

Required fields are shown with yellow backgrounds and asterisks.

Filing by MIAX PEARL, LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

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

Amend Exchange Rule 517A and 517B

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 * Gregory Last Name * Ziegler

Title * Associate Counsel

E-mail * gziegler@miaxoptions.com

Telephone * (609) 897-1483 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 11/28/2017 Associate Counsel

By Gregory P. Ziegler

(Name *)

gziegler@miaxoptions.com

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

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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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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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 Advance 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, security-based swap submission, or advance notice 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

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Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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 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

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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

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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 PEARL, LLC (“MIAX PEARL” or the “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 Rules 517A, Aggregate Risk Manager for EEMs (“ARM-E”), and 517B, Aggregate Risk Manager for Market Makers (“ARM-M”).

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 pursuant to authority delegated by the MIAX PEARL Board of Directors on December 8, 2016. 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, Associate Counsel, at (609) 897-1483.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend Exchange Rule 517A, ARM-E, to add additional detail to subsection (b), and to adopt new rule text in Interpretations and Policies .01, to state that immediate-or-cancel (“IOC”) Orders³ are not EEM ARM Eligible Orders.⁴ The Exchange also proposes to amend Exchange Rule 517B, ARM-M, to add additional detail to subsection (b), and to adopt new rule text in Interpretations and Policies .02, to state that immediate-or-cancel (“IOC”) Orders are not MM ARM Eligible Orders.⁵

ARM-E

ARM-E protects MIAX PEARL Electronic Exchange Members (“EEMs”)⁶ and assists them in managing risk by maintaining a counting program (“EEM Counting Program”)⁷ for each participating EEM who has submitted an order in an EEM Specified Option Class⁸ using a specified market participant identifier (“MPID”)⁹ of the EEM and delivered via the MEO

³ An immediate-or-cancel order is an order that is to be executed in whole or in part upon receipt. Any portion not so executed is cancelled. See Exchange Rule 516(e).

⁴ See Exchange Rule 517A(a).

⁵ See Exchange Rule 517B(a).

⁶ The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is a Member representing as agent Public Customer Orders or Non-Customer Orders on the Exchange and those non-Market Maker Members conducting proprietary trading. Electronic Exchange Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁷ See Exchange Rule 517A(a).

⁸ An “EEM Specified Option Class” is a class which the EEM has designated as a class to be protected via ARM-E. See Exchange Rule 517A(a).

⁹ The term “MPID” means unique market participant identifier. See Exchange Rule 100.

Interface¹⁰ (an “EEM ARM Eligible Order”). The EEM Counting Program counts the number of contracts executed by an EEM from an EEM ARM Eligible Order (the “EEM ARM Contracts”) within a specified time period that has been established by the EEM (the “EEM Specified Time Period”).¹¹ The EEM Specified Time Period cannot exceed 15 seconds.¹² The Exchange currently provides that contracts executed as a result of an immediate-or-cancel (“IOC”) order submitted by such EEM are not included in a specific EEM’s EEM Counting Program.¹³

The EEM may also establish for each EEM Specified Option Class an EEM Allowable Engagement Percentage (the “EEM Allowable Engagement Percentage”),¹⁴ which is a number of contracts, divided by the size of the orders, executed within the Specified Time Period, equal to or over which the ARM-E will be triggered. When an execution of an EEM ARM Contract from an EEM ARM Eligible Order occurs, the System¹⁵ will look back over the EEM Specified Time Period to determine whether the sum of contract executions from such EEM ARM Eligible Order during such EEM Specified Time Period triggers the ARM-E.¹⁶

The System will engage the ARM-E in a particular EEM Specified Option Class when the EEM Counting Program has determined that an EEM has executed during the EEM Specified Time Period a number of EEM ARM Contracts from an EEM ARM Eligible Order equal to or

¹⁰ The term “MEO Interface” means a binary order interface used for submitting certain order types (as set forth in Rule 516) to the MIAX PEARL System. See Exchange Rule 100.

¹¹ See Exchange Rule 517A(a).

¹² Id.

¹³ See Exchange Rule 517A, Interpretations and Policies .01.

¹⁴ See Exchange Rule 517A(c).

