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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2023 - * 31

Amendment No. (req. for Amendments *)

Filing by MIAX Emerald, 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"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<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
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Amend Exchange Rule 517 to adopt new risk protection functionality

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 * Last Name *

Title *

E-mail *

Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, MIAX Emerald, LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date (Title *)

By

(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Gregory Ziegler Date: 2023.12.13 11:44:46 -05'00'

Required fields are shown with yellow backgrounds and astericks.

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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SR-EMERALD-2023-31 19b-4 20231

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 *

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SR-EMERALD-2023-31 Exhibit 1.doc

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 Advanced 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 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

Add Remove View

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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

Add Remove View

SR-EMERALD-2023-31 Exhibit 5.doc

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

Add Remove View

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 Emerald, LLC (“MIAX Emerald” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend Exchange Rule 517, Quote Types Defined.

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 or his designee pursuant to authority delegated by the MIAX Emerald Board of Directors on February 2, 2023. 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 Gregory P. Ziegler, Vice President and Senior Counsel, at (609) 897-1483.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The Exchange proposes to amend Rule 517, Quote Types Defined. Specifically, the Exchange proposes to adopt new Interpretations and Policies .02 to Rule 517 to adopt new risk protection behavior for replacement Standard quotes³ that are rejected.

Background

Market Makers⁴ on the Exchange have heightened obligations separate from other market participants. Transactions of a Market Maker should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids⁵ or offers⁶ or enter into transactions that are inconsistent with such a course of dealings.⁷ A quotation may only be entered by a Market Maker, and only in the options classes to which the Market Maker is appointed under Rule 602.⁸ A Market Maker's bid and offer for a series of option contracts shall state a price accompanied by the number of contracts at that price the Market Maker is willing to buy or sell upon receipt of an order or upon interaction with a quotation entered by another Market Maker on the Exchange.⁹ Additionally, a Market Maker that enters a bid (offer) on the Exchange must enter an offer (bid) within the spread allowable under Rule 603(b)(4).¹⁰

³ A Standard quote is a quote submitted by a Market Maker that cancels and replaces the Market Maker's previous Standard quote, if any. See Exchange Rule 517(a)(1).

⁴ The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100.

⁵ The term "bid" means a limit order or quote to buy one or more option contracts. See Exchange Rule 100.

⁶ The term "offer" means a limit order or quote to sell one or more option contracts. See Exchange Rule 100.

⁷ See Exchange Rule 603(a).

⁸ See Exchange Rule 604(a).

⁹ See Exchange Rule 604(b).

¹⁰ See Exchange Rule 604(c).

The Exchange has three classes of Market Makers; Primary Lead Market Makers, Lead Market Makers, and Registered Market Makers.¹¹ Further, each class of Market Maker has its own separate and distinct quoting obligations. A Primary Lead Market Maker must provide continuous two-sided Standard quotes, which for the purpose of paragraph (e)(1)(i) of Rule 604 shall mean 90% of the time, for the options classes to which it is appointed.¹² A Primary Lead Market Maker must provide continuous two-sided Standard quotes in at least the lesser of 99% of the non-adjusted option series, or 100% of the non-adjusted option series minus one put-call pair, in each class in which the Primary Lead Market Maker is assigned.¹³ A Lead Market Maker must provide continuous two-sided Standard quotes, which for the purpose of paragraph (e)(2)(i) of Rule 604 shall mean 90% of the time, for the options classes to which it is appointed.¹⁴ A Lead Market Maker must provide continuous two-sided Standard quotes in at least 90% of the non-adjusted option series in each of its appointed classes. Such quotations must meet the bid/ask differential requirements of Rule 603(b)(4).¹⁵ A Registered Market Maker must provide continuous two-sided Standard quotes throughout the trading day in 60% of the non-adjusted series that have a time to expiration of less than nine months in each of its appointed classes. For the purpose of paragraph (e)(3)(i) of Rule 604, continuous two-sided quoting shall mean 90% of the time, for the options classes to which the Registered Market Maker is appointed.¹⁶

¹¹ See supra note 4.

¹² See Exchange Rule 604(e)(1)(i).

¹³ See Exchange Rule 604(e)(1)(ii).

¹⁴ See Exchange Rule 604(e)(2)(i).

¹⁵ See Exchange Rule 604(e)(2)(ii).

¹⁶ See Exchange Rule 604(e)(3)(i).

