

Required fields are shown with yellow backgrounds and asterisks.

Filing by MIA X 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"/>
			Rule		
Pilot <input type="checkbox"/>	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 \*).

Proposal to Amend MIA X PEARL Rule 602, Continuing Market Maker Registration.

**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 \* Dimitriy Last Name \* Kotov  
 Title \* Counsel  
 E-mail \* dkotov@miami-holdings.com  
 Telephone \* (609) 897-8494 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 \*)

Date 04/13/2018 Senior Vice President and Deputy General Counsel  
 By Joseph W. Ferraro III  
 (Name \*)

jfferraro@miami-holdings.com

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 “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend MIAX PEARL Rule 602, Continuing Market Maker Registration, to modify the Market Maker<sup>3</sup> series registration process utilized by the Exchange.

A 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 Dimitriy Kotov, Counsel, at (609) 897-8494.

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

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

<sup>3</sup> The term “Market Maker” or “MM” means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange rules. See Exchange Rule 100.

### 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 MIAX PEARL Rule 602, Continuing Market Maker Registration, to modify the Market Maker series registration process utilized by the Exchange. The Exchange believes this proposal would simplify and enhance the efficiency of the Market Maker series registration process, for both Market Makers and the Exchange. Other option exchanges generally have comparable Market Maker series registration processes.<sup>4</sup>

#### Current Registration Process

Once a Member<sup>5</sup> has qualified as a Market Maker, such Market Maker may seek registration in individual series of options pursuant to Rule 602. Specifically, Rule 602(b) provides that “[a] Market Maker may become registered in a series by entering a registration request via an Exchange approved electronic interface with the Exchange’s Systems by 9:00 a.m. Eastern Time. Registration shall become effective on the day the registration request is entered.”<sup>6</sup>

#### Proposed Registration Process

The Exchange proposes to amend MIAX PEARL Rule 602(b) to modify the process by which a Market Maker becomes registered in a series. Specifically, the Exchange proposes to

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<sup>4</sup> See, e.g., Cboe BZX Exchange, Inc. (“BZX Options”) Rules 22.3(a),(b) (Market Maker Registration); see also Nasdaq PHLX, LLC (“Phlx”) Rule 3212(b) (Registration as a Market Maker); Nasdaq Options Market (“NOM”), Chapter VII (Market Participants), Section 3(a),(b) (Continuing Market Maker Registration); NYSE American, LLC (“NYSE American”), Rule 923NY (Appointment of Market Makers).

<sup>5</sup> The term “Member” means an individual or organization that is registered with the Exchange pursuant to Chapter II of the Rules for purposes of trading on the Exchange as an “Electronic Exchange Member” or “Market Maker.” Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

<sup>6</sup> See Exchange Rule 602(b).

amend the rule text to state that registration may be requested by either utilizing the currently approved MIAX Express Order (“MEO”)<sup>7</sup> interface, which requires series registration to be submitted prior to 9:00 a.m. Eastern Time of the current trading day, which registration request shall be submitted for every requested trading day, or an additional Exchange approved electronic interface, which requires series registration to be submitted prior to 6:00 p.m. Eastern Time of the business day immediately preceding the next trading day, which registration request shall persist until it is withdrawn. A Market Maker can withdraw a registration request by utilizing the same tool as it used to submit such request.

The purpose of this proposed change is to accommodate an additional Exchange approved electronic interface that the Exchange intends to make available to Market Makers for series registration, which additional electronic interface has a different submission deadline than the existing approved electronic interface, and which additional electronic interface allows the registration request to persist until a new request is submitted (whereas the existing electronic interface does not allow the registration request to persist -- it requires a Market Maker to resubmit for every trading day). The Exchange believes that adding more detail to the rule text would make it clear to Market Makers that it is mandatory to utilize one of the two Exchange approved electronic interfaces for series registration, and that there are different submission deadlines and requirements for resubmission for each device. Accordingly, Market Makers would continue to self-register in a series, however the Market Maker would select the method to use, and thereby clearly understand when a series registration must be submitted for that particular method and the submission frequency related thereto. Market Makers may choose to

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<sup>7</sup> The term “MEO Interface” means a binary order interface used for submitting certain order types (as set forth in Rule 516) to the MIAX PEARL System. See Exchange Rule 100.

use either Exchange approved electronic interface, or any combination of the two, to process their series registrations and withdrawals.

