



DATE: September 29, 2017

TO: MIAX PEARL Members

FROM: MIAX PEARL Regulatory Department

RE: New Interpretation and Policy to Rule 521, Nullification and Adjustment of Options Transactions including Obvious Errors, and update to Interpretation and Policy to Rule 504, Trading Halts

MIAX PEARL filed a proposed rule change with the Securities and Exchange Commission (“SEC”) to adopt a new, harmonized obvious error rule Interpretation and Policy relating to determining the Theoretical Price of an erroneous transaction, in coordination with each of the other U.S. options exchanges. That proposed rule change has become effective, and it will be implemented on MIAX PEARL on Monday, October 2, 2017.

The new MIAX PEARL Rule 521, Interpretation and Policy .03, provides that, for purposes of processing obvious and catastrophic errors under Rule 521, the Exchange will utilize a Theoretical Price calculated by a third-party vendor – Livevol – to which all of the U.S. options exchanges subscribe, thereby providing a harmonious calculation process amongst the exchanges. There are limited exceptions to utilization of the Livevol-calculated Theoretical Price, which are enumerated in the new rule. MIAX PEARL Rule 521 has also been amended to clarify the Exchange’s procedures for determining Theoretical Price if there are no valid quotes for comparison purposes. Furthermore, Interpretation and Policy .04 to Rule 504, Trading Halts, has been amended to clarify the circumstances in which trades on the Exchange will be nullified. MIAX PEARL urges all MIAX PEARL members to review all such changes in their entirety, which can be found in the proposed rule filing, [SR-PEARL-2017-33](#).

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