The Exchange offers several features to Market Makers designed to mitigate potential risks unique to Market Makers given their obligations on the Exchange. For example, the Exchange offers an Aggregate Risk Manager (“ARM”) protection which provides that the MIA System¹⁷ will maintain a counting program (“counting program”) for each Market Maker who is required to submit continuous two-sided quotations pursuant to Rule 604 in each of their appointed option classes.¹⁸ The System will engage the Aggregate Risk Manager in a particular option class when the counting program has determined that a Market Maker has traded during the specified time period a number of contracts equal to or above their Allowable Engagement Percentage. The Aggregate Risk Manager will then automatically remove the Market Maker’s Standard quotations from the Exchange’s disseminated quotation in all series of that particular option class until the Market Maker sends a notification to the System of the intent to reengage quoting and submits a new revised quotation.¹⁹

Additionally, the Exchange offers Market Makers Single Side Protection (“SSP”) functionality which provides that, if the full remaining size of a Market Maker’s complex Standard quote or cIOC eQuote in a strategy is exhausted by a trade, the System will trigger the SSP for the traded side of the strategy. When triggered, the System will cancel all complex Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy for that MPID.²⁰

Proposal

¹⁷ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

¹⁸ See Exchange Rule 612.

¹⁹ See Exchange Rule 612(b)(1).

²⁰ See Exchange Rule 532(b)(8).

The Exchange now proposes to cancel a Market Maker's Standard quote in certain scenarios when a replacement Standard quote submitted by the Market Maker is rejected. Specifically, the Exchange proposes to adopt new Interpretations and Policies .02 to Exchange Rule 517 which will provide that a replacement Standard quote that is rejected for a technical reason (as described below) will still cancel the target Standard quote.

A Standard quote is submitted by the Market Maker to the Exchange using the MIAX Express Interface ("MEI"). MEI is a messaging interface that MIAX members that are approved as Market Makers use to submit quotes for trading on the MIAX Options market. Market Makers are only allowed to submit quotes in the products of underlying instruments to which they are assigned.²¹ Each message submitted to the Exchange via the MEI must pass a number of validity checks that are performed by the System. These include, but are not limited to, price and size checks. Specifically, Standard quote prices must not (i) be less than zero; (ii) exceed the maximum price; and (iii) must comply with the minimum trade increment²² for that class.²³ Additionally, Standard quote sizes must not be less than zero and must not be less than the minimum quote size as defined in Rule 604(b)(2).²⁴ Collectively, these requirements constitute the technical reasons for which a replacement Standard quote may be rejected, but which will still result in the cancellation of the target Standard quote under the Exchange's proposal.

²¹ See MIAX Emerald Options Exchange, Express Interface for Quoting and Trading Options, MEI Interface Specification, version 2.2 (7/28/2023), available at: <https://www.miaxglobal.com/markets/us-options/emerald-options/interface-specifications>.

²² The price of Market Maker quotes shall be in the minimum trading increments applicable to the security under Rule 510. See Exchange Rule 604(b)(1).

²³ The terms "class of options" or "option class" mean all option contracts covering the same underlying security. See Exchange Rule 100.

²⁴ Exchange Rule 604(b)(2) provides that, the initial size of a Market Maker incoming Standard Quote and all other types of eQuotes must be for the minimum number of contracts, which minimum number shall be at least one (1) contract. The minimum number of contracts, which can vary according to type of quote or eQuote, shall be at least one (1) contract, will be determined by the Exchange on a class-by-class basis and announced to the Members through a Regulatory Circular.

The Exchange believes that removing the Standard quote that the Market Maker was attempting to alter promotes the quality of the Exchange's market as removing a Standard quote that was targeted for replacement but was not replaced due to a technical reason maintains the integrity of quotes available in the market by ensuring that all available quotes accurately represent Market Maker interest.

When a Market Maker's replacement Standard quote is rejected because of a technical reason the existing Standard quote will be cancelled by the Exchange. In addition to maintaining the integrity of the Exchange's market, the Exchange believes this functionality also provides an additional level of risk protection to Market Makers that are attempting to replace an existing Standard quote but are unable to as a result of a technical reason with the replacement Standard quote.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.²⁵ Specifically, the Exchange believes that its proposed rule change is consistent with Section 6(b)(5)²⁶ requirements 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 mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. Additionally, the Exchange believes the

²⁵ 15 U.S.C. 78f(b).

²⁶ 15 U.S.C. 78f(b)(5).

proposed rule change is consistent with the Section (6)(b)(5)²⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers as the proposed rule will be uniformly applied to all Standard quote messages submitted by Market Makers on the Exchange.

