

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-98089; File No. SR-PEARL-2023-34)

August 8, 2023

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rules 2614, 2617, and 2626 of the MIAX Pearl Equities Rulebook

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 31, 2023, MIAX PEARL, LLC (“MIAX Pearl” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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 amend Exchange Rules 2614, Orders and Order Instructions, 2617, Order Execution and Routing and 2626, Retail Order Attribution Program, to make minor, non-substantive edits and clarifying changes to the rule text applicable to MIAX Pearl Equities (“MIAX Pearl Equities”)³, 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 The term “MIAX Pearl Equities” shall mean MIAX Pearl Equities, a facility of MIAX PEARL, LLC. See Exchange Rule 1901.

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 hierarchical headings in Exchange Rule 2617 as follows: subparagraph (a)(2)(A) will be renumbered as (a)(2)(i); subparagraphs (a)(4)(A)–(D) will be renumbered as (a)(4)(i)–(iv); subparagraph (b)(1)(A) will be renumbered as (b)(1)(i); subparagraphs (b)(1)(A)(i)–(vi) will be renumbered as (b)(1)(i)(A)–(F); subparagraphs (b)(4)(A)–(C) will be renumbered as (b)(4)(i)–(iii); subparagraphs (b)(4)(B)(i)–(iii) will be renumbered as (b)(4)(ii)(A)–(C); subparagraphs (b)(5)(A)–(C) will be renumbered as (b)(5)(i)–(iii); subparagraphs (b)(5)(B)(1)–(2) will be renumbered as (b)(5)(ii)(A)–(B); subparagraphs (b)(5)(B)(1)(i)–(iii) will be renumbered as (b)(5)(ii)(A)1.–3.; subparagraphs (b)(5)(B)(1)(i)(a)–(b) will be renumbered as (b)(5)(ii)(A)1. a.–b.; subparagraphs (b)(5)(B)(1)(ii)(a)–(b) will be renumbered as (b)(5)(ii)(A)2. a.–b.; subparagraphs (b)(5)(B)(2)(i)–(iv) will be renumbered as (b)(5)(ii)(B)1.–4.; subparagraph (b)(5)(B)(2)(i)(a) will be renumbered as (b)(5)(ii)(B)1. a.; subparagraph (b)(5)(B)(2)(ii)(a) will be renumbered as (b)(5)(ii)(B)2. a.; subparagraphs (b)(5)(C)(1)–(2) will be renumbered as (b)(5)(iii)(A)–(B); and subparagraphs (b)(6)(A)–(E) will be renumbered as (b)(6)(i)–(v).

Next, the Exchange proposes to amend proposed renumbered subparagraph (a)(4)(iii) of Exchange Rule 2617 to replace certain internal cross references to other subparagraphs of Exchange Rule 2617 in light of the proposed hierarchical heading changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617(a)(4)(iii), that are to subparagraphs (D), (A), and (B), to now be to proposed renumbered subparagraphs (iv), (i), and (ii), respectively. Accordingly, with all the proposed changes, Exchange Rule 2617(a)(4)(iii) will provide as follows:

(iii) Consistent with Exchange Rule 2614, based on User instructions, certain orders are permitted to post and rest on the MIAX Pearl Equities Book at prices that lock or cross contra-side liquidity, provided, however, that the System will never display a locked or crossed market. Subject to sub-paragraph (iv) below, if an Aggressing Order or an incoming order to buy (sell), pursuant to paragraph (i) or (ii) above, would execute upon entry against a resting order to sell (buy) at the same or a worse price as a resting displayed order to buy (sell), the Aggressing Order or incoming order to buy (sell) will be cancelled or posted to the MIAX Pearl Equities Book and ranked in accordance with Exchange Rule 2616.