¹⁵ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

¹⁶ See Exchange Rule 517A(c).

above their EEM Allowable Engagement Percentage. ARM-E will then, until the EEM sends a notification to the System of the intent to reengage and submits a new order in the EEM Specified Option Class: (i) automatically cancel the EEM ARM Eligible Orders in all series of that particular EEM Specified Option Class and (ii) reject new orders by the EEM in all series of that particular EEM Specified Option Class submitted using the MEO Interface.¹⁷

The Exchange now proposes to allow EEMs to submit orders with a time in force of immediate-or-cancel to the Exchange during the time that the ARM-E is engaged by amending Interpretations and Policies .01 to adopt new rule text to state, “[i]mmediate-or-Cancel (“IOC”) Orders submitted by an EEM using the MEO Interface are not EEM ARM Eligible Orders.” The Exchange also proposes to remove the existing text in Interpretations and Policies .01 in its entirety which states, “[t]he System does not include in a specific EEM’s EEM Counting Program contracts executed as a result of an immediate-or-cancel (“IOC”) order submitted by such EEM.” By adopting text that explicitly states that IOC orders submitted by an EEM using the MEO Interface are not EEM ARM Eligible Orders, there is no longer a need to indicate that contracts executed as a result of an IOC order submitted by an EEM are not included in the Counting Program, as only EEM ARM Eligible Orders will be included in the EEM Counting Program.

Additionally, Rule 517A(b) provides that when the ARM-E is engaged, the System will, (i) automatically cancel the EEM ARM Eligible Orders in all series of that particular EEM Specified Option Class and (ii) reject new orders by the EEM in all series of that particular EEM Specified Option Class submitted using the MEO Interface. The Exchange now proposes to amend subsection (b)(ii) to state that the System will reject EEM ARM Eligible Orders

¹⁷ See Exchange Rule 517A(b).

submitted by the EEM, thereby allowing IOC orders to be submitted to the Exchange for trading when ARM-E is engaged.

ARM-M

ARM-M protects MIAX PEARL Market Makers¹⁸ and assists them in managing risk by maintaining a counting program ("MM Counting Program") for each Market Maker who has submitted an order in an option class (an "MM Option Class") delivered via the MEO Interface (an "MM ARM Eligible Order").¹⁹ The MM Counting Program counts the number of contracts executed by a Market Maker from an MM ARM Eligible Order (the "MM ARM Contracts") within a specified time period that has been established by the Market Maker or as a default setting, as defined below (the "MM Specified Time Period").²⁰ The MM Specified Time Period cannot exceed 15 seconds whether established by the Market Maker or as a default setting.²¹ The Exchange currently provides that contracts executed as a result of an immediate-or-cancel ("IOC") order submitted by such MM are not included in a specific MM's MM Counting Program.²²

The Market Maker may also establish for each MM Option Class an MM Allowable Engagement Percentage. When an execution of an MM ARM Contract from an MM ARM Eligible Order occurs, the System will look back over the MM Specified Time Period to

¹⁸ The term "Market Maker" or "MM" means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the MIAX PEARL Rules. See Exchange Rule 100.

¹⁹ See Exchange Rule 517B(a).

²⁰ Id.

²¹ Id.

²² See Exchange Rule 517B, Interpretations and Policies .02.

determine whether the sum of contract executions from such MM ARM Eligible Order during such MM Specified Time Period triggers the ARM-M.²³

The System will engage the ARM-M in a particular MM Option Class when the MM Counting Program has determined that a Market Maker has executed during the MM Specified Time Period a number of MM ARM Contracts from an MM ARM Eligible Order equal to or above their MM Allowable Engagement Percentage. The ARM-M will then, until the Market Maker sends a notification to the System of the intent to reengage and submits a new order in the MM Option Class: (i) automatically cancel the MM ARM Eligible Orders in all series of that particular MM Option Class and (ii) reject new orders by the Market Maker in all series of that particular MM Option Class submitted using the MEO Interface.²⁴

The Exchange now proposes to allow Market Makers to submit orders with a time in force of immediate-or-cancel to the Exchange during the time that the ARM-M is engaged by amending Interpretations and Policies .02 to state, “[i]mmediate-or-Cancel (“IOC”) Orders submitted by a Market Maker using the MEO Interface are not MM ARM Eligible Orders.” The Exchange also proposes to remove the existing text in Interpretations and Policies .02 in its entirety which states, “[t]he System does not include in a specific MM’s MM Counting Program contacts executed as a result of an immediate-or-cancel (“IOC”) order submitted by such MM.” By adopting text that explicitly states that IOC orders submitted by a Market Maker using the MEO Interface are not MM ARM Eligible Orders, there is no longer a need to indicate contracts executed as a result of an IOC order submitted by a Market Maker are not included in the

²³ See Exchange Rule 517B(c).

