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

File No.* SR - 2019 - * 19
Amendment No. (req. for Amendments *)

Filing by MIAX PEARL, LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * [x] Amendment * [ ] Withdrawal [ ]

Section 19(b)(2) * [ ] Section 19(b)(3)(A) * [x] Section 19(b)(3)(B) * [ ]

Pilot [ ]

Extension of Time Period for Commission Action * [ ]

Date Expires *

Rule

[ ] 19b-4(f)(1) [ ] 19b-4(f)(4)
[ ] 19b-4(f)(2) [ ] 19b-4(f)(5)
[ ] 19b-4(f)(3) [x] 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 515 to remove language pertaining to the timstamping of orders being re-booked and re
-displayed at a more aggressive Book price.

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 * Senior 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.

Date 05/16/2019
By Gregory P. Ziegler
(Name *)

(Title *)
Senior Associate Counsel

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.

gziegler@miami-holdings.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add Remove View	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 * Add Remove View	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 * Add Remove View	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 Add Remove View 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 Add Remove View 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 Add Remove View	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	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. <u>Text of the Proposed Rule Change</u>

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 Rule 515, Execution of Orders.

A notice of the proposed rule change for publication in the <u>Federal Register</u> is attached hereto as <u>Exhibit 1</u>, and the text of the proposed rule change is attached hereto as <u>Exhibit 5</u>.

(b) Not applicable.

(c) Not applicable.

2. <u>Procedures of the Self-Regulatory Organization</u>

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 January 31, 2019. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority.

Questions and comments on the proposed rule change may be directed to Gregory P. Ziegler, Senior Associate Counsel, at (609) 897-1483.

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[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 515, Execution of Orders. Specifically, the Exchange proposes to amend subsection (d)(2), Managed Interest Process for Non-Routable Orders, to remove unnecessary rule text from subsection (d)(2)(iv) relating to timestamps on orders being managed to conform the operation of the rule to the current System[3] behavior.

Currently, the rule provides that an order subject to the Managed Interest Process for Non-Routable Orders under subsection (d)(2) will retain its original limit price irrespective of the prices at which such order is booked and displayed and will maintain its original timestamp, provided however each time the order is booked and displayed at a more aggressive Book price, the order will receive a new timestamp. All orders that are re-booked and re-displayed pursuant to the Managed Interest Process for Non-Routable Orders will retain their priority as compared to other orders subject to the Managed Interest Process for Non-Routable Orders, based upon the time such order was initially received by the Exchange.[4]

The Exchange now proposes to remove the provision that each time the order is booked and displayed at a more aggressive Book price, the order will receive a new timestamp. This provision is unnecessary as orders subject to the Managed Interest Process for Non-Routable Orders are all managed to the same ABBO,[5] and the System is maintaining the priority of these

3 The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

4 See Exchange Rule 515(d)(2)(iv).

5 The term "ABBO" or "Away Best Bid or Offer" means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f) and calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

orders relative to one and other based upon their original timestamp. Giving these orders a new timestamp is not necessary as their priority relative to one and other will not change. Further, the rule already contains a provision that states, "[a]ll orders that are re-booked and re-displayed pursuant to the Managed Interest Process for Non-Routable Orders will retain their priority as compared to other orders subject to the Managed Interest Process for Non-Routable Orders, based upon the time such order was initially received by the Exchange."[6]

The Managed Interest Process for Non-Routable Orders provides that if the limit price of an order locks or crosses the current opposite side NBBO[7] and the PBBO[8] is inferior to the NBBO, the System will display the order one MPV[9] away from the current opposite side NBBO, and book the order at a price that will lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the order's Book price will continuously re-price to lock the new NBBO and the managed order's displayed price will continuously re-price one MPV away from the new NBBO until (A) the order has traded to and including its limit price, (B) the order has traded to and including its price protection limit at which time any remaining contracts are cancelled, (C) the order is fully executed or (D) the order is cancelled.[10]

The following example illustrates multiple non-routable orders being managed under the Exchange's Managed Interest Process for Non-Routable Orders.

