

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-79913; File No. SR-PEARL-2017-01)

February 1, 2017

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Establish MIAX PEARL Top of Market (“ToM”) and MIAX PEARL Liquidity Feed (“PLF”) Data Products

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 19, 2017, MIAX PEARL, LLC (“MIAX PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposal to establish certain market data products. The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings/pearl>, at MIAX PEARL’s principal office, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to establish the MIAX PEARL Top of Market (“ToM”) and MIAX PEARL Liquidity Feed (“PLF”) data products.

ToM provides market participants with a direct data feed that includes the Exchange’s best bid and offer, with aggregate size, and last sale information, based on order and quoting interest on the Exchange. The ToM data feed includes data that is identical to the data sent to the processor for the Options Price Reporting Authority (“OPRA”). The ToM and OPRA data leave the MIAX PEARL System<sup>3</sup> at the same time, as required under Section 5.2(c)(iii)(B) of the Limited Liability Company Agreement of the Options Price Reporting Authority LLC (the “OPRA Plan”), which prohibits the dissemination of proprietary information on any more timely basis than the same information is furnished to the OPRA system for inclusion in OPRA’s consolidated dissemination of options information. ToM will also contain a feature that provides the number of Priority Customer<sup>4</sup> contracts that are included in the size associated with the Exchange’s best bid and offer.

PLF is a real-time full order book data feed that provides information for orders on the MIAX PEARL order book. PLF will provide real-time information to enable users to keep track

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<sup>3</sup> The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

<sup>4</sup> The term “Priority Customer” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Exchange Rule 100.

of the simple order book for all symbols listed on MIAX PEARL. PLF will provide the following real-time data to its users with respect to each order for the entire order book: origin, limit price, side, size, and time-in-force (e.g., day, GTC). It is a compilation of data for orders residing on the Exchange's order book for options traded on the Exchange that the Exchange provides through a real-time multi-cast data feed. The Exchange updates the information upon receipt of each order or change in status to any order resting on the book (e.g., routing, trading, or cancelling of the order).

PLF will provide subscribers with specific order book data that should enhance their ability to analyze market conditions, and to create and test trading models and analytical strategies. The Exchange believes the PLF is a valuable tool that subscribers can use to gain comprehensive insight into the limit order book in a particular option.

The proposed data products provide valuable information that can help subscribers make informed investment decisions, and operate in the same manner as similar data products offered by the Miami International Securities Exchange, LLC ("MIAX Options"), namely the MIAX Options Top of Market data product ("MIAX ToM")<sup>5</sup> and the MIAX Options Order Feed data product ("MOR")<sup>6</sup>. Each of these proposed data products is available to members and non-members, and to both professional and non-professional subscribers.

The Exchange represents that it will make ToM and PLF equally available to any market participant that wishes to subscribe to it. The Exchange will establish monthly fees for the ToM

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<sup>5</sup> For a complete description of the MIAX Options ToM data product, see Securities Exchange Act Release No. 69007 (February 28, 2013), 78 FR 14617 (March 6, 2013) (SR-MIAX-2013-05); Securities Exchange Act Release No. 69518 (May 6, 2013), 78 FR 27462 (May 10, 2013) (SR-MIAX-2013-18); Securities Exchange Act Release No. 73395 (October 21, 2014), 79 FR 63979 (October 27, 2014) (SR-MIAX-2014-53).

<sup>6</sup> For a complete description of the MOR data product, see Securities Exchange Act Release No. 74759 (April 17, 2015), 80 FR 22749 (April 23, 2015) (SR-MIAX-2015-28).

data product and the PLF data product by way of separate proposed rule changes, which the Exchange will submit after the ToM and PLF products are established.

## 2. Statutory Basis

MIAX PEARL believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>8</sup> in particular, in that 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 facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The ToM market data product is designed to promote just and equitable principles of trade by providing all subscribers with top of market data that includes the Exchange's best bid and offer, with aggregate size, and last sale information, based on order and quoting interest on the Exchange that should enable them to make informed decisions on trading on MIAX PEARL by using the ToM data to assess current market conditions that directly affect such decisions.

The PLF market data product is designed to promote just and equitable principles of trade by providing all subscribers with limit order book data that should enable them to make informed decisions on trading MIAX PEARL options by using the PLF data to assess current market conditions that directly affect such decisions.

The proposed ToM and PLF market data products facilitate transactions in securities, remove impediments to and perfect the mechanisms of a free and open market and a national market system by enhancing the subscriber's ability to make decisions on trading strategy and by

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<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

providing data which should help bring about such decisions in a timely manner to the protection of investors and the public interest. The market data provided by both ToM and PLF removes impediments to, and is designed to further perfect, the mechanisms of a free and open market and a national market system by making the MIAX PEARL market more transparent and accessible to market participants making routing decisions concerning their options orders. The Exchange notes that the data provided on each of these data products are similar to and provide the same data as provided by data products of MIAX Options with respect to options traded on that exchange.<sup>9</sup> The Exchange believes that it is in the public interest to make similar information available with respect to options traded on MIAX PEARL.

The proposed ToM and PLF market data products are also designated to protect investors and the public interest by providing data to subscribers that is already currently available on other competing exchanges which are similar to MIAX PEARL<sup>10</sup> and will enable MIAX PEARL to compete with such other exchanges, thereby offering market participants with additional data in order to seek the market center with the best price and the most liquidity on which to execute their transactions, all to the benefit of investors and the public interest, and to the marketplace as a whole.

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<sup>9</sup> See supra notes 5 and 6.

<sup>10</sup> ISE Gemini, LLC (“Gemini”) is a maker-taker pricing model exchange similar to MIAX PEARL and has similar data products to ToM and PLF available to Gemini’s users, including the ISE Gemini TOP Quote and ISE Gemini Order Feed. See ISE Gemini Fee Schedule Sections V.A (ISE Gemini Order Feed) and V.B (ISE Gemini TOP Quote); see Securities Exchange Act Release No. 71087 (December 17, 2013), 78 FR 77545 (December 23, 2013) (SR-Topaz-2013-17).

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. On the contrary, the Exchange believes that the new market data products will enhance competition in the U.S. options markets by providing users of MIAX PEARL market data products that are similar to that which are currently provided on other competing options exchanges.<sup>11</sup>

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, it has become effective pursuant to 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6)<sup>13</sup> thereunder.

The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange has noted that waiving the operative delay would enable the Exchange to make the ToM and PLF market data products available to subscribers at the time of the launch of trading on the Exchange, which is scheduled

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<sup>11</sup> Id.

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 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.

for February 6, 2017. The Exchange has further argued that this would enable the Exchange to better compete with other exchanges by offering market participants additional data in order to seek the market center with the best prices and the most liquidity on which to execute their transactions. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, because such waiver will enable the Exchange to begin offering these data products at the time of the launch of trading on the Exchange. In addition, as noted by the Exchange, the proposal is consistent with the rules of other self-regulatory organizations previously approved by the Commission.<sup>14</sup> For these reasons, the Commission designates the proposed rule change as operative upon filing.<sup>15</sup>

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

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

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<sup>14</sup> See supra notes 5 and 6.

<sup>15</sup> 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).

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-PEARL-2017-01 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-PEARL-2017-01. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer



to File Number SR-PEARL-2017-01 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>16</sup> 17 CFR 200.30-3(a)(12).