²⁴ See Exchange Rule 517B(b).

Counting Program, as only MM ARM Eligible Orders will be included in the MM Counting Program.

Additionally, Rule 517B(b) provides that when the ARM-M is engaged, the System will (i) automatically cancel the MM ARM Eligible Orders in all series of that particular MM Option Class and (ii) reject new orders by the Market Maker in all series of that particular MM Option Class submitted using the MEO Interface. The Exchange now proposes to amend subsection (b)(ii) to state that the System will reject new MM ARM Eligible Orders submitted by the Market Maker, thereby allowing IOC orders to be submitted to the Exchange for trading when ARM-M is engaged.

ARM-E and ARM-M are designed to mitigate the exposure risk of resting orders on the Exchange. In the Exchange's experience an IOC order is an order that is designed to target specific, identifiable liquidity resting on the Book²⁵ that the entering Member desires to trade with. Thus, a Member entering an IOC order does not require the risk management protection of either the ARM-E or ARM-M, as the Member entering the IOC order has made an affirmative decision to attempt to execute that transaction. The Exchange believes Members should not be prevented from submitting these types of orders to the Exchange during the time that the Aggregate Risk Manager is engaged as contracts executed using these types of orders are not included in either the EEM or MM Counting Program.²⁶

The Exchange believes this proposal will allow Members to continue to be protected from the risks that the Aggregate Risk Manager is designed to mitigate, and also allow Members to continue to submit certain orders which Members desire to submit even during the time that

²⁵ The term "Book" means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

²⁶ See supra note 11 and 19.

the Aggregate Risk Manager is engaged. The Exchange believes allowing Members the ability to send IOC orders to the Exchange will improve liquidity and order execution on the Exchange.

The Exchange notes that the proposed rule change is similar to a rule that is currently operative on the Exchange's affiliate, MIAX Options Exchange ("MIAX Options"). Specifically, Interpretations and Policies .01 to MIAX Options Rule 612, Aggregate Risk Manager, states that eQuotes²⁷ will remain in the System available for trading when the Aggregate Risk Manager is engaged. IOC Orders on MIAX PEARL are analogous to eQuotes on MIAX Options as eQuotes also have limited time-in-force durations. For example, eQuotes on MIAX Options²⁸ may be Auction or Cancel ("AOC"),²⁹ Opening Only ("OPG"),³⁰ Immediate or Cancel ("IOC"),³¹ or Fill or Kill ("FOK").³² MIAX PEARL and MIAX Options have a

²⁷ An eQuote is a quote with a specific time in force that does not automatically cancel and replace a previous Standard quote or eQuote. An eQuote can be cancelled by the Market Maker at any time, or can be replaced by another eQuote that contains specific instructions to cancel an existing eQuote. See MIAX Options Exchange Rule 517(a)(2).

²⁸ MIAX Options provides for a Day eQuote in its rules, however this type of eQuote has not yet been enabled for trading on the MIAX Options Exchange. See MIAX Options Exchange Rule 517(a)(i).

²⁹ An Auction or Cancel or "AOC" eQuote is a quote submitted by a Market Maker to provide liquidity in a specific Exchange process . . . with a time in force that corresponds with the duration of that event and will automatically expire at the end of that event. See MIAX Options Exchange Rule 517(a)(2)(ii). The Exchange notes the current length of an auction on MIAX Options is 100 milliseconds and that the duration of an auction may be no less than 100 milliseconds and no more than 1 second. See MIAX Options Exchange Rule 515A(a)(2)(i)(C).

³⁰ An opening only or "OPG" eQuote is a quote that can be submitted by a Market Maker only during the Opening . . . OPG eQuotes will automatically expire at the end of the Opening Process. See MIAX Options Exchange Rule 517(a)(2)(iii).

³¹ An immediate or cancel or "IOC" eQuote is an eQuote submitted by a Market Maker that must be matched with another quote or order for an execution in whole or in part upon receipt into the System. Any portion of the IOC eQuote not executed will be immediately canceled. See MIAX Options Exchange Rule 517(a)(2)(iv).

number of common Members and where feasible the Exchange strives to provide consistency between the markets so as to avoid confusion among Members.

