

Required fields are shown with yellow backgrounds and asterisks.

Filing by MIAX PEARL, LLC
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
 Provide a brief description of the action (limit 250 characters, required when Initial is checked *).
 Amend Exchange Rule 503

Contact Information
 Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Gregory Last Name * Ziegler
 Title * Associate Counsel
 E-mail * gziegler@miaxoptions.com
 Telephone * (609) 897-1483 Fax

Signature
 Pursuant to the requirements of the Securities Exchange Act of 1934,
 has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.
 (Title *) Associate Counsel

Date 04/06/2018
 By Gregory P. Ziegler
 (Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) MIAX PEARL, LLC (“MIAX PEARL” or the “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend Exchange Rule 503, Openings on the Exchange.

Notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX PEARL Board of Directors on December 7, 2017. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Gregory P. Ziegler, Associate Counsel, at (609) 897-1483.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend Exchange Rule 503, Openings on the Exchange. Specifically, the Exchange proposes to amend subsection (b)(1)(i) and (b)(1)(ii) to make clarifying changes to add additional detail to the rule text which describes the two different scenarios that the Exchange uses to direct its Opening Process.³ Additionally, the Exchange proposes to amend subsection (b)(2) and (b)(3) to make additional clarifying changes to align the rule text to the changes proposed in subsection (b)(1)(i) and (ii).

Currently, the Exchange has two separate sets of criteria, either of which must be satisfied in order to begin the Opening Process; one for when there is a possible trade on MIAX PEARL⁴ and one for when there is not.⁵ Specifically, Rule 503(b)(1)(i) states that to begin the Opening Process, “[i]f there is a possible trade on MIAX PEARL, a Valid Width NBBO⁶ must be present.” The Exchange now proposes to amend this sentence to remove the phrase “a possible trade” and replace it with a more comprehensive description of scenarios which, if present, would require the presence of a Valid Width NBBO to begin the Opening Process, to better align the rule text to the current Exchange functionality. The Exchange therefore proposes

³ See Exchange Rule 503(a)(1).

⁴ See Exchange Rule 503(b)(1)(i).

⁵ See Exchange Rule 503(b)(1)(ii).

⁶ See Exchange Rule 503(a)(4).

to amend subsection (b)(1)(i) to state, “[i]f there is locking or crossing interest on MIAX PEARL, or interest that locks or crosses the NBBO,⁷ a Valid Width NBBO must be present.”

The following example demonstrates interest on MIAX PEARL that locks or crosses the NBBO.

Example 1

MIAX PEARL receives a Customer Do Not Route (“DNR”)⁸ to sell 100 @ \$.05 prior to the opening.

At 9:30 A.M. MIAX PEARL receives ABBO⁹ market data from one other exchange.

ABBO: \$.05 x \$5.00

NBBO: \$.05 x \$5.00

The interest to sell @ \$.05 on MIAX PEARL locks the NBBO.

The interest on MIAX PEARL is not routable and there is no other interest available on MIAX PEARL in this scenario. The Exchange’s rules require a Valid Width NBBO¹⁰ to be present to begin the Opening Process. The Exchange believes that requiring the presence of a Valid Width NBBO as a condition precedent to starting the Opening Process ensures that there is

⁷ The term “NBBO” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

⁸ A Do Not Route or “DNR” order is an order that will never be routed outside of the Exchange regardless of the prices displayed by away markets. See Exchange Rule 516(g).

⁹ The term “ABBO” or “Away Best Bid or Offer” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

¹⁰ The Exchange notes that the current calculation of a Valid Width NBBO on MIAX PEARL requires the disseminated quotes of at least two other exchanges and the quotes of at least one MIAX PEARL Market Maker.

a sufficient quoted market in the options series which in turn will ensure that the Exchange's Opening Process determines a valid Opening Price.¹¹ The Exchange believes this requirement provides a level of price protection to orders on its Book¹² and will limit transactions from occurring at the opening at potentially erroneous prices.

Similarly, the Exchange also proposes to amend subsection (b)(1)(ii) to remove the phrase, "no trade is possible" and replace it with a more comprehensive description of the conditions which would result in the Exchange using its second set of criteria, which is not changing under this proposal, whereby any one of the conditions may be satisfied in order to begin the Opening Process. The Exchange therefore proposes to amend subsection (b)(1)(ii) to state, "[i]f there is no locking or crossing interest on MIAX PEARL or interest that locks or crosses the NBBO, then the Exchange will open dependent upon one of the following: (A) A Valid Width NBBO is present; or (B) A certain number of other options exchanges (as determined by the Exchange and posted by MIAX PEARL on its website) have disseminated a firm quote on OPRA; or (C) A certain period of time (as determined by the Exchange and posted by MIAX PEARL on its website) has elapsed."

