to buy (sell) that is priced at or above (below) the greater of a specified dollar and percentage away from the PBO for Limit Orders to buy, the PBB for Limit Orders to sell. To account for the addition of the Early and Late Trading Sessions, the Exchange proposes to then use as the Limit Order Price Protection Reference Price the most current of the: (i) consolidated last sale trade price for the security disseminated during Regular Trading Hours on trade date; (ii) the last trade price for the security that occurred outside of Regular Trading Hours on trade date; or (iii) the prior day's Official Closing Price. The proposed reference price waterfall would ensure that the Exchange uses the most recent reference price that most accurately reflects the security's current trading behavior. Without this ability, the Exchange may use a stale reference price and possibly not reflective of the security's current trading behavior. The proposed change to Exchange Rule 2614(a)(1)(ix)(A)2. removes impediments to and perfects the mechanism of a free and open market by providing the Exchange with a more recent reference price to use for Limit Order Price Protection outside of Regular Trading Hours, where reference prices may be more stale using the two data points outlined in current Exchange Rule 2614(a)(1)(ix)(A). This proposed change will also align the Exchange's Rule with that of another national securities exchange⁹² and, therefore, help mitigate potential investor confusion regarding how the Limit Order Price Protection and like risk controls would be calculated in light of the proposed addition of the Early and Late Trading Sessions. Unlike on other exchanges who do not apply Limit Order Price Protection when certain reference prices are unavailable and allow trades to occur at prices

⁹² See IEX Rule 11.190(f)(1)(A).

that would otherwise been prevented,⁹³ the Exchange’s proposal would provide added reasonable protections to Equity Members when trading outside of Regular Trading Hours, which perfects the mechanism of a free and open market.

This proposed change also aligns the waterfall of reference prices with the changes described above for the Trading Collar risk protection under Exchange Rule 2618(b)(1)(B). The proposed changes also provide clarity that the Exchange would use a reference price that is most current and reflects the trading behavior of the security at the time Limit Order Price Protection is to be applied and is consistent with the same change proposed above for the Exchange’s Trading Collar risk protection.

The Exchange believes its proposal to establish the LOPP Extended Hours Multiplier during the proposed Early and Late Trading Sessions removes impediments to and perfects the mechanism of a free and open market, and promotes just and equitable principles of trade because it provides additional risk setting parameters during irregular trading hours. The Exchange notes that Equity Members may select a LOPP Extended Hours Multiplier that is higher than, equal to, or lower than the default LOPP Extended Hours Multiplier established by the Exchange. The Exchange believes its proposal is designed to protect investors and the public interest because the proposed additional risk setting parameters are forms of risk mitigation that can aid Equity Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events outside of Regular Trading Hours. In turn, this enhances the integrity of trading on the securities markets during the Early and Late Trading Sessions and help to assure the stability of the financial system. This functionality is also available on at least one

⁹³ See NYSE Arca Rule 7.31-E(a)(2)(B)(ii) (stating that “[d]uring the Early and Late Trading Sessions, Limit Order Price Protection will not be applied to an incoming Limit Order to buy (sell) if there is no NBO (NBB)”).

other national securities exchange.⁹⁴

As described above, Exchange Rule 2614(a)(1)(ix)(B) would provide that the default amount of the LOPP Extended Hours Multiplier will be posted to the Exchange’s website and the Exchange will announce in advance any changes to the LOPP Extended Hours Multiplier via a Regulatory Circular, which is the case today for the default specified dollar and percentage established by the Exchange. The Exchange believes its proposal to allow Equity Members to select a LOPP Extended Hours Multiplier that is higher than, equal to, or lower than the default LOPP Extended Hours Multiplier established by the Exchange promotes just and equitable principles of trade because it would provide Equity Members with additional flexibility in constructing a Limit Order Price Protection range (tighter or wider) that better suits their risk appetite when trading outside of Regular Trading Hours. Importantly, the proposed rule change would not only allow Equity Members to select a LOPP Extended Hours Multiplier more aggressive than the Exchange’s defaults, but also more conservative in cases where they seek to apply a tighter Limit Order Price Protection thresholds in line with their risk appetite. The ability to override the Exchange’s LOPP Extended Hours Multiplier would be completely voluntary and all orders would continue to be subject to other risk protections provided by the Exchange. Market participants’ ability to adjust risk settings to a more restrictive range is not unique and was recently proposed for Trading Collars in another proposed rule change filed with the Commission that will be effective shortly.⁹⁵

⁹⁴ The proposed LOPP Extended Hours Multiplier is based on the similar functionality offered by NYSE Arca during its early and late trading sessions. See NYSE Pillar Risk Controls Manual (document version 4.0), Section 5.5, available at https://www.nyse.com/publicdocs/nyse/NYSE_Pillar_Risk_Controls.pdf (“Arca Risk Controls Manual”) (Early/Late Trading Multiplier (optional; Equities Markets) - may be configured to apply a double-wide price check to orders that first become eligible to trade in the Early or Late Trading Sessions (calculated as Price Protection Limit x Early/Late Trading Multiplier)).