The Exchange will announce the implementation date of the proposed rule change by Regulatory Circular to be published no later than 60 days following the operative date of the proposed rule. The implementation date will be no later than 60 days following the issuance of the Regulatory Circular.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act³³ in general, and furthers the objectives of Section 6(b)(5) of the Act³⁴ 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 that its proposal would promote just and equitable principles of trade by permitting Members to use an order type that is not an ARM Eligible Order during the time that the ARM is engaged. Additionally, the Exchange believes this proposal will promote just and equitable principles of trade by allowing Members to continue to be protected from the risks that the Aggregate Risk Manager is designed to mitigate, and also allow Members to

³² A fill or kill or “FOK” eQuote is an eQuote submitted by a Market Maker that must be matched with another quote or order for an execution in its entirety at a single price upon receipt into the System or will be immediately cancelled. See MIA X Options Exchange Rule 517(a)(a)(v).

³³ 15 U.S.C. 78f(b).

³⁴ 15 U.S.C. 78f(b)(5).

continue to submit certain orders which Members desire to submit even during the time the Aggregate Risk Manager is engaged. ARM-E and ARM-M are designed to mitigate the exposure risk of resting orders. An IOC order is an order that is designed to target specific, identifiable liquidity resting on the Book that the entering Member desires to trade with and thus the Member entering the IOC order does not require the risk management protection of either the ARM-E or ARM-M, as the Member entering the IOC order has made an affirmative decision to attempt to execute that transaction. Therefore, the Exchange believes Members should not be prevented from submitting these types of Orders to the Exchange during the time that the Aggregate Risk Manager is engaged. The Exchange believes allowing Members the ability to send IOC orders to the Exchange while the Aggregate Risk Manager is engaged promotes just and equitable principles of trade by improving liquidity and order execution on the Exchange.

The Exchange believes its proposal will result in increased liquidity on the Exchange which will contribute to the operation of a fair and orderly market. The proposed treatment of IOC orders during the time that the ARM is engaged is substantially similar to the treatment of eQuotes on the Exchange's affiliate, MIAX Options.³⁵

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 believes that the proposed rule change will foster competition on the Exchange by providing EEMs and Market Makers with the ability to submit IOC orders during the time that the ARM is engaged and compete for executions.

³⁵ See MIAX Options Rule 612, Interpretations and Policies .01.

The Exchange does not believe the proposed rule change will impact inter-market competition as the proposal is not designed to address competitive issue and is limited in scope to the behavior of Members of the Exchange.

For the reasons stated, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

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 Act³⁶ and Rule 19b-4(f)(6)³⁷ 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 does not believe the proposed rule change raises any novel or unique regulatory or substantive issues, and instead believes that the proposed rule allowing Exchange EEMs and Market Makers to submit IOC orders to the Exchange during the time that the ARM

³⁶ 15 U.S.C. 78s(b)(3)(A).

³⁷ 17 CFR 240.19b-4(f)(6).

is engaged is non-controversial because all participants in the MIAX PEARL marketplace, and the marketplace as a whole, would benefit from a higher level of liquidity on the Exchange. The proposal raises no new regulatory issues.

Accordingly, for the reasons stated above, the Exchange believes that the proposed rule change is non-controversial and is therefore eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.

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 Act³⁸ normally does not become operative for 30 days after the date of its filing.

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 Exchange notes that this filing is substantially similar to provisions of MIAX Options Rule 612, Aggregate Risk Manager ("ARM"), specifically, Interpretations and Policies .01, which permits IOC and AOC eQuotes to be submitted to the Exchange by the Member

³⁸ 17 CFR 240.19b-4(f)(6).

during the time that the ARM is engaged. On MIAX PEARL, IOC orders are the functional equivalent of eQuotes on MIAX Options.

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2017-37)

November __, 2017

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX PEARL, LLC to Amend MIAX PEARL Rules 517A, Aggregate Risk Manager for EEMs (“ARM-E”), and 517B, Aggregate Risk Manager for Market Makers (“ARM-M”)

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 November 28, 2017, MIAX PEARL, LLC (“MIAX PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change”) 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 Rules 517A, Aggregate Risk Manager for EEMs (“ARM-E”), and 517B, Aggregate Risk Manager for Market Makers (“ARM-M”).