Next, the Exchange proposes to amend proposed renumbered subparagraph (a)(4)(iv) of Exchange Rule 2617 to replace certain internal cross references to other subparagraphs of Exchange Rule 2617 in light of the hierarchical heading changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617(a)(4)(iv) that are to subparagraphs (C), (A), and (B), to now be to subparagraphs (iii), (i), and (ii), respectively. Accordingly, with all the proposed changes, Exchange Rule 2617(a)(4)(iv) will provide as follows:

(iv) For securities priced equal to or greater than \$1.00 per share, in the case where a non-displayed order to sell (buy) is posted on the MIAX Pearl Equities Book at a price that locks or crosses a displayed order to buy (sell) pursuant to sub-paragraph (iii) above, an Aggressing Order or an incoming order to buy (sell) described in sub-paragraphs (i) and (ii) above that is a Market Order or a Limit Order priced more aggressively than the order to buy (sell) displayed on the MIAX Pearl Equities Book will execute against the non-displayed order to sell (buy) resting on the MIAX Pearl Equities Book at one-half minimum price

variation greater (less) than the price of the resting displayed order to buy (sell). For bids or offers under \$1.00 per share, this sub-paragraph is inapplicable.

Next, the Exchange proposes to amend proposed renumbered subparagraph (b)(5)(ii) of Exchange Rule 2617 to replace a certain internal cross reference to another subparagraph of Exchange Rule 2617 in light of the hierarchical heading changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617(b)(5)(ii) that is to subparagraph (b)(5)(C), to now be to subparagraph (b)(5)(iii). Accordingly, with the proposed change, Exchange Rule 2617 (b)(5)(ii) will provide as follows:

(ii) Route to Primary Auction (“PAC”). PAC is a routing option for Market Orders and displayed Limit Orders designated as 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 (Cboe BZX, NYSE, Nasdaq, NYSE American, or NYSE Arca) if received before the opening, re-opening, or closing process of such market. The System will designate such orders routed pursuant to the PAC routing option with the time-in-force accepted by the primary listing market. Displayed Limit Orders coupled with the PAC routing option will be eligible to be routed pursuant to the PI routing option described under paragraph (b)(5)(iii) of this Rule.

Next, the Exchange proposes to amend proposed renumbered subparagraph (b)(5)(ii)(A)1.a. of Exchange Rule 2617 to replace a certain internal cross reference to another subparagraph of Exchange Rule 2617 in light of the changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617 (b)(5)(ii)(A)1.a. that is to subparagraph (b)(5)(C) to now be to subparagraph (b)(5)(iii). Accordingly, with the proposed change, Exchange Rule 2617 (b)(5)(ii)(A)1.a. will provide as follows:

a. Limit Orders. Any shares that remain unexecuted after attempting to execute in the primary listing market’s opening or re-opening process will either be posted to the MIAX Pearl Equities Book, executed, or routed pursuant to the PI routing option described under paragraph (b)(5)(iii) of this Rule.

Next, the Exchange proposes to amend proposed renumbered subparagraph (b)(5)(ii)(A)3. of Exchange Rule 2617 to replace certain internal cross references to other subparagraphs of Exchange Rule 2617 in light of the changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617 (b)(5)(ii)(A)3. that are to subparagraph (i) and (ii), to now be to subparagraph 1. and 2., respectively. Accordingly, with the proposed changes, Exchange Rule 2617 (b)(5)(ii)(A)3. will provide as follows:

3. Retail Orders. A Retail Member Organization (as defined in Rule 2626(a)(1)) may designate a Retail Order (as defined in Rule 2626(a)(2)) to be identified as Retail on an order-by-order basis or instruct the Exchange to identify all of its orders as Retail on a port-by-port basis. If so designated, a Retail Order will be identified as Retail when routed pursuant to paragraphs 1. and 2. above, as well as on the Exchange's proprietary data feeds pursuant to Rule 2626(f). A Retail Member Organization that instructs the Exchange to identify all its Retail Orders as Retail on a particular port will be able to override such setting and designate any individual Retail Order from that port to not be identified as Retail when routed to the primary listing market pursuant to paragraphs 1. and 2. above.