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[6] See supra note 4.

[7] The term "NBBO" means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

[8] The term "PBBO" means the best bid or offer on the PEARL Exchange. See Exchange Rule 100.

[9] The term "MPV" means Minimum Price Variations. See Exchange Rule 509.

[10] See Exchange Rule 515(d)(2)(ii).

Example 1

Current Market in XYZ August 50 Calls

ABBO $2.50 (10) x $2.70 (10)

Post-Only[11] interest
Order 1 buy 100 contracts, Display Price: $2.65, Book Price: $2.70, Limit Price: $2.70 [Time of receipt: 10:00:30.100]
Order 2 buy 100 contracts, Display Price: $2.65, Book Price: $2.70, Limit Price: $2.70 [Time of receipt: 10:01:30.100]

The Post-Only interest cannot be posted at its limit price of $2.70 as it would create a locked market, therefore it is managed under the Managed Interest Process for Non-Routable Orders as described in Exchange Rule 515(d)(2)(ii) and booked at a price that locks the current opposite side NBBO and displayed at a price that is one MPV away from the opposite side NBBO.

PBBO $2.65 (200) x $2.75 (10)
NBBO $2.65 (200) x $2.70 (10)

The interest at $2.70 on the away market is executed and the new best offer to sell on the away exchange is $2.80 at 10:04:45.100.

ABBO $2.50 (10) x $2.80 (10)

1. The System will manage the Post-Only interest under the Managed Interest Process for Non-Routable Orders and re-book each Post-Only Order at its limit price and re-display the order at its limit price.

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[11] "Post-Only Orders" are orders that will not remove liquidity from the Book. Post-Only Orders are to be ranked and executed on the Exchange pursuant to Rule 514 (Priority on the Exchange), or handled pursuant to Rule 515, as appropriate, and will never route away to another trading center. Post-Only Orders are evaluated with respect to locking or crossing other orders as follows: (i) if a Post-Only Order would lock or cross an order on the System, the order will be handled pursuant to the Post-Only Process under Rule 515(g); or (ii) if a Post-Only Order would not lock or cross an order on the System but would lock or cross the ABBO where the PBBO is inferior to the ABBO, the order will be handled pursuant to the Managed Interest Process under Rule 515(d). The handling of a Post-Only Order may move from one process to the other (i.e., a Post-Only Order initially handled under the Post-Only Price Process may upon reevaluation be handled under the Managed Interest Process if the PBBO changes and the Post-Only Order no longer locks or crosses an order on the System but locks or crosses the ABBO). See Exchange Rule 516(j).

2. Post-Only Order 1 to buy 100 contracts, Display Price: $2.70, Book Price: $2.70. Limit Price: $2.70 [updated at 10:04:45.500].
3. Post-Only Order 2 to buy 100 contracts, Display Price: $2.70, Book Price: $2.70. Limit Price: $2.70 [updated at 10:04:46.000 – Order 1 retains priority over Order 2 based upon the original timestamp of each order].

PBBO $2.70 (200) x $2.75 (10)
NBBO $2.70 (200) x $2.75 (10)

Current Market in XYZ August 50 Calls

ABBO $2.50 (10) x $2.80 (10)
PBBO $2.70 (200) x $2.75 (10)
Post-Only interest
Order 1: Buy 100 contracts, Display Price: $2.70, Book Price: $2.70, Limit Price: $2.70
Order 2: Buy 100 contracts, Display Price: $2.70, Book Price: $2.70, Limit Price: $2.70
NBBO $2.70 (200) x $2.75 (10)

4. Post-Only Order 1 to buy 100 contracts is booked and displayed at is original and full limit price of $2.70 which is the most aggressive permissible price.
5. Post-Only Order 2 to buy 100 contracts is booked and displayed at is original and full limit price of $2.70 which is the most aggressive permissible price.