The Exchange believes its proposal promotes just and equitable principles of trade and removes impediments to and perfects the mechanisms of a free and open market and a national market system as removing a Market Maker's Standard quote that the Market Maker has targeted for replacement, but failed to replace due to a technical reason with the replacement Standard quote message, promotes the quality of the Exchange's market by ensuring that all available quotes accurately represent Market Maker interest. When a Market Maker enters a replacement Standard quote a Market Maker has an expectation that the existing Standard quote will be cancelled, currently the existing Standard quote that the Market Maker intended to cancel may be executed if the replacement Standard quote is rejected which is contrary to the Market Maker's intent.

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

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

The Exchange does not believe that its proposed rule change will impose any burden on intra-market competition as the Rules of the Exchange apply equally to all Market Makers of the Exchange and all Market Makers that submit a replacement Standard quote that is rejected as a result of a technical reason will have the existing target Standard quote removed by the Exchange.

²⁷ See id.

The Exchange does not believe that its proposed rule change will impose any burden on inter-market competition, as the Exchange's proposal is not a competitive filing. Rather the Exchange believes that its proposal may promote inter-market competition, as the Exchange's proposal will improve market quality on the Exchange which may improve competition for orders across all exchanges.

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 Act²⁸ and Rule 19b-4(f)(6)²⁹ 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 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 change does not affect the protection of investors or the public interest but rather promotes the protection of investors by preserving the integrity of quotes available in the market. The proposal does not impose a burden on competition because it applies equally to all Market Makers on the Exchange and is designed to

²⁸ 15 U.S.C. 78s(b)(3)(A).

²⁹ 17 CFR 240.19b-4(f)(6).

promote the protection of investors and the public interest by ensuring that the quotes available in the marketplace accurately represent Market Maker interest. The Exchange does not believe that the proposed rule change raises any novel or unique substantive issues, as the Exchange currently provides risk protection functionality specifically for Market Makers due to the heightened obligations that Market Makers have on the Exchange. Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act³⁰ and Rule 19b-4(f)(6) thereunder.³¹

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 Act³² normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)³³ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange respectfully requests that the Commission waive the 30-day operative delay so that Members may benefit from the enhancements to Standard quote replacement proposed herein. The Exchange believes the proposed change will promote a fair and orderly market, will remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, will protect investors and the public interest by ensuring

³⁰ 15 U.S.C. 78s(b)(3)(A).

³¹ 17 CFR 240.19b-4(f)(6).

³² 17 CFR 240.19b-4(f)(6).

³³ 17 CFR 240.19b-4(f)(6).

the integrity of quotes available in the market and mitigating potentially erroneous executions. Therefore, allowing the Exchange to adopt this change without an operative delay is consistent with the protection of investors and the public interest.

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 change is substantively identical to a rule on the Exchange's affiliate, MIAX Options.³⁴

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.

³⁴ See Securities Exchange Act Release No. 99041 (November 29, 2023), 88 FR 84376 (December 5, 2023) (SR-MIAX-2023-45); see also Interpretations and Policies .02 of MIAX Options Exchange Rule 517.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-EMERALD-2023-31)

December _____, 2023

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX Emerald, LLC to amend Exchange Rule 517, Quote Types Defined

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 13, 2023, MIAX Emerald, LLC (“MIAX Emerald” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) 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 Exchange Rule 517, Quote Types Defined.

The text of the proposed rule change is available on the Exchange’s website at

<https://www.miaxglobal.com/markets/us-options/emerald-options/rule-filings>, at MIAX

Emerald’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

¹ 15 U.S.C. 78s(b)(1).

² 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 Rule 517, Quote Types Defined. Specifically, the Exchange proposes to adopt new Interpretations and Policies .02 to Rule 517 to adopt new risk protection behavior for replacement Standard quotes³ that are rejected.

Background

Market Makers⁴ on the Exchange have heightened obligations separate from other market participants. Transactions of a Market Maker should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids⁵ or offers⁶ or enter into transactions that are inconsistent with such a course of dealings.⁷ A quotation may only be entered by a Market Maker, and only in the options classes to which the Market Maker is appointed under Rule 602.⁸ A Market Maker's bid and offer for a series of option contracts shall state a price accompanied by the number of contracts at that price the Market Maker is willing to buy or sell upon receipt of an order or upon interaction with a quotation entered by another Market Maker on the Exchange.⁹ Additionally, a

³ A Standard quote is a quote submitted by a Market Maker that cancels and replaces the Market Maker's previous Standard quote, if any. See Exchange Rule 517(a)(1).