The Exchange believes that offering Market Makers an additional electronic interface for series registration will be beneficial for Market Makers because it will provide Market Makers with greater flexibility on how to perform series registration. The Exchange also believes that it will provide Market Makers with greater and more efficient access to the securities in which they want to make markets and disseminate competitive quotations, which would provide additional liquidity and enhance competition in those securities.

In addition, the Exchange also proposes to delete Rule 602(c), in its entirety. Presently, subsection (c) states that, “[a] Market Maker’s registration in a series shall be terminated if the Market Maker fails to enter quotations in the series within five (5) business days after the Market Maker’s registration in the series becomes effective.”<sup>8</sup>

The Exchange believes that Rule 602(c), when read in conjunction with certain other Exchange Rules, could potentially be interpreted to be inconsistent with such rules. In particular, Rule 604(a)(6) provides that Market Makers are expected to “maintain active markets” in all series in which they are registered. Rule 602(c) applies only to the first five days that a Market Maker is registered, whereas Rule 604(a)(6) continues for as long as the Market Maker is registered in a series. When read together, the Exchange believes that there is potential for an inconsistent interpretation relating to a Market Maker’s quoting obligations during the first five days after registering in a series. In the Exchange’s view, the requirement to maintain active markets should be the same throughout the entire registration period. The Exchange notes that it will continue to be permitted to suspend or terminate a registered Market Maker under Rule 600(b) if it is found that the

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<sup>8</sup> See Rule 602(c).

Market Maker has failed in its obligations to maintain active markets under Rule 604(a)(6) or fails its obligation to provide continuous two-sided quotes under Rule 605(d).<sup>9</sup> Removing Rule 602(c) would simply remove the non-discretionary requirement that the Exchange must terminate a Market Maker's registration in a series if it does not enter quotations in the series within five business days of registration.

The Exchange currently conducts surveillance to monitor and enforce compliance with the "active markets" provision of Rule 604(a)(6) for all Market Makers. A registered Market Maker is subject to the Rule 604(a)(6) surveillance for the entire time the Market Maker is registered, including the first five days covered by Rule 602(c). If a registered Market Maker is found by surveillance not to be maintaining active markets in the option series in which it is registered, the Exchange will determine the appropriate course of action against such Market Maker. The Exchange may take actions of escalating severity against the offending Market Maker from suspending the Market Maker up to terminating the Market Maker in the options in which it fails to maintain active markets or bringing formal action.<sup>10</sup>

The Exchange notes that its Market Maker series registration process is generally similar in structure to the comparable processes at other exchanges.<sup>11</sup> Additionally, the Exchange's

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<sup>9</sup> See Exchange Rule 600(b) ("The registration of any Member as a Market Maker may be suspended or terminated by the Exchange upon a determination that such Member has failed to properly perform as a Market Maker.").

<sup>10</sup> See Exchange Rule 600(b).

<sup>11</sup> See e.g., BZX Options Rules 22.3(a) ("An Options Member that has qualified as an Options Market Maker may register to make markets in individual series of options"); NOM, Chapter VII, Section 3(a) ("An Options Participant that has qualified as an Options Market Maker may register to make markets in individual options."). See also Phlx Rule 3212(b) ("A PSX Market Maker may become registered in an issue by entering a registration request via an Exchange approved electronic interface with PSX's systems or by contacting PSX Market Operations. Registration shall become effective on the day the registration request is entered"); Phlx Rule 3220(a) ("A market maker may

proposal to remove Rule 602(c) is based on the rules of another Exchange.<sup>12</sup> Accordingly, the Exchange believes that the proposed changes to Rule 602 are not material and raise no new or novel issues.

b. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)<sup>13</sup> of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5),<sup>14</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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange believes that the proposed rule change removes impediments to a free and open market because it would enable Market Makers to manage their series registration and the submission frequency related thereto, with more flexibility through the use of multiple electronic interfaces. The Exchange believes the proposed change would reduce the burden on

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voluntarily terminate its registration in a security by withdrawing its two-sided quotation from PSX. A PSX Market Maker that voluntarily terminates its registration in a security may not re-register as a market maker for one (1) business day.”). See also BZX Options Rules 22.3(b) (“An Options Market Maker may become registered in a series by entering a registration request via an Exchange approved electronic interface with the Exchange’s systems by 9:00 a.m. Eastern time. Registration shall become effective on the day the registration request is entered”); NOM, Chapter VII, Section 3(b) (“An Options Market Maker may become registered in an option by entering a registration request via a Nasdaq approved electronic interface with Nasdaq’s systems. Registration shall become effective on the day the registration request is entered.”).