Order 3 Sell 100 contracts, Limit Price $2.70 is received by the Exchange.
Consider Order 1, Order 2, and Order 3 as Market Maker

1. Order 1 trades 100 contracts with Order 3 at $2.70.
2. Order 2 remains on the Book.

Current Market in XYZ August 50 Calls

PBBO $2.70 (100) x $2.75 (10)
ABBO $2.50 (10) x $2.80 (10)
NBBO $2.70 (100) x $2.75 (10)

The example demonstrates that the relative priority between non-routable orders remains the same regardless of whether the orders receive a new timestamp each time they are booked and displayed at a more aggressive Book price. In this example Order One is received 60 seconds before Order Two, thereby establishing its time priority. If Order One and Order Two were to receive new timestamps when each order was booked and displayed at a more aggressive price, Order One would still retain its priority over Order Two due to the fact that it would be handled first in accordance to its original timestamp and as a result would receive a timestamp before Order Two.

The Exchange has a separate Post-Only Price ("POP") Process[12] which is engaged when the limit price of a Post-Only Order locks or crosses the current opposite side PBBO where the PBBO is the NBBO.[13] A Post-Only Order may be managed under the Managed Interest Process for Non-Routable Orders or the Post-Only Process depending upon market conditions.[14] A non Post-Only Do Not Route ("DNR")[15] order may only be managed under the Managed Interest Process for Non-Routable Orders. A Post-Only Order subject to the POP Process will receive a new timestamp each time the order is booked and displayed at a more aggressive Book price.[16]

Following is an example of the Post-Only Price Process.

Example 2

Current Market in XYZ August 50 Calls

PBBO $2.65 (100) x $2.75 (10)
Post-Only interest
Order 1 buy 10 contracts, Display Price: $2.70, Book Price: $2.70, Limit Price: $2.80
Order 2 buy 10 contracts, Display Price: $2.70, Book Price: $2.70, Limit Price: $2.80

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12 The Exchange notes that the POP Process is unaffected by this proposal.

13 See Exchange Rule 515(g)(1).

14 See supra note 11.

15 A Do Not Route or "DNR" order is an order that will never be routed outside of the Exchange regardless of the prices displayed by away markets. A DNR order may execute on the Exchange at a price equal to or better than, but not inferior to, the best away market price but, if that best away market remains, the DNR order will be handled in accordance with the Managed Interest Process described in Rule 515(d)(2). See Exchange Rule 516(g).

16 See Exchange Rule 515(g)(3)(iv).

ABBO \$2.65 (10) x \$2.85 (10)
PBBO \$2.70 (20) x \$2.75 (10)
NBBO \$2.70 (20) x \$2.75 (10)

Non Post-Only DNR interest
Order 3 buy 20 contracts, Limit price \$2.80

(i) ***An Incoming Non Post-Only DNR interest arrives to buy at \$2.80 is executed against the PBO, and the new best offer to sell on the exchange becomes \$2.85.***

1. Order 3 trades 10 contracts with the PBO at \$2.75. The balance of Non Post-Only Order 3 to buy 10 contracts is booked and displayed at its original limit price of \$2.80.

(ii) The System will advance Order 1 and Order 2 pursuant to the POP Process and re-book and re-display at a more aggressive Book Price with a new timestamp pursuant to the POP Process

2. Post-Only Order 1 to buy 10 contracts is re-booked and re-displayed with a new time stamp at the Post-Only Order's limit price of \$2.80
3. Post-Only Order 2 to buy 10 contracts is re-booked and re-displayed with a new time stamp at the Post-Only Order's limit price of \$2.80

Updated Market in XYZ August 50 Calls

PBBO \$2.80 (30) x \$2.85 (10)
Non Post-Only interest
Order 3 buy 10 contracts, Display Price: \$2.80, Book Price: \$2.80, Limit Price: \$2.80
Post-Only interest
Order 1 buy 10 contracts, Display Price: \$2.80, Book Price: \$2.80, Limit Price: \$2.80
Order 2 buy 10 contracts, Display Price: \$2.80, Book Price: \$2.80, Limit Price: \$2.80
ABBO \$2.65 (10) x \$2.85 (10)
NBBO \$2.80 (30) x \$2.85 (20)

Non Post-Only interest
Order 4 sell 11 contracts, Limit price \$2.80 is received by the Exchange.

