

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-101902; File No. SR-PEARL-2024-57)

December 12, 2024

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the MIAX Pearl Equities Fee Schedule to Make a Non-Substantive Change

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 4, 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 Exchange has designated the proposed rule change as constituting a “non-controversial” rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. 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 amend the fee schedule (the “Fee Schedule”) applicable to MIAX Pearl Equities, an equities trading facility of the Exchange.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend the table in Section 1)a) of the Fee Schedule, which provides the Exchange's standard rates for adding or removing liquidity in all securities, to make a non-substantive, clarifying change.

Background

Currently, the Standard Rates table in Section 1)a) of the Fee Schedule provides the standard rates for executions of orders in all securities that add or remove liquidity from the Exchange as well as the corresponding liquidity indicator code applicable to such transaction. In particular, the Exchange provides a standard rebate of (\$0.0021)⁵ per share for executions of orders in securities priced at or above \$1.00 per share that add displayed liquidity to the Exchange across all tapes.⁶ The Exchange provides a standard rebate of 0.15% of the total dollar value of the transaction for executions of orders in securities priced below \$1.00 per share that add displayed liquidity to the Exchange across all tapes.⁷ The Exchange provides in the Standard

⁵ Rebates are indicated by parentheses. See the General Notes section of the Fee Schedule.

⁶ See Fee Schedule, Section 1)a).

⁷ Id.

Rates table in Section 1)a) of the Fee Schedule that the liquidity indicator codes that apply to the above-described transactions are “AA” (Adds Liquidity, Displayed Order (Tape A)); “AB” (Adds Liquidity, Displayed Order (Tape B)); “AC” (Adds Liquidity, Displayed Order (Tape C)); and “AR” (Retail Order, Adds Liquidity, Displayed Order (All Tapes)).⁸ Effective beginning July 1, 2021, the Exchange established liquidity indicator code “AR,” which provides a higher standard rebate for executions of Retail Orders in securities priced at or above \$1.00 per share that add displayed liquidity to the Exchange across all tapes. This is the “standard rate” of (\$0.0037) per share for such Retail Order transactions.⁹

Proposal

The Exchange proposes to amend the Standard Rates table in Section 1)a) of the Fee Schedule to add a new column that will describe the rebate applicable to executions of Retail Orders in all securities that add displayed liquidity to the Exchange across all tapes. The Exchange proposes to delete liquidity indicator code “AR” from the first column of rebates titled “Adding Liquidity Displayed Order” and create a new column titled “Adding Liquidity Displayed Retail Order,” which will apply only to liquidity indicator code “AR”. Since liquidity indicator code “AR” is currently in the first column of the Standard Rates table, this suggests incorrectly that the rebate for executions of Retail Orders in securities at or above \$1.00 per share that add displayed liquidity to the Exchange across all tapes is (\$0.0021) per share; however, since July 2021, the Exchange has provided market participants the correct rebate of

⁸ A “Retail Order” is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See Exchange Rule 2626(a)(2).

⁹ See Securities Exchange Act Release No. 92452 (July 20, 2021), 86 FR 40092 (July 26, 2021) (SR-PEARL-2021-34).

(\$0.0037) per share for such transactions in Retail Orders. This proposal will eliminate the erroneous text regarding the rebate applicable to executions of Retail Orders in securities at or above \$1.00 per share that add displayed liquidity to the Exchange across all tapes.

The proposed new column will describe the current standard rates applicable to executions of Retail Orders in all securities that add displayed liquidity to the Exchange across all tapes. In particular, the first row of the new column will show the standard rebate of (\$0.0037) per share for executions Retail Orders in securities priced at or above \$1.00 per share that add displayed liquidity to the Exchange across all tapes. The second row will show the standard rebate of 0.15% of the total dollar value of the transaction for executions Retail Orders in securities priced below \$1.00 per share that add displayed liquidity to the Exchange across all tapes. Finally, the third row will show the applicable liquidity indicator code of “AR.” The Exchange does not propose to amend any rebates or fees. The purpose of the proposed change is to provide greater clarity within the Fee Schedule.

2. Statutory Basis

The Exchange believes that the proposed change is consistent with Section 6(b) of the Act¹⁰ in general, and further the objectives of Section 6(b)(5) of the Act,¹¹ in particular, in that it is designed to promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, protect investors and the public interest.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

The Exchange believes the proposed changes promote just and equitable principles of trade and remove impediments to and perfects the mechanism of a free and open market and a national market system because the proposed changes will provide greater clarity to Equity Members¹² and the public regarding the Exchange's Fee Schedule. This is because the Fee Schedule, as currently stated, may be unclear as to which rebate market participants will receive for executions of Retail Orders in securities priced at or above \$1.00 per share that add displayed liquidity to the Exchange, which is (\$0.0037) per share and not (\$0.0021) per share.¹³ The proposed changes will provide greater clarity within the Fee Schedule by eliminating what could be read as an inapplicable rebate of (\$0.0021) per share for executions of Retail Orders in securities priced at or above \$1.00 per share that add displayed liquidity to the Exchange since the Exchange established the rebate of (\$0.0037) per share for such transactions in Retail Orders in July 2021 and has provided the correct rebate since that time.

With the addition of the new column, the Exchange will provide greater clarity regarding the standard rates in the Fee Schedule. The Exchange believes this proposed change will make it easier for Equity Members to interpret the Exchange's Fee Schedule, render the Fee Schedule more accurate and reduce potential investor confusion, which removes impediments to and perfects the mechanism of a free and open market and a national market system. The Exchange does not propose to amend any rebates or fees. It is in the public interest for the Exchange's Fee Schedule to be clear and consistent so as to eliminate the potential for confusion.

¹² The term "Equity Member" is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See Exchange Rule 1901.

¹³ See Fee Schedule, Section 1)a).

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

The Exchange does not believe that the proposed change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes the proposed change will not impose any burden on intra-market competition as there is no change to the Exchange's rebates or fees and because the Exchange's Fee Schedule will continue to apply equally to all market participants. The proposal will have no impact on competition as it is not designed to address any competitive issue but rather is designed to provide clarity regarding the Exchange's rebates for certain types of transactions. The proposal will not impose any burden on competition; rather it will make it easier for Equity Members to interpret the Exchange's Fee Schedule, which may reduce potential investor confusion.

The Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal does not address any competitive issues and is intended to protect investors by providing greater clarity regarding the Exchange's standard rate for executions of Retail Orders in securities priced at or above \$1.00 per share that add displayed liquidity to the Exchange across all tapes. The Exchange does not believe that the proposal will harm another exchange's ability to compete. Accordingly, the Exchange does not believe the proposal imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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 after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and Rule 19b-4(f)(6)¹⁵ thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁶ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁷ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative upon filing. The Exchange states that the proposed rule change does not significantly affect the protection of investors or the public interest because the proposed addition of a new column to show the standard rates for executions of Retail Orders in all securities that add displayed liquidity to the Exchange across all tapes is a non-substantive, clarifying edit that does not propose to amend any current fees or rebates. Further, the Exchange states that is in the public interest for the Fee Schedule to be clear and consistent. The proposed rule change does not raise

¹⁴ 15 U.S.C. 78s(b)(3)(A).

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

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

any new or novel issues, and is intended to reduce the potential for confusion within the Exchange's Fee Schedule. For these reasons, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.¹⁸

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2024-57 on the subject line.

¹⁸ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-2024-57. 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-2024-57 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.¹⁹

Sherry R. Haywood,

Assistant Secretary.

¹⁹ 17 CFR 200.30-3(a)(12).