



DATE: May 30, 2017
TO: MIAX PEARL Members
FROM: MIAX PEARL Regulatory Department
RE: MIAX PEARL Cancel on Disconnect

MIAX PEARL (the “Exchange”) recently filed with the Securities and Exchange Commission (“SEC”) a proposal to amend Exchange Rule 519C, Mass Cancellation of Trading Interest ([SR-PEARL-2017-21](#)), to codify existing cancel on disconnect behavior in the Exchange’s rules. This proposal will become operative on June 5, 2017.

The Exchange offers two connection types to the Exchange, MIAX Express Orders Interface (“MEO”) and Financial Information Exchange (“FIX”). The Exchange is amending Rule 519C to add, “Detection of Loss of Communication,” which states that when a Loss of Communication is detected on a MEO port during a certain period of time, as determined by the Exchange and communicated to Members via Regulatory Circular, the System will close the session and automatically cancel quotes and orders as configured by the MIAX PEARL Member (“Member”), provided that when a Loss of Communication is detected on the last connected MEO port, the Exchange will automatically close the session and cancel quotes and orders. The Exchange notes that in no event shall the time period for determining a Loss of Communication be less than one (1) second or greater than ten (10) seconds, and that **the time period is currently set to three (3) seconds.**

Rule 519C will also be amended to state that when a Loss of Communication is detected on a FIX port the System will logoff the Member’s session and (i) cancel all eligible orders for the FIX Session if instructed by the Member upon login, or (ii) cancel all eligible orders identified by the Member. Following a disconnection, a reconnection will not be permitted for a certain period of time as determined by the Exchange and communicated to Members via Regulatory Circular. In no event shall the period of time be less than one (1) second or greater than ten (10) seconds. **The Exchange notes that the current setting is five (5) seconds.**

For questions regarding Cancel on Disconnect contact Trading Operations at TradingOperations@MIAXOptions.com or (609) 897-7302.

Please direct any Regulatory questions to the Regulatory Department at Regulatory@MIAXOptions.com or (609) 897-7309.