(iii) An Incoming Non Post-Only interest arrives to sell at \$2.80 is executed against the PBB.

4. Order 3 trades 10 contracts with Order 4 at \$2.80. Order 3 is exhausted and leaves no balance.

5. Order 1 trades 1 contract with Order 4 at $2.80. The balance of Post-Only Order 1 to buy 9 contracts remains booked and displayed at its original limit price of $2.80.
6. Order 4 is exhausted and leaves no balance.
7. Order 2 does not trade. Post-Only Order 2 to buy 10 contracts remains booked and displayed at its original limit price of $2.80

Updated Market in XYZ August 50 Calls

ABBO $2.65 (10) x $2.85 (10)
PBBO $2.80 (19) x $2.85 (10)
NBBO $2.80 (19) x $2.85 (20)

The Exchange's proposal to amend the Managed Interest Process for Non-Routable Orders to remove the provision from subsection (d)(iv) that provided that each time an order is booked and displayed at a more aggressive Book price, the order would receive a new timestamp conforms the rule to the operation of the System. It is not necessary for the System to give these orders a new timestamp each time that the order is re-booked and re-displayed as all orders being managed under the Managed Interest Process for Non-Routable Orders will maintain their relative priority to each other as all interest is being managed together to the same ABBO. Conversely, only Post-Only Orders are subject to the POP Process and are managed to the PBBO, therefore it is necessary to timestamp this interest as there may be non-routable interest that supersedes Post-Only interest as a result of the Post-Only designation which requires that Post-Only Orders not remove liquidity from the Book.[17]

b. Statutory Basis

The Exchange believes that its proposed rule changes are consistent with Section 6(b) of the Act[18] in general, and furthers the objectives of Section 6(b)(5) of the Act[19] in particular, in

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17 See supra note 11.

18 15 U.S.C. 78f(b).

19 15 U.S.C. 78f(b)(5).

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 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 its proposal removes impediments to and perfects the mechanisms of a free and open market and a national market system as the removal of the proposed rule text does not have a substantive effect on the relative priority of non-routable orders being managed under the Exchange's Managed Interest Process for Non-Routable Orders. Non-routable orders will retain their priority relative to other orders subject to the Managed Interest Process for Non-Routable Orders based upon the time each order is received by the Exchange.

The Exchange's proposal to remove unnecessary rule text from its rules 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 and, in general, protects investors and the public interest, by adding clarity and precision to the Exchange's rules. The Exchange believes it is the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules.

4. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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 proposed rule change is designed to add additional clarity and detail to the Exchange's rules.

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition as the rules of the Exchange apply equally to all Members.[20] The proposed rule change is not a competitive filing and is intended to enhance the protection of investors and the public by clarifying the operation of the Exchange's System.

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 Act[21] and Rule 19b-4(f)(6)[22] 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 proposed change does not significantly affect the protection of investors or the public interest as there is no substantive change to the relative priority of orders subject to the Managed

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20 The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of MIAX PEARL Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

21 15 U.S.C. 78s(b)(3)(A).

22 17 CFR 240.19b-4(f)(6).

Interest Process for Non-Routable Orders. The operation of the rule, and outcomes thereunder, will remain the same under the proposed change.

The proposed changes promote the protection of investors and the public interest by providing transparency in the Exchange's rules regarding the management of non-routable orders by conforming the rule to the behavior of the System. The Exchange's proposal does not impose any significant burden on competition as the proposed rule change provides additional detail and clarity to the Exchange's rulebook concerning its management process of non-routable orders.

Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of proposals under Section 19(b)(3)(A) of the Act[23] and Rule 19b-4(f)(6) thereunder.[24] 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.

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.

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23 15 U.S.C. 78s(b)(3)(A).