<sup>12</sup> See Securities Exchange Act Release No. 79039 (October 4, 2016), 81 FR 70198 (October 11, 2016)(SR-BatsBZX-2016-62).

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

both Market Makers and Exchange staff, which would result in a fair and reasonable use of resources to the benefit of all market participants. In particular, the proposal will enable Market Makers to have a choice of multiple electronic interfaces to perform series registration, and consequently will provide Market Makers with more efficient access to the securities in which they want to make markets and thus more quickly begin disseminating competitive quotations in those securities, which would provide additional liquidity and enhance competition in those securities.

In addition, the Exchange believes that the proposed deletion of sub-section (c) of Rule 602 promotes just and equitable principles of trade and provides clarity for the benefit of Market Makers and the marketplace as a whole by deleting rule text that could potentially be inconsistent with certain other Exchange rules. Additionally, the Exchange believes the proposal is consistent with Section 6(b)(1)<sup>15</sup> in that it enables the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Exchange Act and to comply, and to enforce compliance by its exchange members and persons associated with its exchange members with the rules of the Exchange – in particular, the Exchange’s Market Maker obligations. Accordingly, the Exchange believes this proposal is consistent with Section 6(b) of the Exchange Act.<sup>16</sup>

#### 4. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because it applies equally to a group of similarly situated market participants –Market

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

<sup>16</sup> 15 U.S.C. 78f(b).

Makers. The proposed rule change would reduce the burden on Market Makers to manage their series registration and thus provide liquidity to the Exchange.

Market Makers would still be subject to the same obligations with respect to their registration; the proposed rule change would make the registration process more efficient for such Market Makers. The Exchange believes that the proposed rule change would relieve any burden on, or otherwise promote, competition, as it would enable Market Makers to manage their registration with more flexibility through the use of multiple electronic interfaces. The Exchange believes this would provide Market Makers with more efficient access to the securities in which they want to make markets and thus more quickly begin disseminating competitive quotations in those securities, which would provide additional liquidity and enhance competition in those securities.

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.

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 Act<sup>17</sup> and Rule 19b-4(f)(6)<sup>18</sup> 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

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

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 believes that the proposed changes are not material and raise no new or novel issues. The proposed changes to Rule 602, Continuing Market Maker Registration, will enable Market Makers to manage their series registration with more flexibility through the use of multiple electronic interfaces. Additionally, the proposed deletion of Rule 602(c) will provide clarity to Market Makers by removing rule text that is potentially inconsistent with certain other Exchange Rules.

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. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>19</sup> normally does not become operative for 30 days after the date of its filing.

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 similar to the rules currently operative on other U.S. options exchanges, as cited throughout this proposed rule change.<sup>20</sup> The Exchange notes that Cboe BZX has

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<sup>19</sup> Id.

<sup>20</sup> See supra footnotes 4, 11 and 12.

rules relating to continuing options market maker registration which are almost identical to the rule change proposed by the Exchange.<sup>21</sup> However, Cboe BZX has only one exchange approved electronic interface, while MIAX PEARL proposes to include a second Exchange approved electronic interface which will not require Market Makers to submit their registration on daily basis, but instead allow the registration to carry over day-to-day. The Exchange also notes that its proposed rule change is similar to that of other options exchanges, with some minor differences. For example, the NOM rule, which is similar to the proposed rule, differs in that it provides for a market maker's registration in an option to be terminated if the market maker fails to enter quotations in the option within five business days after the market maker's registration in the option becomes effective.<sup>22</sup> Furthermore, similar to the rules of NOM, the Nasdaq Phlx rule differs from the Exchange's proposed rule in that it allows market makers to become registered in an issue but either using an exchange approved electronic interface or by contacting market operations at the exchange.<sup>23</sup> Additionally, the Phlx rule contemplates that a market makers registration in an issue would be terminated if the market maker fails to enter quotations in the issue within five business days after the market maker's registration in the issue becomes effective.<sup>24</sup> Additionally, the Exchange notes that NYSE American also permits market makers to select or withdraw option issues included in their appointment by submitting a request via an exchange approved electronic interface with the exchange on a day when the exchange is open for business, and such appointment will become effective by no later than the following business day.<sup>25</sup> However, the Exchange's

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<sup>21</sup> See Cboe BZX Rules 22.3(a),(b) (Market Maker Registration).