Additionally, the Exchange proposes to amend the heading of subsection 503(b)(2) to align the rule text to the proposed changes discussed above. Currently, the heading reads, "Opening Process Where There is a Possible Trade on MIAX PEARL." The Exchange proposes to amend this heading to state, "Opening Process Where There is Locking or Crossing Interest on MIAX PEARL or Interest that Locks or Crosses the NBBO." Further, the Exchange proposes to amend the heading of subsection 503(b)(3) to align the rule text to the proposed changes

¹¹ See Exchange Rule 503(b)(2)(i).

¹² The term "Book" means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

discussed above. Currently, the heading reads, “Opening Process Where There is No Possible Trade on MIAX PEARL.” The Exchange now proposes to amend this heading to state, “Opening Process Where There is No Locking or Crossing Interest on MIAX PEARL and no Interest that Locks or Crosses the NBBO.” The Exchange believes that these proposed changes harmonize the rule text with the proposed amendments to subsection (b)(1)(i) and (ii).

The Exchange notes that the proposed changes are clarifying changes only that will not alter the current behavior of the Exchange’s Opening Process. The Opening Process where there is locking or crossing interest on MIAX PEARL or interest that locks or crosses the NBBO will remain unchanged.¹³ Likewise, the Opening Process for where there is no locking or crossing interest on MIAX PEARL and no interest that locks or crosses the NBBO will remain unchanged. Orders in the System will be handled at the conclusion of the Opening Process in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Book, cancelled, executed, managed in accordance with Rule 515, or routed in accordance with Rule 529.¹⁴

The proposed rule change provides additional clarification and better aligns the rule text to how the Opening Process operates in production, and provides consistency in the Exchange’s rules concerning the operation of the Exchange’s Opening Process.

b. Statutory Basis

MIAX PEARL believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁶ in particular, in

¹³ See Exchange Rule 503(b)(2)(i)-(iv).

¹⁴ See Exchange Rule 503(b)(3).

¹⁵ 15 U.S.C. 78f(b).

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 regulating, clearing, settling, processing information with respect to, and 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 Exchange believes that the proposed changes to its rulebook add additional detail and provide further clarification to Members, investors, and the Public, regarding the operation of the Exchange's Opening Process. The Exchange believes it is in the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Transparency and clarity are consistent with the Act because it removes impediments to and helps perfect the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest by accurately describing the behavior of the Exchange's System.

Currently the rule requires the presence of a Valid Width NBBO to begin the Opening Process when there is locking or crossing interest on the Exchange (a possible trade), the additional rule text requires the presence of a Valid Width NBBO to begin the Opening Process when there is interest that locks or crosses the NBBO, which similarly serves to protect routable and non-routable interest on the Book. The Exchange believes that requiring a Valid Width NBBO to be present prior to beginning the Opening Process when there is locking or crossing interest on the Exchange, or interest that locks or crosses the NBBO, ensures that the option series is being sufficiently quoted to allow meaningful price discovery. The Exchange's current

¹⁶ 15 U.S.C. 78f(b)(5).

Valid Width NBBO calculation requires the disseminated quotes of at least two other exchanges and the quotes of at least one MIAX PEARL Market Maker.¹⁷ The Exchange believes that using quotes from competing options exchanges, in addition to quotes from its own Market Maker, ensures that the Exchange can calculate a valid Opening Price.¹⁸ The Exchange believes that its Valid Width NBBO requirement contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest by reducing the chance that the Exchange could execute opening transactions at a potentially erroneous Opening Price.

4. 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 proposed rule change does not alter any functionality of the Exchange's System and is designed to add additional clarity and detail to the Exchange's rules.

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition as the Rules apply equally to all Exchange Members. The proposed rule change is not a competitive filing and is intended to enhance the protection of investors by ensuring that there is a sufficient quoted market from which the Exchange can determine a valid Opening Price. Additionally, the proposed rule change provides additional detail and clarity to the Exchange's rulebook regarding the Exchange's Opening Process.

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

No written comments were either solicited or received.

¹⁷ See supra note 10.

