

MIAX Pearl Equities Exchange Regulatory Circular 2022-12

DATE: November 9, 2022

TO: MIAX Exchange Members

FROM: MIAX Regulatory Department

RE: Limit Order Price Protection and Trading Collar Risk Protections

Effective December 5, 2022, the Exchange will not apply Limit Order Price Protection and Trading Collar risk protections when a regulatory halt has been declared by the primary listing market during that trading day and no other reference price is available.

Limit Order Price Protection

Limit Order Price Protection is set forth under Exchange Rule 2614(a)(1)(I) and provides for the cancellation 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 to buy (sell) will be rejected if it is priced at or above (below) the greater of a specified dollar value and percentage away from the following:

- the PBO for Limit Orders to buy, the PBB for Limit Orders to sell;
- if the PBO or PBB is unavailable, the consolidated last sale price is disseminated during the Regular Trading Hours on the trade date;
- if the PBO, PBB, and a consolidated last sale price are unavailable, the prior day's Official Closing Price identified as such by the primary listing exchange, is adjusted to account for events such as corporate actions and news events.

Limit Order Price Protection will not be applied if the prices listed above are unavailable. Effective December 5, 2022, Limit Order Price Protection will also not be applied when the prior day's Official Closing Price is to be used when the

PBO, PBB, and a consolidated last sale price are unavailable and a trading halt has been declared by the primary listing market during that trading day.

Trading Collar

The Exchange prevents all incoming orders, including those marked ISO, from executing at a price outside the Trading Collar price range 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 Trading Collar price range is calculated using the greater of numerical guidelines for clearly erroneous executions under Exchange Rule 2621 or a specified dollar value established by the Exchange.

The Trading Collar price range is calculated based on a Trading Collar Reference Price and sets forth a sequence of prices to determine the Trading Collar Reference Price to be used if a certain reference price is unavailable. The Exchange first utilizes the consolidated last sale price disseminated during the Regular Trading Hours on the trade date as the Trading Collar Reference Price. If 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 is used. If neither is available to use as the Trading Collar Reference Price, the Exchange suspends the Trading Collar function in the interest of maintaining a fair and orderly market in the impacted security. The Exchange calculates the Trading Collar price range for a security by applying the Numerical Guideline and reference price to the Trading Collar Reference Price. 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. Upon entry, any portion of an order to buy (sell) that would execute at a price above (below) the Trading Collar Price is canceled. Consistent with Limit Order Price Protection, effective December 5, 2022, the Trading Collar will not be applied when the prior day's Official Closing Price is to be used when the consolidated last sale price is unavailable and a regulatory halt has been declared by the primary listing market during that trading day.

For questions regarding **Limit Order Price Protection and Trading Collar Risk Protections**, please contact Trading Operations at TradingOperations@MIAXEquities.com or (609) 897-7302.

Regulatory inquiries should be directed to Regulatory@MIAXEquities.com or (609) 897-7309.