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 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 Exchange Rule 517A, ARM-E, to add additional detail to subsection (b), and to adopt new rule text in Interpretations and Policies .01, to state that immediate-or-cancel (“IOC”) Orders³ are not EEM ARM Eligible Orders.⁴ The Exchange also proposes to amend Exchange Rule 517B, ARM-M, to add additional detail to subsection (b), and to adopt new rule text in Interpretations and Policies .02, to state that immediate-or-cancel (“IOC”) Orders are not MM ARM Eligible Orders.⁵

ARM-E

ARM-E protects MIAX PEARL Electronic Exchange Members (“EEMs”)⁶ and assists them in managing risk by maintaining a counting program (“EEM Counting Program”)⁷ for each

³ An immediate-or-cancel order is an order that is to be executed in whole or in part upon receipt. Any portion not so executed is cancelled. See Exchange Rule 516(e).

⁴ See Exchange Rule 517A(a).

⁵ See Exchange Rule 517B(a).

⁶ The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is a Member representing as agent Public Customer Orders or Non-Customer Orders on the Exchange and those non-Market Maker Members conducting proprietary trading. Electronic Exchange Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

participating EEM who has submitted an order in an EEM Specified Option Class⁸ using a specified market participant identifier (“MPID”)⁹ of the EEM and delivered via the MEO Interface¹⁰ (an “EEM ARM Eligible Order”). The EEM Counting Program counts the number of contracts executed by an EEM from an EEM ARM Eligible Order (the “EEM ARM Contracts”) within a specified time period that has been established by the EEM (the “EEM Specified Time Period”).¹¹ The EEM Specified Time Period cannot exceed 15 seconds.¹² The Exchange currently provides that contracts executed as a result of an immediate-or-cancel (“IOC”) order submitted by such EEM are not included in a specific EEM’s EEM Counting Program.¹³

The EEM may also establish for each EEM Specified Option Class an EEM Allowable Engagement Percentage (the “EEM Allowable Engagement Percentage”),¹⁴ which is a number of contracts, divided by the size of the orders, executed within the Specified Time Period, equal to or over which the ARM-E will be triggered. When an execution of an EEM ARM Contract from an EEM ARM Eligible Order occurs, the System¹⁵ will look back over the EEM Specified Time

⁷ See Exchange Rule 517A(a).

⁸ An “EEM Specified Option Class” is a class which the EEM has designated as a class to be protected via ARM-E. See Exchange Rule 517A(a).

⁹ The term “MPID” means unique market participant identifier. See Exchange Rule 100.

¹⁰ The term “MEO Interface” means a binary order interface used for submitting certain order types (as set forth in Rule 516) to the MIAX PEARL System. See Exchange Rule 100.

¹¹ See Exchange Rule 517A(a).

¹² Id.

¹³ See Exchange Rule 517A, Interpretations and Policies .01.

¹⁴ See Exchange Rule 517A(c).

¹⁵ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

Period to determine whether the sum of contract executions from such EEM ARM Eligible Order during such EEM Specified Time Period triggers the ARM-E.¹⁶

The System will engage the ARM-E in a particular EEM Specified Option Class when the EEM Counting Program has determined that an EEM has executed during the EEM Specified Time Period a number of EEM ARM Contracts from an EEM ARM Eligible Order equal to or above their EEM Allowable Engagement Percentage. ARM-E will then, until the EEM sends a notification to the System of the intent to reengage and submits a new order in the EEM Specified Option Class: (i) automatically cancel the EEM ARM Eligible Orders in all series of that particular EEM Specified Option Class and (ii) reject new orders by the EEM in all series of that particular EEM Specified Option Class submitted using the MEO Interface.¹⁷

The Exchange now proposes to allow EEMs to submit orders with a time in force of immediate-or-cancel to the Exchange during the time that the ARM-E is engaged by amending Interpretations and Policies .01 to adopt new rule text to state, “[i]mmediate-or-Cancel (“IOC”) Orders submitted by an EEM using the MEO Interface are not EEM ARM Eligible Orders.” The Exchange also proposes to remove the existing text in Interpretations and Policies .01 in its entirety which states, “[t]he System does not include in a specific EEM’s EEM Counting Program contacts executed as a result of an immediate-or-cancel (“IOC”) order submitted by such EEM.” By adopting text that explicitly states that IOC orders submitted by an EEM using the MEO Interface are not EEM ARM Eligible Orders, there is no longer a need to indicate that contracts executed as a result of an IOC order submitted by an EEM are not included in the Counting Program, as only EEM ARM Eligible Orders will be included in the EEM Counting Program.