¹⁸ See supra note 11.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A) of the Act¹⁹ and Rule 19b-4(f)(6)²⁰ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not 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.

The Exchange does not believe the proposed rule change raises any novel or unique regulatory or substantive issues. The Exchange's proposal does not alter any Exchange functionality and provides additional detail and clarification to the existing rule text.

Additionally, the proposed rule change is non-controversial because, as a clarification of the Exchange's Opening Process, it protects investors and the public interest by providing transparency in the Exchange's rules concerning orders on the Book in various circumstances and thus enables investors to make more informed decisions for order routing based on how orders are handled at the opening and the possible outcome when there is locking or crossing interest on the Exchange or interest that locks or crosses the NBBO, versus when there is no locking or crossing interest on the Exchange and no interest that locks or crosses the NBBO.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6).

The Exchange does not believe that the proposed rule change imposes any significant burden on competition as the proposed rule change provides additional detail and clarity to the Exchange's rulebook regarding the Exchange's Opening Process.

Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act²¹ and Rule 19b-4(f)(6) thereunder.²² Accordingly, for the reasons stated above, the Exchange believes that the proposed rule change is non-controversial and is therefore eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.

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.

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.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on rules of another self-regulatory organization or of the Commission.

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f)(6).

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2018-10)

April__, 2018

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX PEARL, LLC to Exchange Rule 503, Openings on the Exchange.

Pursuant to the provisions of 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 April 6, 2018, MIAX PEARL, LLC (“MIAX PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change”) 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 amend Exchange Rule 503, Openings on the Exchange.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange Rule 503, Openings on the Exchange. Specifically, the Exchange proposes to amend subsection (b)(1)(i) and (b)(1)(ii) to make clarifying changes to add additional detail to the rule text which describes the two different scenarios that the Exchange uses to direct its Opening Process.³ Additionally, the Exchange proposes to amend subsection (b)(2) and (b)(3) to make additional clarifying changes to align the rule text to the changes proposed in subsection (b)(1)(i) and (ii).

Currently, the Exchange has two separate sets of criteria, either of which must be satisfied in order to begin the Opening Process; one for when there is a possible trade on MIAX PEARL⁴ and one for when there is not.⁵ Specifically, Rule 503(b)(1)(i) states that to begin the Opening Process, “[i]f there is a possible trade on MIAX PEARL, a Valid Width NBBO⁶ must be present.” The Exchange now proposes to amend this sentence to remove the phrase “a possible trade” and replace it with a more comprehensive description of scenarios which, if present, would require the presence of a Valid Width NBBO to begin the Opening Process, to better align the rule text to the current Exchange functionality. The Exchange therefore proposes

³ See Exchange Rule 503(a)(1).

⁴ See Exchange Rule 503(b)(1)(i).

⁵ See Exchange Rule 503(b)(1)(ii).

⁶ See Exchange Rule 503(a)(4).

to amend subsection (b)(1)(i) to state, “[i]f there is locking or crossing interest on MIAX PEARL, or interest that locks or crosses the NBBO,⁷ a Valid Width NBBO must be present.”

The following example demonstrates interest on MIAX PEARL that locks or crosses the NBBO.

Example 1

MIAX PEARL receives a Customer Do Not Route (“DNR”)⁸ to sell 100 @ \$.05 prior to the opening.

At 9:30 A.M. MIAX PEARL receives ABBO⁹ market data from one other exchange.

ABBO: \$.05 x \$5.00

NBBO: \$.05 x \$5.00

The interest to sell @ \$.05 on MIAX PEARL locks the NBBO.

The interest on MIAX PEARL is not routable and there is no other interest available on MIAX PEARL in this scenario. The Exchange’s rules require a Valid Width NBBO¹⁰ to be present to begin the Opening Process. The Exchange believes that requiring the presence of a Valid Width NBBO as a condition precedent to starting the Opening Process ensures that there is a sufficient quoted market in the options series which in turn will ensure that the Exchange’s

⁷ The term “NBBO” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

⁸ A Do Not Route or “DNR” order is an order that will never be routed outside of the Exchange regardless of the prices displayed by away markets. See Exchange Rule 516(g).

⁹ The term “ABBO” or “Away Best Bid or Offer” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

¹⁰ The Exchange notes that the current calculation of a Valid Width NBBO on MIAX PEARL requires the disseminated quotes of at least two other exchanges and the quotes of at least one MIAX PEARL Market Maker.