<sup>22</sup> See NOM Chapter VII (Market Participants), Section 3(a),(b) (Continuing Market Maker Registration).

<sup>23</sup> See Phlx Rules 3212(b), (c) (Registration as a Market Maker).

<sup>24</sup> See id.

<sup>25</sup> See NYSE American Rule 923NY (Appointment of Market Makers).

proposed rule differs from that of NYSE American in that the NYSE American rules also contemplate the process by which the exchange appoints market makers and the appointment trading requirement as well as the process for appointment of floor market makers.<sup>26</sup> MIAX PEARL notes that its Market Maker registration process and obligations of Market Makers are set forth in Chapter VI of the Exchange's Rules.

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.

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<sup>26</sup> See id.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-PEARL-2018-11)

April\_\_, 2018

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX PEARL, LLC to amend Rule 602, Continuing Market Maker Registration

Pursuant to the provisions of 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 April 13, 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 MIAX PEARL Rule 602, Continuing Market Maker Registration, to modify the Market Maker<sup>3</sup> series registration process utilized by 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.

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

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

<sup>3</sup> The term “Market Maker” or “MM” means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange rules. See Exchange Rule 100.

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 MIAX PEARL Rule 602, Continuing Market Maker Registration, to modify the Market Maker series registration process utilized by the Exchange. The Exchange believes this proposal would simplify and enhance the efficiency of the Market Maker series registration process, for both Market Makers and the Exchange. Other option exchanges generally have comparable Market Maker series registration processes.<sup>4</sup>

Current Registration Process

Once a Member<sup>5</sup> has qualified as a Market Maker, such Market Maker may seek registration in individual series of options pursuant to Rule 602. Specifically, Rule 602(b) provides that “[a] Market Maker may become registered in a series by entering a registration request via an Exchange approved electronic interface with the Exchange’s Systems by 9:00

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<sup>4</sup> See, e.g., Cboe BZX Exchange, Inc. (“BZX Options”) Rules 22.3(a),(b) (Market Maker Registration); see also Nasdaq PHLX, LLC (“Phlx”) Rule 3212(b) (Registration as a Market Maker); Nasdaq Options Market (“NOM”), Chapter VII (Market Participants), Section 3(a),(b) (Continuing Market Maker Registration); NYSE American, LLC (“NYSE American”), Rule 923NY (Appointment of Market Makers).

<sup>5</sup> The term “Member” means an individual or organization that is registered with the Exchange pursuant to Chapter II of the Rules for purposes of trading on the Exchange as an “Electronic Exchange Member” or “Market Maker.” Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

a.m. Eastern Time. Registration shall become effective on the day the registration request is entered.”<sup>6</sup>

#### Proposed Registration Process

The Exchange proposes to amend MIAX PEARL Rule 602(b) to modify the process by which a Market Maker becomes registered in a series. Specifically, the Exchange proposes to amend the rule text to state that registration may be requested by either utilizing the currently approved MIAX Express Order (“MEO”)<sup>7</sup> interface, which requires series registration to be submitted prior to 9:00 a.m. Eastern Time of the current trading day, which registration request shall be submitted for every requested trading day, or an additional Exchange approved electronic interface, which requires series registration to be submitted prior to 6:00 p.m. Eastern Time of the business day immediately preceding the next trading day, which registration request shall persist until it is withdrawn. A Market Maker can withdraw a registration request by utilizing the same tool as it used to submit such request.

The purpose of this proposed change is to accommodate an additional Exchange approved electronic interface that the Exchange intends to make available to Market Makers for series registration, which additional electronic interface has a different submission deadline than the existing approved electronic interface, and which additional electronic interface allows the registration request to persist until a new request is submitted (whereas the existing electronic interface does not allow the registration request to persist -- it requires a Market Maker to resubmit for every trading day). The Exchange believes that adding more detail to the rule text would make it clear to Market Makers that it is mandatory to utilize one of the two Exchange

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<sup>6</sup> See Exchange Rule 602(b).