24 17 CFR 240.19b-4(f)(6).

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

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 changes to rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2019-19)

May__, 2019

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami PEARL, LLC to Amend Exchange Rule 515, Execution of Orders

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 May 16, 2019, Miami PEARL, LLC ("MIAX PEARL" or the "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 515, Execution of Orders.

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.

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

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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 Exchange Rule 515, Execution of Orders. Specifically, the Exchange proposes to amend subsection (d)(2), Managed Interest Process for Non-Routable Orders, to remove unnecessary rule text from subsection (d)(2)(iv) relating to timestamps on orders being managed to conform the operation of the rule to the current System[3] behavior.

Currently, the rule provides that an order subject to the Managed Interest Process for Non-Routable Orders under subsection (d)(2) will retain its original limit price irrespective of the prices at which such order is booked and displayed and will maintain its original timestamp, provided however each time the order is booked and displayed at a more aggressive Book price, the order will receive a new timestamp. All orders that are re-booked and re-displayed pursuant to the Managed Interest Process for Non-Routable Orders will retain their priority as compared to other orders subject to the Managed Interest Process for Non-Routable Orders, based upon the time such order was initially received by the Exchange.[4]

The Exchange now proposes to remove the provision that each time the order is booked and displayed at a more aggressive Book price, the order will receive a new timestamp. This provision is unnecessary as orders subject to the Managed Interest Process for Non-Routable Orders are all managed to the same ABBO,[5] and the System is maintaining the priority of these

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3 The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

4 See Exchange Rule 515(d)(2)(iv).

5 The term "ABBO" or "Away Best Bid or Offer" means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f) and calculated by the

orders relative to one and other based upon their original timestamp. Giving these orders a new timestamp is not necessary as their priority relative to one and other will not change. Further, the rule already contains a provision that states, "[a]ll orders that are re-booked and re-displayed pursuant to the Managed Interest Process for Non-Routable Orders will retain their priority as compared to other orders subject to the Managed Interest Process for Non-Routable Orders, based upon the time such order was initially received by the Exchange."[6]

The Managed Interest Process for Non-Routable Orders provides that if the limit price of an order locks or crosses the current opposite side NBBO[7] and the PBBO[8] is inferior to the NBBO, the System will display the order one MPV[9] away from the current opposite side NBBO, and book the order at a price that will lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the order's Book price will continuously re-price to lock the new NBBO and the managed order's displayed price will continuously re-price one MPV away from the new NBBO until (A) the order has traded to and including its limit price, (B) the order has traded to and including its price protection limit at which time any remaining contracts are cancelled, (C) the order is fully executed or (D) the order is cancelled.[10]

The following example illustrates multiple non-routable orders being managed under the Exchange's Managed Interest Process for Non-Routable Orders.

Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

6 See supra note 4.

7 The term "NBBO" means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

8 The term "PBBO" means the best bid or offer on the PEARL Exchange. See Exchange Rule 100.

9 The term "MPV" means Minimum Price Variations. See Exchange Rule 509.

10 See Exchange Rule 515(d)(2)(ii).

Example 1

Current Market in XYZ August 50 Calls

ABBO $2.50 (10) x $2.70 (10)

Post-Only[11] interest
Order 1 buy 100 contracts, Display Price: $2.65, Book Price: $2.70, Limit Price: $2.70 [Time of receipt: 10:00:30.100]
Order 2 buy 100 contracts, Display Price: $2.65, Book Price: $2.70, Limit Price: $2.70 [Time of receipt: 10:01:30.100]

The Post-Only interest cannot be posted at its limit price of $2.70 as it would create a locked market, therefore it is managed under the Managed Interest Process for Non-Routable Orders as described in Exchange Rule 515(d)(2)(ii) and booked at a price that locks the current opposite side NBBO and displayed at a price that is one MPV away from the opposite side NBBO.

PBBO $2.65 (200) x $2.75 (10)
NBBO $2.65 (200) x $2.70 (10)

The interest at $2.70 on the away market is executed and the new best offer to sell on the away exchange is $2.80 at 10:04:45.100.