Opening Process determines a valid Opening Price.¹¹ The Exchange believes this requirement provides a level of price protection to orders on its Book¹² and will limit transactions from occurring at the opening at potentially erroneous prices.

Similarly, the Exchange also proposes to amend subsection (b)(1)(ii) to remove the phrase, “no trade is possible” and replace it with a more comprehensive description of the conditions which would result in the Exchange using its second set of criteria, which is not changing under this proposal, whereby any one of the conditions may be satisfied in order to begin the Opening Process. The Exchange therefore proposes to amend subsection (b)(1)(ii) to state, “[i]f there is no locking or crossing interest on MIAX PEARL or interest that locks or crosses the NBBO, then the Exchange will open dependent upon one of the following: (A) A Valid Width NBBO is present; or (B) A certain number of other options exchanges (as determined by the Exchange and posted by MIAX PEARL on its website) have disseminated a firm quote on OPRA; or (C) A certain period of time (as determined by the Exchange and posted by MIAX PEARL on its website) has elapsed.”

Additionally, the Exchange proposes to amend the heading of subsection 503(b)(2) to align the rule text to the proposed changes discussed above. Currently, the heading reads, “Opening Process Where There is a Possible Trade on MIAX PEARL.” The Exchange proposes to amend this heading to state, “Opening Process Where There is Locking or Crossing Interest on MIAX PEARL or Interest that Locks or Crosses the NBBO.” Further, the Exchange proposes to amend the heading of subsection 503(b)(3) to align the rule text to the proposed changes discussed above. Currently, the heading reads, “Opening Process Where There is No Possible Trade on MIAX PEARL.” The Exchange now proposes to amend this heading to state,

¹¹ See Exchange Rule 503(b)(2)(i).

¹² The term “Book” means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

“Opening Process Where There is No Locking or Crossing Interest on MIAX PEARL and no Interest that Locks or Crosses the NBBO.” The Exchange believes that these proposed changes harmonize the rule text with the proposed amendments to subsection (b)(1)(i) and (ii).

The Exchange notes that the proposed changes are clarifying changes only that will not alter the current behavior of the Exchange’s Opening Process. The Opening Process where there is locking or crossing interest on MIAX PEARL or interest that locks or crosses the NBBO will remain unchanged.¹³ Likewise, the Opening Process for where there is no locking or crossing interest on MIAX PEARL and no interest that locks or crosses the NBBO will remain unchanged. Orders in the System will be handled at the conclusion of the Opening Process in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Book, cancelled, executed, managed in accordance with Rule 515, or routed in accordance with Rule 529.¹⁴

The proposed rule change provides additional clarification and better aligns the rule text to how the Opening Process operates in production, and provides consistency in the Exchange’s rules concerning the operation of the Exchange’s Opening Process.

2. Statutory Basis

MIAX PEARL believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁶ 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions

¹³ See Exchange Rule 503(b)(2)(i)-(iv).

¹⁴ See Exchange Rule 503(b)(3).

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

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 Exchange believes that the proposed changes to its rulebook add additional detail and provide further clarification to Members, investors, and the Public, regarding the operation of the Exchange's Opening Process. The Exchange believes it is in the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Transparency and clarity are consistent with the Act because it removes impediments to and helps perfect the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest by accurately describing the behavior of the Exchange's System.

Currently the rule requires the presence of a Valid Width NBBO to begin the Opening Process when there is locking or crossing interest on the Exchange (a possible trade), the additional rule text requires the presence of a Valid Width NBBO to begin the Opening Process when there is interest that locks or crosses the NBBO, which similarly serves to protect routable and non-routable interest on the Book. The Exchange believes that requiring a Valid Width NBBO to be present prior to beginning the Opening Process when there is locking or crossing interest on the Exchange, or interest that locks or crosses the NBBO, ensures that the option series is being sufficiently quoted to allow meaningful price discovery. The Exchange's current Valid Width NBBO calculation requires the disseminated quotes of at least two other exchanges and the quotes of at least one MIAX PEARL Market Maker.¹⁷ The Exchange believes that using quotes from competing options exchanges, in addition to quotes from its own Market Maker,

¹⁷ See supra note 10.

ensures that the Exchange can calculate a valid Opening Price.¹⁸ The Exchange believes that its Valid Width NBBO requirement contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest by reducing the chance that the Exchange could execute opening transactions at a potentially erroneous Opening Price.