¹⁶ See Exchange Rule 517A(c).

¹⁷ See Exchange Rule 517A(b).

Additionally, Rule 517A(b) provides that when the ARM-E is engaged, the System will, (i) automatically cancel the EEM ARM Eligible Orders in all series of that particular EEM Specified Option Class and (ii) reject new orders by the EEM in all series of that particular EEM Specified Option Class submitted using the MEO Interface. The Exchange now proposes to amend subsection (b)(ii) to state that the System will reject EEM ARM Eligible Orders submitted by the EEM, thereby allowing IOC orders to be submitted to the Exchange for trading when ARM-E is engaged.

ARM-M

ARM-M protects MIA X PEARL Market Makers¹⁸ and assists them in managing risk by maintaining a counting program ("MM Counting Program") for each Market Maker who has submitted an order in an option class (an "MM Option Class") delivered via the MEO Interface (an "MM ARM Eligible Order").¹⁹ The MM Counting Program counts the number of contracts executed by a Market Maker from an MM ARM Eligible Order (the "MM ARM Contracts") within a specified time period that has been established by the Market Maker or as a default setting, as defined below (the "MM Specified Time Period").²⁰ The MM Specified Time Period cannot exceed 15 seconds whether established by the Market Maker or as a default setting.²¹ The Exchange currently provides that contracts executed as a result of an immediate-or-cancel

¹⁸ The term "Market Maker" or "MM" means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the MIA X PEARL Rules. See Exchange Rule 100.

¹⁹ See Exchange Rule 517B(a).

²⁰ Id.

²¹ Id.

(“IOC”) order submitted by such MM are not included in a specific MM’s MM Counting Program.²²

The Market Maker may also establish for each MM Option Class an MM Allowable Engagement Percentage. When an execution of an MM ARM Contract from an MM ARM Eligible Order occurs, the System will look back over the MM Specified Time Period to determine whether the sum of contract executions from such MM ARM Eligible Order during such MM Specified Time Period triggers the ARM-M.²³

The System will engage the ARM-M in a particular MM Option Class when the MM Counting Program has determined that a Market Maker has executed during the MM Specified Time Period a number of MM ARM Contracts from an MM ARM Eligible Order equal to or above their MM Allowable Engagement Percentage. The ARM-M will then, until the Market Maker sends a notification to the System of the intent to reengage and submits a new order in the MM Option Class: (i) automatically cancel the MM ARM Eligible Orders in all series of that particular MM Option Class and (ii) reject new orders by the Market Maker in all series of that particular MM Option Class submitted using the MEO Interface.²⁴

The Exchange now proposes to allow Market Makers to submit orders with a time in force of immediate-or-cancel to the Exchange during the time that the ARM-M is engaged by amending Interpretations and Policies .02 to state, “[i]mmediate-or-Cancel (“IOC”) Orders submitted by a Market Maker using the MEO Interface are not MM ARM Eligible Orders.” The Exchange also proposes to remove the existing text in Interpretations and Policies .02 in its entirety which states, “[t]he System does not include in a specific MM’s MM Counting Program

²² See Exchange Rule 517B, Interpretations and Policies .02.

²³ See Exchange Rule 517B(c).

²⁴ See Exchange Rule 517B(b).

contacts executed as a result of an immediate-or-cancel (“IOC”) order submitted by such MM.”

By adopting text that explicitly states that IOC orders submitted by a Market Maker using the MEO Interface are not MM ARM Eligible Orders, there is no longer a need to indicate contracts executed as a result of an IOC order submitted by a Market Maker are not included in the Counting Program, as only MM ARM Eligible Orders will be included in the MM Counting Program.

Additionally, Rule 517B(b) provides that when the ARM-M is engaged, the System will (i) automatically cancel the MM ARM Eligible Orders in all series of that particular MM Option Class and (ii) reject new orders by the Market Maker in all series of that particular MM Option Class submitted using the MEO Interface. The Exchange now proposes to amend subsection (b)(ii) to state that the System will reject new MM ARM Eligible Orders submitted by the Market Maker, thereby allowing IOC orders to be submitted to the Exchange for trading when ARM-M is engaged.