Next, the Exchange proposes to amend proposed renumbered subparagraph (b)(5)(ii)(B) of Exchange Rule 2617 to replace certain internal cross references to other subparagraphs of Exchange Rule 2617 in light of the changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617 (b)(5)(ii)(B) that are to subparagraphs (1) and (b)(5)(C) to now be to subparagraphs (A) and (b)(5)(iii), respectively. Accordingly, with the proposed changes, Exchange Rule 2617 (b)(5)(ii)(B) will provide as follows:

1. Limit Orders Designated as RHO. If a Limit Order designated as RHO is entered after the security has opened on the primary listing market, before being routed to the primary listing market's re-opening or closing process pursuant to paragraph (A) above, the Exchange will check the System for available shares and then route the remaining shares pursuant to the PI routing option described under paragraph (b)(5)(iii) of this Rule.

a. Any shares that remain unexecuted after routing will either be posted to the MIAX Pearl Equities Book, executed, or routed pursuant to the PI routing option described under paragraph (b)(5)(iii) of this Rule.

2. Limit Orders Designated as IOC. 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 paragraph (b)(5)(iii) of this Rule. Any shares that remain unexecuted after routing will be cancelled in accordance with the terms of the order.

a. A Limit Order designated as IOC received during the time when the Exchange is in the process of routing orders to the primary listing market's re-opening process pursuant to paragraph (A) above will be rejected.

3. Market Orders Designated as RHO. A Market Order designated as RHO that is entered after the security has opened on the primary listing market will be handled in accordance with paragraph (A) above.

Next, the Exchange proposes to amend proposed renumbered subparagraph (b)(5)(iii) of Exchange Rule 2617 to replace certain internal cross references to other subparagraphs of Exchange Rule 2617 in light of the changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617 (b)(5)(iii) that are to subparagraphs (B)(1) and (B)(2) to now be to subparagraphs (ii)(A) and (ii)(B), respectively. Accordingly, with the proposed changes, Exchange Rule 2617 (b)(5)(iii) will provide as follows:

(A) Limit Orders Designated as RHO. A displayed Limit Order designated as RHO that is coupled with the PAC routing option described under paragraph (ii)(A) above will automatically be coupled by the System with the PI routing option.

(B) Limit Orders Designated as IOC. A Limit Order designated as IOC that is coupled with the PAC routing option described under paragraph (ii)(B) above received during continuous trading will be automatically defaulted by the System to the PI routing option. Such Limit Orders are not eligible to be routed pursuant the PAC routing option.

Next, the Exchange proposes to amend subparagraph (a)(2)(B) of Exchange Rule 2614 to replace a certain internal cross reference to another rule in light of the hierarchical heading changes described above. In particular, the Exchange proposes to amend the cross reference contained in Exchange Rule 2614(a)(2)(B) that is to current Exchange Rule 2617(b)(5)(B) to now be to proposed renumbered Exchange Rule 2617(b)(5)(ii).

Similarly, the Exchange proposes to amend subparagraph (f) of Exchange Rule 2626 to replace a certain internal cross reference to another rule in light of the changes described above. In particular, the Exchange proposes to amend the cross reference contained in Exchange Rule 2626(f) that is to current Exchange Rule 2617(b)(5)(B)(1)(iii), to now be to proposed renumbered Exchange Rule 2617(b)(5)(ii)(A)3.

2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Act⁴ in general, and furthers the objectives of Section 6(b)(1) of the Act⁵ in particular, in that they are designed to enforce compliance by the Exchange's Equity Members⁶ and persons associated with its Equity Members, with the provisions of the rules of MIAX Pearl Equities. In particular, the Exchange believes that the proposed rule changes will provide greater clarity to Equity Members and the public regarding the Exchange's Rules by providing consistency within the Exchange's Rulebook. The proposed changes will ensure the hierarchical heading scheme aligns throughout the Exchange's Rulebook. The proposed changes will also make it easier for Equity Members to interpret the Exchange's Rulebook.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(1).

⁶ The term "Equity Member" is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See Exchange Rule 1901.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition as there is no functional change to the Exchange's System⁷ and because the rules of the Exchange apply to all MIAX Pearl Equities participants equally. The proposed rule change will have no impact on competition as it is not designed to address any competitive issue but rather is designed to remedy minor non-substantive issues and provide added clarity to the rule text of Exchange Rules 2614, 2617, and 2626. In addition, 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 further transparency regarding the Exchange's functionality.

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

⁷ The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹

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.

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-2023-34 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-2023-34. 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

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires the Exchange 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.

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-2023-34 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.¹⁰

Sherry R. Haywood,

Assistant Secretary.

¹⁰ 17 CFR 200.30-3(a)(12).