<sup>7</sup> The term “MEO Interface” means a binary order interface used for submitting certain order types (as set forth in Rule 516) to the MIAX PEARL System. See Exchange Rule 100.

approved electronic interfaces for series registration, and that there are different submission deadlines and requirements for resubmission for each device. Accordingly, Market Makers would continue to self-register in a series, however the Market Maker would select the method to use, and thereby clearly understand when a series registration must be submitted for that particular method and the submission frequency related thereto. Market Makers may choose to use either Exchange approved electronic interface, or any combination of the two, to process their series registrations and withdrawals.

The Exchange believes that offering Market Makers an additional electronic interface for series registration will be beneficial for Market Makers because it will provide Market Makers with greater flexibility on how to perform series registration. The Exchange also believes that it will provide Market Makers with greater and more efficient access to the securities in which they want to make markets and disseminate competitive quotations, which would provide additional liquidity and enhance competition in those securities.

In addition, the Exchange also proposes to delete Rule 602(c), in its entirety. Presently, subsection (c) states that, “[a] Market Maker’s registration in a series shall be terminated if the Market Maker fails to enter quotations in the series within five (5) business days after the Market Maker’s registration in the series becomes effective.”<sup>8</sup>

The Exchange believes that Rule 602(c), when read in conjunction with certain other Exchange Rules, could potentially be interpreted to be inconsistent with such rules. In particular, Rule 604(a)(6) provides that Market Makers are expected to “maintain active markets” in all series in which they are registered. Rule 602(c) applies only to the first five days that a Market Maker is registered, whereas Rule 604(a)(6) continues for as long as the Market Maker is registered in a series. When read together, the Exchange believes that there is potential for an inconsistent

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<sup>8</sup> See Rule 602(c).

interpretation relating to a Market Maker's quoting obligations during the first five days after registering in a series. In the Exchange's view, the requirement to maintain active markets should be the same throughout the entire registration period. The Exchange notes that it will continue to be permitted to suspend or terminate a registered Market Maker under Rule 600(b) if it is found that the Market Maker has failed in its obligations to maintain active markets under Rule 604(a)(6) or fails its obligation to provide continuous two-sided quotes under Rule 605(d).<sup>9</sup> Removing Rule 602(c) would simply remove the non-discretionary requirement that the Exchange must terminate a Market Maker's registration in a series if it does not enter quotations in the series within five business days of registration.

The Exchange currently conducts surveillance to monitor and enforce compliance with the "active markets" provision of Rule 604(a)(6) for all Market Makers. A registered Market Maker is subject to the Rule 604(a)(6) surveillance for the entire time the Market Maker is registered, including the first five days covered by Rule 602(c). If a registered Market Maker is found by surveillance not to be maintaining active markets in the option series in which it is registered, the Exchange will determine the appropriate course of action against such Market Maker. The Exchange may take actions of escalating severity against the offending Market Maker from suspending the Market Maker up to terminating the Market Maker in the options in which it fails to maintain active markets or bringing formal action.<sup>10</sup>

The Exchange notes that its Market Maker series registration process is generally similar in structure to the comparable processes at other exchanges.<sup>11</sup> Additionally, the Exchange's

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<sup>9</sup> See Exchange Rule 600(b) ("The registration of any Member as a Market Maker may be suspended or terminated by the Exchange upon a determination that such Member has failed to properly perform as a Market Maker.").

<sup>10</sup> See Exchange Rule 600(b).

<sup>11</sup> See e.g., BZX Options Rules 22.3(a) ("An Options Member that has qualified as an Options Market Maker may register to make markets in individual series of options");

proposal to remove Rule 602(c) is based on the rules of another Exchange.<sup>12</sup> Accordingly, the Exchange believes that the proposed changes to Rule 602 are not material and raise no new or novel issues.