⁴ The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100.

⁵ The term "bid" means a limit order or quote to buy one or more option contracts. See Exchange Rule 100.

⁶ The term "offer" means a limit order or quote to sell one or more option contracts. See Exchange Rule 100.

⁷ See Exchange Rule 603(a).

⁸ See Exchange Rule 604(a).

⁹ See Exchange Rule 604(b).

Market Maker that enters a bid (offer) on the Exchange must enter an offer (bid) within the spread allowable under Rule 603(b)(4).¹⁰

The Exchange has three classes of Market Makers; Primary Lead Market Makers, Lead Market Makers, and Registered Market Makers.¹¹ Further, each class of Market Maker has its own separate and distinct quoting obligations. A Primary Lead Market Maker must provide continuous two-sided Standard quotes, which for the purpose of paragraph (e)(1)(i) of Rule 604 shall mean 90% of the time, for the options classes to which it is appointed.¹² A Primary Lead Market Maker must provide continuous two-sided Standard quotes in at least the lesser of 99% of the non-adjusted option series, or 100% of the non-adjusted option series minus one put-call pair, in each class in which the Primary Lead Market Maker is assigned.¹³ A Lead Market Maker must provide continuous two-sided Standard quotes, which for the purpose of paragraph (e)(2)(i) of Rule 604 shall mean 90% of the time, for the options classes to which it is appointed.¹⁴ A Lead Market Maker must provide continuous two-sided Standard quotes in at least 90% of the non-adjusted option series in each of its appointed classes. Such quotations must meet the bid/ask differential requirements of Rule 603(b)(4).¹⁵ A Registered Market Maker must provide continuous two-sided Standard quotes throughout the trading day in 60% of the non-adjusted series that have a time to expiration of less than nine months in each of its appointed classes. For the purpose of paragraph (e)(3)(i) of Rule 604, continuous two-sided

¹⁰ See Exchange Rule 604(c).

¹¹ See supra note 4.

¹² See Exchange Rule 604(e)(1)(i).

¹³ See Exchange Rule 604(e)(1)(ii).

¹⁴ See Exchange Rule 604(e)(2)(i).

¹⁵ See Exchange Rule 604(e)(2)(ii).

quoting shall mean 90% of the time, for the options classes to which the Registered Market Maker is appointed.¹⁶

The Exchange offers several features to Market Makers designed to mitigate potential risks unique to Market Makers given their obligations on the Exchange. For example, the Exchange offers an Aggregate Risk Manager (“ARM”) protection which provides that the MIA X System¹⁷ will maintain a counting program (“counting program”) for each Market Maker who is required to submit continuous two-sided quotations pursuant to Rule 604 in each of their appointed option classes.¹⁸ The System will engage the Aggregate Risk Manager in a particular option class when the counting program has determined that a Market Maker has traded during the specified time period a number of contracts equal to or above their Allowable Engagement Percentage. The Aggregate Risk Manager will then automatically remove the Market Maker’s Standard quotations from the Exchange’s disseminated quotation in all series of that particular option class until the Market Maker sends a notification to the System of the intent to reengage quoting and submits a new revised quotation.¹⁹

Additionally, the Exchange offers Market Makers Single Side Protection (“SSP”) functionality which provides that, if the full remaining size of a Market Maker’s complex Standard quote or cIOC eQuote in a strategy is exhausted by a trade, the System will trigger the SSP for the traded side of the strategy. When triggered, the System will cancel all complex

¹⁶ See Exchange Rule 604(e)(3)(i).

¹⁷ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

¹⁸ See Exchange Rule 612.

¹⁹ See Exchange Rule 612(b)(1).

Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy for that MPID.²⁰

Proposal

The Exchange now proposes to cancel a Market Maker's Standard quote in certain scenarios when a replacement Standard quote submitted by the Market Maker is rejected. Specifically, the Exchange proposes to adopt new Interpretations and Policies .02 to Exchange Rule 517 which will provide that a replacement Standard quote that is rejected for a technical reason (as described below) will still cancel the target Standard quote.