⁹⁵ See Securities Exchange Act Release No. 99954 (April 12, 2024), 89 FR 27824 (April 18, 2024) (SR-PEARL-2024-17). See also MIAX Pearl Equities Exchange Regulatory Circular 2024-10, Changes to Certain Risk Controls on MIAX Pearl Equities, dated July 1, 2024, available at

Early/Late Trading Session Pre-Order Risk Control

The Exchange believes its proposal to amend Exchange Rule 2618(a)(1)(C) to include pre-market and post-market in the list of risk controls for certain orders is designed to protect investors and the public interest. With the proposed change, Equity Members would be able to instruct the Exchange to block any orders from it entered during the proposed Early and Late Trading Sessions. The Exchange believes this aspect of the proposal provides a risk mitigation tool that can aid Equity Members in minimizing their financial exposure and ensure that an order that they may have inadvertently entered during the Early or Late Trading Session would be rejected by the Exchange. Use of this pre-order risk control would be completely voluntary and is based on the rules of another national securities exchange.⁹⁶

Exchange Rule 2621, Clearly Erroneous Executions

The Exchange believes its proposed changes to Exchange Rule 2621 promote just and equitable principles of trade removes impediments to and perfects the mechanism of a free and open market and a national market system because they would amend Exchange Rule 2621 to account for the Early and Late Trading Sessions by adopting provisions that are substantially identical with those of other equity exchanges, all of which adopted and enforce identical rules regarding clearly erroneous executions.⁹⁷ Doing so would also protects investors and the public interest by setting forth in the Exchange's rules the Clearly Erroneous Execution the standards for how potentially erroneous executions would be handled outside of Regular Trading Hours when LULD price protections are not in effect.

https://www.miaxglobal.com/sites/default/files/circular-files/MIAX_Pearl_Equities_RC_2024_10.pdf.

⁹⁶ The inclusion of pre-market and post-market in the list of risk control settings is based on EDGX Rule 11.10(c).

⁹⁷ See, e.g., Cboe BZX Rule 11.17 and MEMX Rule 11.15.

Exchange Rule 2900, Unlisted Trading Privileges

The Exchange believes its proposed changes to Exchange Rule 2900 promote just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system because they would codify in its rules provisions that provide for the Exchange including a description of the risk of trading UTP Derivative Securities outside of Regular Trading Hours in its information circulars, and describe when the Exchange would halt trading in a UTP Derivative Security that is consistent with industry practice. The proposed changes would also ensure the Exchange's rules are identical to and aligned with other national securities exchanges.⁹⁸

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange believes its proposal will not impose any burden on inter-market competition, but rather foster it by providing an additional pool of liquidity outside of Regular Trading Hours for investors and other market participant to access. The Exchange believes that the proposed rule change will benefit investors and the national market system by increasing competition for order flow and executions during outside of Regular Trading Hours, thereby spurring product enhancements and potentially lowering prices. The Exchange believes the proposed Early and Late Trading Sessions would enhance competition by enabling the Exchange to directly compete for order flow and executions outside of Regular Trading Hours with other national securities exchanges that provide extended hours trading. In addition, the proposed

⁹⁸ See, e.g., Cboe EDGX Rule 14.1(c)(1). See also, e.g., Cboe EDGX Rule 14.1, Interpretations and Policies .01(a) and (b).

functionality during the Early and Late Trading Session, such the as the proposed TIF instructions, will enhance competition by enabling the Exchange to offer functionality to that of other national securities exchanges. The fact that the extending of the proposed Early Trading Session and related functionality are themselves a response to the competition provided by other markets and is evidence of the proposals pro-competitive nature.

The Exchange believes its proposal will not impose any burden on intra-market competition because all Equity Members would be able to trade during the Early and Late Trading Session and may choose to do so based on their own business decisions and risk appetite. All of the proposed functionality would be available to all Equity Members who choose to participate in the proposed Early and Late Trading Sessions.

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

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

(i) significantly affect the protection of investors or the public interest;

(ii) impose any significant burden on competition; and

(iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.⁹⁹

At any time within 60 days of the filing of the proposed rule change, the Commission

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

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2024-47 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-PEARL-2024-47. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications

relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2024-47 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰⁰

Sherry R. Haywood,

Assistant Secretary.

¹⁰⁰ 17 CFR 200.30-3(a)(12), (59).