



DATE: April 24, 2017

TO: MIAX PEARL Members

FROM: MIAX PEARL Regulatory Department

RE: MIAX PEARL Rule Change
Aggregate Risk Manager Counting Program
Exclusion of Immediate-or-Cancel (“IOC”) Orders
SR-PEARL-2017-12

MIAX PEARL (the “Exchange”) recently filed with the Securities and Exchange Commission to amend Exchange Rules 517A, Aggregate Risk Manager for EEMs (“ARM-E”), and 517B, Aggregate Risk Manager for Market Makers (“ARM-M”) to state that the MIAX PEARL System does not include, in the counting program of an Exchange Member (including both Electronic Exchange Members (“EEMs”) and Market Makers (“MMs”)), contracts executed as a result of an IOC order submitted by such Member.

ARM-E and ARM-M are designed to assist MIAX PEARL EEMs and MMs, respectively, in managing their risk associated with liquidity they send to the Exchange. Pursuant to these Rules, once a certain Allowable Engagement Percentage of contracts is executed during a Specified Time Period, ARM is engaged, and the System i) automatically cancels EEM or MM ARM Eligible Orders, and (ii) rejects new orders submitted by the EEM or MM, in all series of that particular EEM or MM Option Class, until such time as the affected EEM or MM sends a notification to the System of the intent to reengage and submits a new order in the EEM or MM Specified Option Class.

Under the new Rule, if an EEM or MM submits an IOC order in the EEM or MM Option Class that is executed against another order resting on the MIAX PEARL Book, the number of contracts executed from such IOC order would **not** be included in the calculation of the submitting EEM or MM’s Allowable Engagement Percentage. The EEM and MM Counting Programs will include all contracts executed from orders other than those orders designated as IOC, whether the EEM or MM is acting as maker or taker, in the calculation of the Allowable Engagement Percentage applicable to the affected EEM or MM.

The new Rule will be effective beginning Monday, May 1, 2017.

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