

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-88020; File No. SR-PEARL-2020-02)

January 23, 2020

Self-Regulatory Organizations: MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the MIAX PEARL Fee Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 15, 2020, MIAX PEARL, LLC (“MIAX PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the 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 the MIAX PEARL Fee Schedule (“Fee Schedule”) to make minor, non-substantive corrective edits and clarifying changes.

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

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

<sup>2</sup> 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 several sections of the Fee Schedule to make minor, non-substantive edits to harmonize terms in the Fee Schedule with that of the Exchange’s rulebook and the rulebooks of the Exchange’s affiliates, Miami International Securities Exchange, LLC (“MIAX”) and MIAX Emerald, LLC (“MIAX Emerald”). Currently, throughout the Fee Schedule, the Exchange’s affiliate, MIAX, is referred to as “MIAX Options” or “MIAX Options Exchange.” The Exchange now proposes that all references throughout the Fee Schedule that are to “MIAX Options” or “MIAX Options Exchange” will be amended to delete the words “Options” or “Options Exchange” (where applicable), such that all references will be to the singular word “MIAX.” The proposed amendments would be to references to “MIAX Options” or “MIAX Options Exchange” in the following sections of the Fee Schedule: (i) the text for the definitions of MENI and MIAX in the Definitions section and the text in the last paragraph of the Definitions section<sup>3</sup>; (ii) the Routing Fee table in Section 1)b); (iii) the text underneath the Member Network Connectivity Testing and Certification Fee table in Section 4)c); (iv) the text underneath the Non-Member Network Connectivity Testing and Certification Fee table in Section 4)d); (v) the text underneath the Monthly Member Network Connectivity Fee table in Section 5)a); and (vi) the text underneath the Monthly Non-Member Network Connectivity Fee table in Section 5)b). The purpose of these changes is to harmonize the term

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<sup>3</sup> In connection with this change, the Exchange also proposes to delete the word “the” before “MIAX Options” in the last paragraph of the Definitions section as a grammatical correction.

“MIAX” in the Exchange’s Fee Schedule with the MIAX PEARL rulebook,<sup>4</sup> and to provide consistency for the term “MIAX” across the Fee Schedules and rulebooks of the Exchange’s affiliates, MIAX and MIAX Emerald.<sup>5</sup>

Next, the Exchange proposes to amend the Definitions section of the Fee Schedule to amend a cross-reference in one of the defined terms. Currently, the term “ABBO” contains a cross-reference to Exchange Rule 1400(f), which is meant to be a cross-reference to the definition for an “Eligible Exchange.” The correct citation to the definition for “Eligible Exchange” is Exchange Rule 1400(g).<sup>6</sup> Accordingly, the Exchange proposes to amend the cross-reference in the definition for “ABBO” in the Definitions section of the Fee Schedule to be to Exchange Rule 1400(g).

Next, the Exchange proposes to amend Section 2)c) of the Fee Schedule, Web CRD Fees, to make non-substantives edits to the sentence in parentheses following the FINRA Disclosure Processing Fee under the section titled “GENERAL REGISTRATION FEES.” Currently, the FINRA Disclosure Processing Fee includes the following in parentheses “(Form U4, Form U5, Form BD & amendments)”. The Exchange now proposes to delete the ampersand in that sentence and replace it with the word “and”. Similarly, the last paragraph of Section 2)c) has a sentence that describes that the FINRA Disclosure Processing Fee applies to all registration, transfer, or termination filings with new or amended disclosure information or that require

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<sup>4</sup> See Securities Exchange Act Release No. 85771 (May 3, 2019), 84 FR 20445 (May 9, 2019) (SR-PEARL-2019-16).

<sup>5</sup> See MIAX and MIAX Emerald Fee Schedules, Definitions section. See also MIAX Rule 100 and MIAX Emerald Rule 100.

<sup>6</sup> See Securities Exchange Act Release No. 87693 (December 9, 2019), 84 FR 68264 (December 13, 2019) (SR-MIAX-2019-48) (which amended, among other rules, MIAX Rule 1400 citations). The Exchange notes that the rules contained in MIAX Chapter XIV are incorporated by reference into MIAX PEARL Chapter XIV. See MIAX PEARL Rulebook, Chapter XIV.

certification, as well any amendment to disclosure information. Within that sentence, there is the following in parentheses “(Form U4, Form U5, Form BD & Amendments)”. The Exchange now proposes to delete the ampersand in that sentence and replace it with the word “and” and make lowercase the word “Amendments”. The purpose of these proposed changes are for clarity and uniformity with the fee schedules of the Exchange’s affiliates, MIAX and MIAX Emerald.

Next, the Exchange proposes to amend the cross-reference in last paragraph of Section 2)c) of the Fee Schedule. The last paragraph of Section 2)c) currently states as follows: “The Continuing Education Fee applies to each individual who is required to complete the Regulatory Element of the Continuing Education Requirements pursuant to MIAX PEARL Rule 1304.” Recently, the Exchange reorganized and enhanced the Exchange’s membership, registration and qualification rules, and consolidated these rules into new Chapter XXXI, Registration, Qualification and Continuing Education.<sup>7</sup> Accordingly, the Exchange proposes to amend the cross-reference in the last paragraph of Section 2)c) of the Fee Schedule to reflect these changes. The cross-reference in the last paragraph of Section 2)c) will now be to Exchange Rule 3103, Continuing Education Requirements, which contains, among other things, the requirements for individuals to complete the Regulatory Element of the Continuing Education Program. With the proposed change, the last paragraph of Section 2)c) will state as follows: “The Continuing Education Fee applies to each individual who is required to complete the Regulatory Element of the Continuing Education Requirements pursuant to MIAX PEARL Rule 3103.”

The Exchange notes that its affiliate, MIAX Emerald, will also make similar changes to its Fee Schedule as described above.

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<sup>7</sup> See Securities Exchange Act Release No. 87941 (January 10, 2020) (SR-PEARL-2020-01).

## 2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>9</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 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 the proposed changes promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes make clarifying, non-substantive edits to the Fee Schedule, and update a cross-reference to the Exchange's rulebook. The Exchange believes that these proposed changes will provide greater clarity to Members and the public regarding the Exchange's Fee Schedule and that it is in the public interest for the Fee Schedule to be accurate and concise so as to eliminate the potential for confusion.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not a competitive filing but rather is designed to remedy minor non-substantive issues and provide added clarity to the Fee Schedule in order to avoid potential confusion on the part of market participants. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal does not address

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

<sup>9</sup> 15 U.S.C. 78f(b)(5).

any competitive issues and is intended to protect investors by providing further transparency regarding the Exchange's Fee Schedule.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>10</sup> and Rule 19b-4(f)(2)<sup>11</sup> 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:rule-comments@sec.gov). Please include File Number SR-PEARL-2020-02 on the subject line.

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

Paper comments:

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

All submissions should refer to File Number SR-PEARL-2020-02. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that

you wish to make available publicly. All submissions should refer to File Number SR-PEARL-2020-02, 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>12</sup>

Jill M. Peterson  
Assistant Secretary

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