ARM-E and ARM-M are designed to mitigate the exposure risk of resting orders on the Exchange. In the Exchange’s experience an IOC order is an order that is designed to target specific, identifiable liquidity resting on the Book²⁵ that the entering Member desires to trade with. Thus, a Member entering an IOC order does not require the risk management protection of either the ARM-E or ARM-M, as the Member entering the IOC order has made an affirmative decision to attempt to execute that transaction. The Exchange believes Members should not be prevented from submitting these types of orders to the Exchange during the time that the

²⁵ The term “Book” means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

Aggregate Risk Manager is engaged as contracts executed using these types of orders are not included in either the EEM or MM Counting Program.²⁶

The Exchange believes this proposal will allow Members to continue to be protected from the risks that the Aggregate Risk Manager is designed to mitigate, and also allow Members to continue to submit certain orders which Members desire to submit even during the time that the Aggregate Risk Manager is engaged. The Exchange believes allowing Members the ability to send IOC orders to the Exchange will improve liquidity and order execution on the Exchange.

The Exchange notes that the proposed rule change is similar to a rule that is currently operative on the Exchange's affiliate, MIAX Options Exchange ("MIAX Options"). Specifically, Interpretations and Policies .01 to MIAX Options Rule 612, Aggregate Risk Manager, states that eQuotes²⁷ will remain in the System available for trading when the Aggregate Risk Manager is engaged. IOC Orders on MIAX PEARL are analogous to eQuotes on MIAX Options as eQuotes also have limited time-in-force durations. For example, eQuotes on MIAX Options²⁸ may be Auction or Cancel ("AOC"),²⁹ Opening Only ("OPG"),³⁰ Immediate

²⁶ See supra note 11 and 19.

²⁷ An eQuote is a quote with a specific time in force that does not automatically cancel and replace a previous Standard quote or eQuote. An eQuote can be cancelled by the Market Maker at any time, or can be replaced by another eQuote that contains specific instructions to cancel an existing eQuote. See MIAX Options Exchange Rule 517(a)(2).

²⁸ MIAX Options provides for a Day eQuote in its rules, however this type of eQuote has not yet been enabled for trading on the MIAX Options Exchange. See MIAX Options Exchange Rule 517(a)(i).

²⁹ An Auction or Cancel or "AOC" eQuote is a quote submitted by a Market Maker to provide liquidity in a specific Exchange process . . . with a time in force that corresponds with the duration of that event and will automatically expire at the end of that event. See MIAX Options Exchange Rule 517(a)(2)(ii). The Exchange notes the current length of an auction on MIAX Options is 100 milliseconds and that the duration of an auction may be no less than 100 milliseconds and no more than 1 second. See MIAX Options Exchange Rule 515A(a)(2)(i)(C).

or Cancel (“IOC”),³¹ or Fill or Kill (“FOK”).³² MIAX PEARL and MIAX Options have a number of common Members and where feasible the Exchange strives to provide consistency between the markets so as to avoid confusion among Members.

The Exchange will announce the implementation date of the proposed rule change by Regulatory Circular to be published no later than 60 days following the operative date of the proposed rule. The implementation date will be no later than 60 days following the issuance of the Regulatory Circular.

2. Statutory Basis

MIAX PEARL believes that its proposed rule change is consistent with Section 6(b) of the Act³³ in general, and furthers the objectives of Section 6(b)(5) of the Act³⁴ 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.

³⁰ An opening only or “OPG” eQuote is a quote that can be submitted by a Market Maker only during the Opening . . . OPG eQuotes will automatically expire at the end of the Opening Process. See MIAX Options Exchange Rule 517(a)(2)(iii).

³¹ An immediate or cancel or “IOC” eQuote is an eQuote submitted by a Market Maker that must be matched with another quote or order for an execution in whole or in part upon receipt into the System. Any portion of the IOC eQuote not executed will be immediately canceled. See MIAX Options Exchange Rule 517(a)(2)(iv).

³² A fill or kill or “FOK” eQuote is an eQuote submitted by a Market Maker that must be matched with another quote or order for an execution in its entirety at a single price upon receipt into the System or will be immediately cancelled. See MIAX Options Exchange Rule 517(a)(a)(v).

³³ 15 U.S.C. 78f(b).

³⁴ 15 U.S.C. 78f(b)(5).