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 proposed rule change does not alter any functionality of the Exchange's System and is designed to add additional clarity and detail to the Exchange's rules.

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition as the Rules apply equally to all Exchange Members. The proposed rule change is not a competitive filing and is intended to enhance the protection of investors by ensuring that there is a sufficient quoted market from which the Exchange can determine a valid Opening Price. Additionally, the proposed rule change provides additional detail and clarity to the Exchange's rulebook regarding the Exchange's Opening Process.

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

¹⁸ See supra note 11.

Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act¹⁹ and Rule 19b-4(f)(6)²⁰ thereunder.

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
- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-PEARL-2018-10 on the subject line.

Paper comments:

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

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 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.

All submissions should refer to File Number SR-PEARL-2018-10. 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 Web site (<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-2018-10 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.²¹

Brent J. Fields
Secretary

²¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined;

Deleted text is in [brackets]

MIAX PEARL, LLC Rules

Rule 503. Openings on the Exchange

(a) No change

(b) **Opening Process on the Exchange.** For the opening of trading of securities by the System, the Opening Process shall occur at or after 9:30 a.m. Eastern Time, if the dissemination of a regular market hours quote or trade (as determined by the Exchange) by the Market for the Underlying Security has occurred. Following the dissemination of a quote or trade in the Market for the Underlying Security (the “First Market Event”) the System will pause for a period of time no longer than one-half second to allow the market place to absorb this information. Or, in the case of a trading halt, the Opening Process shall occur when trading resumes pursuant to Rule 504. Market hours trading shall commence or, in the case of a halted option, resume when the MIAX PEARL Opening Process concludes.

(1) **Criteria for the Opening.** The opening of trading or resumption of trading after a halt of securities by the System will be dependent on the following criteria, provided the ABBO is not crossed.

(i) If there is locking or crossing interest[a possible trade] on MIAX PEARL or interest that locks or crosses the NBBO, a Valid Width NBBO must be present.

(ii) If there is no locking or crossing interest[no trade is possible] on MIAX PEARL and no interest that locks or crosses the NBBO, then the Exchange will open dependent upon one of the following:

(A) A Valid Width NBBO is present; or

(B) A certain number of other options exchanges (as determined by the Exchange and posted by MIAX PEARL on its website) have disseminated a firm quote on OPRA; or

(C) A certain period of time (as determined by the Exchange and posted by MIAX PEARL on its website) has elapsed.

(2) **Opening Process Where There is Locking or Crossing Interest[a Possible Trade] on MIAX PEARL or Interest that Locks or Crosses the NBBO.**

(i) **Determining the Opening Price.** After the First Market Event has occurred and/or the trading halt has been lifted and the criteria for opening set forth in subsection (1)(i) above has been met, in each case where there are orders or quotes with internally locking or crossing prices, or orders that lock or cross the NBBO, for a particular option series the System will determine a single price at which such option series will be opened (the “Opening Price”). The Opening Price of a series will be the midpoint of the Valid Width NBBO, rounded up if necessary (the “NBBO Midpoint”).

(ii) **Matching Orders and Quotes in the System.** After establishing an Opening Price, orders and quotes in the System that are priced equal to or more aggressively than the Opening Price will be matched based on price-time priority. Matches will occur until there is no remaining volume or there is an imbalance of orders. All orders and quotes or portions thereof that are matched pursuant to the Opening Process will be executed at the Opening Price.

(iii) **Regarding Unexecuted Contracts.** An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders will be handled at the conclusion of the Opening Process in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Book, cancelled, executed, managed in accordance with Rule 515, or routed in accordance with Rule 529.

(iv) **Execution and Reporting.** All Eligible Interest executed in the Opening Process shall be executed at the Opening Price, trade reported anonymously, and disseminated via a national market system plan.

(3) **Opening Process Where There is No Locking or Crossing Interest[Possible Trade] on MIAX PEARL and no Interest that Locks or Crosses the NBBO.** After the First Market Event has occurred and/or the trading halt has been lifted and the criteria for opening set forth in subsection (1)(ii) above has been met, and where there are no contracts in a particular series that would execute at any price the System shall open such options for trading without determining an Opening Price. The System will open such series by disseminating via a national market system plan the Exchange’s best bid and offer among quotes and orders that exist in the System at that time. Orders in the System will be handled at the conclusion of the Opening Process in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Book, cancelled, executed, managed in accordance with Rule 515, or routed in accordance with Rule 529.