## 2. Statutory Basis

MIAX PEARL believes that its proposed rule change is consistent with Section 6(b)<sup>13</sup> of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5),<sup>14</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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange believes that the proposed rule change removes impediments to a free and open market because it would enable Market Makers to manage their series registration

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NOM, Chapter VII, Section 3(a) (“An Options Participant that has qualified as an Options Market Maker may register to make markets in individual options.”). See also Phlx Rule 3212(b) (“A PSX Market Maker may become registered in an issue by entering a registration request via an Exchange approved electronic interface with PSX’s systems or by contacting PSX Market Operations. Registration shall become effective on the day the registration request is entered”); Phlx Rule 3220(a) (“A market maker may voluntarily terminate its registration in a security by withdrawing its two-sided quotation from PSX. A PSX Market Maker that voluntarily terminates its registration in a security may not re-register as a market maker for one (1) business day.”). See also BZX Options Rules 22.3(b) (“An Options Market Maker may become registered in a series by entering a registration request via an Exchange approved electronic interface with the Exchange’s systems by 9:00 a.m. Eastern time. Registration shall become effective on the day the registration request is entered”); NOM, Chapter VII, Section 3(b) (“An Options Market Maker may become registered in an option by entering a registration request via a Nasdaq approved electronic interface with Nasdaq’s systems. Registration shall become effective on the day the registration request is entered.”).

<sup>12</sup> See Securities Exchange Act Release No. 79039 (October 4, 2016), 81 FR 70198 (October 11, 2016)(SR-BatsBZX-2016-62).

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

and the submission frequency related thereto, with more flexibility through the use of multiple electronic interfaces. The Exchange believes the proposed change would reduce the burden on both Market Makers and Exchange staff, which would result in a fair and reasonable use of resources to the benefit of all market participants. In particular, the proposal will enable Market Makers to have a choice of multiple electronic interfaces to perform series registration, and consequently will provide Market Makers with more efficient access to the securities in which they want to make markets and thus more quickly begin disseminating competitive quotations in those securities, which would provide additional liquidity and enhance competition in those securities.

In addition, the Exchange believes that the proposed deletion of sub-section (c) of Rule 602 promotes just and equitable principles of trade and provides clarity for the benefit of Market Makers and the marketplace as a whole by deleting rule text that could potentially be inconsistent with certain other Exchange rules. Additionally, the Exchange believes the proposal is consistent with Section 6(b)(1)<sup>15</sup> in that it enables the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Exchange Act and to comply, and to enforce compliance by its exchange members and persons associated with its exchange members with the rules of the Exchange – in particular, the Exchange’s Market Maker obligations. Accordingly, the Exchange believes this proposal is consistent with Section 6(b) of the Exchange Act.<sup>16</sup>

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the

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

<sup>16</sup> 15 U.S.C. 78f(b).

Act because it applies equally to a group of similarly situated market participants –Market Makers. The proposed rule change would reduce the burden on Market Makers to manage their series registration and thus provide liquidity to the Exchange.

Market Makers would still be subject to the same obligations with respect to their registration; the proposed rule change would make the registration process more efficient for such Market Makers. The Exchange believes that the proposed rule change would relieve any burden on, or otherwise promote, competition, as it would enable Market Makers to manage their registration with more flexibility through the use of multiple electronic interfaces. The Exchange believes this would provide Market Makers with more efficient access to the securities in which they want to make markets and thus more quickly begin disseminating competitive quotations in those securities, which would provide additional liquidity and enhance competition in those securities.

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>17</sup> and Rule 19b-4(f)(6)<sup>18</sup> thereunder.

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</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,

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-2018-11 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.

All submissions should refer to File Number SR-PEARL-2018-11. 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>).

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or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2018-11 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>19</sup>

Brent J. Fields  
Secretary

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<sup>19</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

New text is underlined;  
Deleted text is in [brackets]

**MIAX PEARL, LLC**

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**Rule 602. Continuing Market Maker Registration**

(a) A Member that has qualified as a Market Maker may register to make markets in individual series of options.

(b) A Market Maker may become registered in a series by entering a registration request via [an Exchange approved electronic interface with the Exchange's Systems by 9:00 a.m. Eastern Time.] (i) the MEO interface, which requires series registration to be submitted prior to 9:00 a.m. Eastern Time of the current trading day, which registration request shall be submitted for every requested trading day, or (ii) an Exchange approved electronic interface, which requires series registration to be submitted prior to 6:00 p.m. Eastern Time of the business day immediately preceding the next trading day, which registration request shall persist until it is withdrawn. Registration shall become effective on the day the registration request is entered.

[(c) A Market Maker's registration in a series shall be terminated if the Market Maker fails to enter quotations in the series within five (5) business days after the Market Maker's registration in the series becomes effective.]

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