ABBO $2.50 (10) x $2.80 (10)

1. The System will manage the Post-Only interest under the Managed Interest Process for Non-Routable Orders and re-book each Post-Only Order at its limit price and re-display the order at its limit price.

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11 "Post-Only Orders" are orders that will not remove liquidity from the Book. Post-Only Orders are to be ranked and executed on the Exchange pursuant to Rule 514 (Priority on the Exchange), or handled pursuant to Rule 515, as appropriate, and will never route away to another trading center. Post-Only Orders are evaluated with respect to locking or crossing other orders as follows: (i) if a Post-Only Order would lock or cross an order on the System, the order will be handled pursuant to the Post-Only Process under Rule 515(g); or (ii) if a Post-Only Order would not lock or cross an order on the System but would lock or cross the ABBO where the PBBO is inferior to the ABBO, the order will be handled pursuant to the Managed Interest Process under Rule 515(d). The handling of a Post-Only Order may move from one process to the other (i.e., a Post-Only Order initially handled under the Post-Only Price Process may upon reevaluation be handled under the Managed Interest Process if the PBBO changes and the Post-Only Order no longer locks or crosses an order on the System but locks or crosses the ABBO). See Exchange Rule 516(j).

2. Post-Only Order 1 to buy 100 contracts, Display Price: $2.70, Book Price: $2.70. Limit Price: $2.70 [updated at 10:04:45.500].
3. Post-Only Order 2 to buy 100 contracts, Display Price: $2.70, Book Price: $2.70. Limit Price: $2.70 [updated at 10:04:46.000 – Order 1 retains priority over Order 2 based upon the original timestamp of each order].

PBBO $2.70 (200) x $2.75 (10)
NBBO $2.70 (200) x $2.75 (10)

Current Market in XYZ August 50 Calls

ABBO $2.50 (10) x $2.80 (10)
PBBO $2.70 (200) x $2.75 (10)
Post-Only interest
Order 1: Buy 100 contracts, Display Price: $2.70, Book Price: $2.70, Limit Price: $2.70
Order 2: Buy 100 contracts, Display Price: $2.70, Book Price: $2.70, Limit Price: $2.70
NBBO $2.70 (200) x $2.75 (10)

4. Post-Only Order 1 to buy 100 contracts is booked and displayed at is original and full limit price of $2.70 which is the most aggressive permissible price.
5. Post-Only Order 2 to buy 100 contracts is booked and displayed at is original and full limit price of $2.70 which is the most aggressive permissible price.

Order 3 Sell 100 contracts, Limit Price $2.70 is received by the Exchange.
Consider Order 1, Order 2, and Order 3 as Market Maker

1. Order 1 trades 100 contracts with Order 3 at $2.70.
2. Order 2 remains on the Book.

Current Market in XYZ August 50 Calls

PBBO $2.70 (100) x $2.75 (10)
ABBO $2.50 (10) x $2.80 (10)
NBBO $2.70 (100) x $2.75 (10)

The example demonstrates that the relative priority between non-routable orders remains the same regardless of whether the orders receive a new timestamp each time they are booked and displayed at a more aggressive Book price. In this example Order One is received 60 seconds before Order Two, thereby establishing its time priority. If Order One and Order Two were to receive new timestamps when each order was booked and displayed at a more aggressive price, Order One would still retain its priority over Order Two due to the fact that it would be handled first in accordance to its original timestamp and as a result would receive a timestamp before Order Two.

The Exchange has a separate Post-Only Price ("POP") Process[12] which is engaged when the limit price of a Post-Only Order locks or crosses the current opposite side PBBO where the PBBO is the NBBO.[13] A Post-Only Order may be managed under the Managed Interest Process for Non-Routable Orders or the Post-Only Process depending upon market conditions.[14] A non Post-Only Do Not Route ("DNR")[15] order may only be managed under the Managed Interest Process for Non-Routable Orders. A Post-Only Order subject to the POP Process will receive a new timestamp each time the order is booked and displayed at a more aggressive Book price.[16]

Following is an example of the Post-Only Price Process.