A Standard quote is submitted by the Market Maker to the Exchange using the MIAX Express Interface ("MEI"). MEI is a messaging interface that MIAX members that are approved as Market Makers use to submit quotes for trading on the MIAX Options market. Market Makers are only allowed to submit quotes in the products of underlying instruments to which they are assigned.²¹ Each message submitted to the Exchange via the MEI must pass a number of validity checks that are performed by the System. These include, but are not limited to, price and size checks. Specifically, Standard quote prices must not (i) be less than zero; (ii) exceed the maximum price; and (iii) must comply with the minimum trade increment²² for that class.²³ Additionally, Standard quote sizes must not be less than zero and must not be less than the minimum quote size as defined in Rule 604(b)(2).²⁴ Collectively, these requirements constitute

²⁰ See Exchange Rule 532(b)(8).

²¹ See MIAX Emerald Options Exchange, Express Interface for Quoting and Trading Options, MEI Interface Specification, version 2.2 (7/28/2023), available at: <https://www.miaxglobal.com/markets/us-options/emerald-options/interface-specifications>.

²² The price of Market Maker quotes shall be in the minimum trading increments applicable to the security under Rule 510. See Exchange Rule 604(b)(1).

²³ The terms "class of options" or "option class" mean all option contracts covering the same underlying security. See Exchange Rule 100.

²⁴ Exchange Rule 604(b)(2) provides that, the initial size of a Market Maker incoming Standard Quote and all other types of eQuotes must be for the minimum number of contracts, which minimum number shall be at least one (1) contract. The minimum number of contracts, which can vary according to type of quote or

the technical reasons for which a replacement Standard quote may be rejected, but which will still result in the cancellation of the target Standard quote under the Exchange's proposal.

The Exchange believes that removing the Standard quote that the Market Maker was attempting to alter promotes the quality of the Exchange's market as removing a Standard quote that was targeted for replacement but was not replaced due to a technical reason maintains the integrity of quotes available in the market by ensuring that all available quotes accurately represent Market Maker interest.

When a Market Maker's replacement Standard quote is rejected because of a technical reason the existing Standard quote will be cancelled by the Exchange. In addition to maintaining the integrity of the Exchange's market, the Exchange believes this functionality also provides an additional level of risk protection to Market Makers that are attempting to replace an existing Standard quote but are unable to as a result of a technical reason with the replacement Standard quote.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.²⁵ Specifically, the Exchange believes that its proposed rule change is consistent with Section 6(b)(5)²⁶ requirements 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

eQuote, shall be at least one (1) contract, will be determined by the Exchange on a class-by-class basis and announced to the Members through a Regulatory Circular.

²⁵ 15 U.S.C. 78f(b).

²⁶ 15 U.S.C. 78f(b)(5).

and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section (6)(b)(5)²⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers as the proposed rule will be uniformly applied to all Standard quote messages submitted by Market Makers on the Exchange.

The Exchange believes its proposal promotes just and equitable principles of trade and removes impediments to and perfects the mechanisms of a free and open market and a national market system as removing a Market Maker's Standard quote that the Market Maker has targeted for replacement, but failed to replace due to a technical reason with the replacement Standard quote message, promotes the quality of the Exchange's market by ensuring that all available quotes accurately represent Market Maker interest. When a Market Maker enters a replacement Standard quote a Market Maker has an expectation that the existing Standard quote will be cancelled, currently the existing Standard quote that the Market Maker intended to cancel may be executed if the replacement Standard quote is rejected which is contrary to the Market Maker's intent.

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

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

The Exchange does not believe that its proposed rule change will impose any burden on intra-market competition as the Rules of the Exchange apply equally to all Market Makers of the

²⁷

See id.

Exchange and all Market Makers that submit a replacement Standard quote that is rejected as a result of a technical reason will have the existing target Standard quote removed by the Exchange.

The Exchange does not believe that its proposed rule change will impose any burden on inter-market competition, as the Exchange's proposal is not a competitive filing. Rather the Exchange believes that its proposal may promote inter-market competition, as the Exchange's proposal will improve market quality on the Exchange which may improve competition for orders across all exchanges.

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 Act²⁸ and Rule 19b-4(f)(6)²⁹ 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

²⁸ 15 U.S.C. 78s(b)(3)(A).

²⁹ 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, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-EMERALD-2023-31 on the subject line.

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-EMERALD-2023-31. This file number should be included on the subject line if email 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 (<https://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 a.m. and 3

p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-EMERALD-2023-31 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

Sherry R. Haywood,
Assistant Secretary

³⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAX Emerald Options Exchange Rules

* * * * *

Rule 517. Quote Types Defined

* * * * *

(a) – (d) No change.

Interpretations and Policies:

.01 No change.

.02 A replacement Standard quote that is rejected for a technical reason will still cancel the target Standard quote.

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