The Exchange believes that its proposal would promote just and equitable principles of trade by permitting Members to use an order type that is not an ARM Eligible Order during the time that the ARM is engaged. Additionally, the Exchange believes this proposal will promote just and equitable principles of trade by allowing Members to continue to be protected from the risks that the Aggregate Risk Manager is designed to mitigate, and also allow Members to continue to submit certain orders which Members desire to submit even during the time the Aggregate Risk Manager is engaged. ARM-E and ARM-M are designed to mitigate the exposure risk of resting orders. An IOC order is an order that is designed to target specific, identifiable liquidity resting on the Book that the entering Member desires to trade with and thus the Member entering the IOC order does not require the risk management protection of either the ARM-E or ARM-M, as the Member entering the IOC order has made an affirmative decision to attempt to execute that transaction. Therefore, the Exchange believes Members should not be prevented from submitting these types of Orders to the Exchange during the time that the Aggregate Risk Manager is engaged. The Exchange believes allowing Members the ability to send IOC orders to the Exchange while the Aggregate Risk Manager is engaged promotes just and equitable principles of trade by improving liquidity and order execution on the Exchange.

The Exchange believes its proposal will result in increased liquidity on the Exchange which will contribute to the operation of a fair and orderly market. The proposed treatment of IOC orders during the time that the ARM is engaged is substantially similar to the treatment of eQuotes on the Exchange's affiliate, MIAX Options.³⁵

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

³⁵ See MIAX Options Rule 612, Interpretations and Policies .01.

Exchange believes that the proposed rule change will foster competition on the Exchange by providing EEMs and Market Makers with the ability to submit IOC orders during the time that the ARM is engaged and compete for executions.

The Exchange does not believe the proposed rule change will impact inter-market competition as the proposal is not designed to address competitive issue and is limited in scope to the behavior of Members of the Exchange.

For the reasons stated, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

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 Act³⁶ and Rule 19b-4(f)(6)³⁷ 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

³⁶ 15 U.S.C. 78s(b)(3)(A).

³⁷ 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.

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-2017-37 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-PEARL-2017-37. 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 Web site (<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 office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-PEARL-2017-37 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.³⁸

Brent J. Fields
Secretary

³⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAX PEARL, LLC Rules

Rule 517A. Aggregate Risk Manager for EEMs (“ARM-E”)

(a) No change

(b) **EEM Risk Manager.** The System will engage the Aggregate Risk Manager for EEMs (“ARM-E”) in a particular EEM Specified Option Class when the EEM Counting Program has determined that an EEM has executed during the EEM Specified Time Period a number of EEM ARM Contracts from an EEM ARM Eligible Order equal to or above their EEM Allowable Engagement Percentage. ARM-E will then, until the EEM sends a notification to the System of the intent to reengage and submits a new order in the EEM Specified Option Class: (i) automatically cancel the EEM ARM Eligible Orders in all series of that particular EEM Specified Option Class and (ii) reject new EEM ARM Eligible Orders[orders] by the EEM in all series of that particular EEM Specified Option Class submitted using the MEO Interface.

(c) – (d) No change

Interpretations and Policies:

.01 [The System does not include in a specific EEM’s EEM Counting Program contracts executed as a result of an immediate-or-cancel (“IOC”) order submitted by such EEM.] Immediate-or-Cancel (“IOC”) orders submitted by an EEM using the MEO Interface are not EEM ARM Eligible Orders.

Rule 517B. Aggregate Risk Manager for Market Makers (“ARM-M”)

(a) No change

(b) **Market Maker Risk Manager.** The System will engage the Aggregate Risk Manager for Market Makers (“ARM-M”) in a particular MM Option Class when the MM Counting Program has determined that a Market Maker has executed during the MM Specified Time Period a number of MM ARM Contracts from an MM ARM Eligible Order equal to or above their MM Allowable Engagement Percentage. ARM-M will then, until the Market Maker sends a notification to the System of the intent to reengage and submits a new order in the MM Option Class: (i) automatically cancel the MM ARM Eligible Orders in all series of that particular MM

Option Class and (ii) reject new MM ARM Eligible Orders[orders]by the Market Maker in all series of that particular MM Option Class submitted using the MEO Interface.

(c) – (d) No change

Interpretations and Policies:

.01 No change

.02 [The System does not include in a specific MM's MM Counting Program contracts executed as a result of an immediate-or-cancel ("IOC") order submitted by such MM.] Immediate-or-Cancel ("IOC") orders submitted by a Market Maker using the MEO Interface are not MM ARM Eligible Orders.