Example 2

Current Market in XYZ August 50 Calls

PBBO $2.65 (100) x $2.75 (10)
Post-Only interest
Order 1 buy 10 contracts, Display Price: $2.70, Book Price: $2.70, Limit Price: $2.80
Order 2 buy 10 contracts, Display Price: $2.70, Book Price: $2.70, Limit Price: $2.80
ABBO $2.65 (10) x $2.85 (10)
PBBO $2.70 (20) x $2.75 (10)
NBBO $2.70 (20) x $2.75 (10)

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12 The Exchange notes that the POP Process is unaffected by this proposal.

13 See Exchange Rule 515(g)(1).

14 See supra note 11.

15 A Do Not Route or "DNR" order is an order that will never be routed outside of the Exchange regardless of the prices displayed by away markets. A DNR order may execute on the Exchange at a price equal to or better than, but not inferior to, the best away market price but, if that best away market remains, the DNR order will be handled in accordance with the Managed Interest Process described in Rule 515(d)(2). See Exchange Rule 516(g).

16 See Exchange Rule 515(g)(3)(iv).

Non Post-Only DNR interest
Order 3 buy 20 contracts, Limit price $2.80

(i) ***An Incoming Non Post-Only DNR interest arrives to buy at $2.80 is executed against the PBO, and the new best offer to sell on the exchange becomes $2.85.***

1. Order 3 trades 10 contracts with the PBO at $2.75. The balance of Non Post-Only Order 3 to buy 10 contracts is booked and displayed at its original limit price of $2.80.

(ii) The System will advance Order 1 and Order 2 pursuant to the POP Process and re-book and re-display at a more aggressive Book Price with a new timestamp pursuant to the POP Process

2. Post-Only Order 1 to buy 10 contracts is re-booked and re-displayed with a new time stamp at the Post-Only Order's limit price of $2.80
3. Post-Only Order 2 to buy 10 contracts is re-booked and re-displayed with a new time stamp at the Post-Only Order's limit price of $2.80

Updated Market in XYZ August 50 Calls

PBBO $2.80 (30) x $2.85 (10)
Non Post-Only interest
Order 3 buy 10 contracts, Display Price: $2.80, Book Price: $2.80, Limit Price: $2.80
Post-Only interest
Order 1 buy 10 contracts, Display Price: $2.80, Book Price: $2.80, Limit Price: $2.80
Order 2 buy 10 contracts, Display Price: $2.80, Book Price: $2.80, Limit Price: $2.80
ABBO $2.65 (10) x $2.85 (10)
NBBO $2.80 (30) x $2.85 (20)

Non Post-Only interest
Order 4 sell 11 contracts, Limit price $2.80 is received by the Exchange.

(iii) An Incoming Non Post-Only interest arrives to sell at $2.80 is executed against the PBB.

4. Order 3 trades 10 contracts with Order 4 at $2.80. Order 3 is exhausted and leaves no balance.
5. Order 1 trades 1 contract with Order 4 at $2.80. The balance of Post-Only Order 1 to buy 9 contracts remains booked and displayed at its original limit price of $2.80.
6. Order 4 is exhausted and leaves no balance.

7. Order 2 does not trade. Post-Only Order 2 to buy 10 contracts remains booked and displayed at its original limit price of $2.80

Updated Market in XYZ August 50 Calls

ABBO $2.65 (10) x $2.85 (10)
PBBO $2.80 (19) x $2.85 (10)
NBBO $2.80 (19) x $2.85 (20)

The Exchange's proposal to amend the Managed Interest Process for Non-Routable Orders to remove the provision from subsection (d)(iv) that provided that each time an order is booked and displayed at a more aggressive Book price, the order would receive a new timestamp conforms the rule to the operation of the System. It is not necessary for the System to give these orders a new timestamp each time that the order is re-booked and re-displayed as all orders being managed under the Managed Interest Process for Non-Routable Orders will maintain their relative priority to each other as all interest is being managed together to the same ABBO. Conversely, only Post-Only Orders are subject to the POP Process and are managed to the PBBO, therefore it is necessary to timestamp this interest as there may be non-routable interest that supersedes Post-Only interest as a result of the Post-Only designation which requires that Post-Only Orders not remove liquidity from the Book.[17]

2. Statutory Basis

The Exchange believes that its proposed rule changes are consistent with Section 6(b) of the Act[18] in general, and furthers the objectives of Section 6(b)(5) of the Act[19] 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 facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a

17 See supra note 11.

18 15 U.S.C. 78f(b).

19 15 U.S.C. 78f(b)(5).

free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes its proposal removes impediments to and perfects the mechanisms of a free and open market and a national market system as the removal of the proposed rule text does not have a substantive effect on the relative priority of non-routable orders being managed under the Exchange's Managed Interest Process for Non-Routable Orders. Non-routable orders will retain their priority relative to other orders subject to the Managed Interest Process for Non-Routable Orders based upon the time each order is received by the Exchange.

The Exchange's proposal to remove unnecessary rule text from its rules 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 and, in general, protects investors and the public interest, by adding clarity and precision to the Exchange's rules. The Exchange believes it is the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules.

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 proposed rule change is designed to add additional clarity and detail to the Exchange's rules.

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition as the rules of the Exchange apply equally to all Members.[20] The

[20] The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of MIAX PEARL Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

proposed rule change is not a competitive filing and is intended to enhance the protection of investors and the public by clarifying the operation of the Exchange's System.

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 Act[21] and Rule 19b-4(f)(6)[22] 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 Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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21 15 U.S.C. 78s(b)(3)(A).

22 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.

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. Please include File Number SR-PEARL-2019-19 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-2019-19. 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-2019-19 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.[23]

Brent J. Fields
Secretary

[23] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAX PEARL, LLC Rules

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Rule 515. Execution of Orders

(a) – (c) No change

(d) **Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO Upon Receipt.** An incoming order that could not be executed or could not be executed in full at the original NBBO upon receipt will be handled in accordance with the following provisions. In addition, orders that are reevaluated by the System for execution pursuant to an order's price protection instructions that could not be executed or could not be executed in full at the NBBO at the time of reevaluation will be handled in accordance with the following provisions. The following paragraphs will apply to orders both (i) upon receipt by the System, and (ii) upon reevaluation by the System for execution and according to the price protections designated on the order. The term "initiating order" will be used in the following paragraphs to refer to (i) the incoming order that could not be executed, (ii) the order reevaluated by the System for execution that could not be executed, or (iii) the remaining contracts of the incoming order or reevaluated order that could not be executed in full. The term "original NBBO" will be used in the following paragraphs to refer to the NBBO that existed at time of receipt of the initiating order or the NBBO at time of reevaluation of an order pursuant to Rule 515.

(1) No change

(2) **Managed Interest Process for Non-Routable Orders**.

(i) – (iii) No change

(iv) An order subject to the Managed Interest Process under this subsection (d)(2) will retain its original limit price irrespective of the prices at which such order is booked and displayed and will maintain its original timestamp[, provided however each time the order is booked and displayed at a more aggressive Book price, the order will receive a new timestamp]. All orders that are re-booked and re-displayed pursuant to the Managed Interest Process will retain their priority as compared to other orders subject to the Managed Interest Process, based upon the time such order was initially received by the Exchange. Following the initial booking and display of an order subject to the Managed Interest Process, an order will only be re-booked and re-displayed to the extent it achieves a more aggressive price, provided, however, that the Exchange will re-book an order at the same price as the displayed price in the event such order's displayed price is locked or crossed by the ABBO. Such event will not result in a change in priority for the order at its displayed price.

(v) The Booked and displayed prices of an order subject to the Managed Interest Process may be adjusted once or multiple times depending on changes to the prevailing ABBO.

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