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

File No.* SR - 2021 - * 34
Amendment No. (req. for Amendments *)

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) *
☑	☐	☐	☐	☑	☐

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)	☐ 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 MIAX Pearl Equities Fee Schedule

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 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 07/12/2021

By Gregory P. Ziegler
(Name *)

(Title *)
Senior Counsel

gziegler@miami-holdings.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.

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. Text of the Proposed Rule Change

(a) MIAX PEARL, LLC ("MIAX Pearl" or "Exchange"), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] proposes to amend the fee schedule applicable for MIAX Pearl Equities, an equities trading facility of the Exchange (the "Fee Schedule") to update the Standard Rates table and the Liquidity Indicator Codes and Associated Fees table.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the applicable section of the Fee Schedule is attached hereto as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange or his designee pursuant to authority delegated by the MIAX Pearl Board of Directors on January 28, 2021. 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 changes may be directed to Greg Ziegler, VP and Senior Counsel, at (609) 897-1483.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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

a. <u>Purpose</u>

The purpose of the proposed rule change is to amend the Exchange’s Fee Schedule to (i) make conforming changes to the rates of certain liquidity indicator codes that remove liquidity in the Liquidity Indicator Codes and Associated Fees table; (ii) amend the Standard Rates table to increase the rebate for Non-Displayed Orders that Add Liquidity from $0.0022 to $0.0025; and (iii) adopt four Retail Order liquidity indicator codes and associated fees and rebates for each. The Exchange initially filed this proposal on July 1, 2021 (SR-PEARL-2021-29) and withdrew such filing on July 12, 2021. The Exchange proposes to implement the fee change effective July 12, 2021.

<u>Conforming changes to Liquidity Indicator Codes that Remove Liquidity</u>

On March 25, 2021, the Exchange filed its proposal to add liquidity indicator codes to its Fee Schedule.[3] Due to the technological changes associated with the proposed liquidity indicator codes, the Exchange noted that it would issue a trading alert publicly announcing the implementation date when the liquidity indicator codes would be available and that the Exchange anticipated the implementation date to be in either the second or third quarter of 2021.[4] In Fee Filing No. 1 the Exchange added new Section 1)b) to the Fee Schedule, titled “Liquidity Indicator Codes and Associated Fees,” showing the liquidity indicator codes, the description of each, and the then current applicable fee or rebate. Specifically, in that filing the following liquidity indicator codes were described as follows:

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3 <u>See</u> Securities Exchange Act Release No. 91496 (April 7, 2021), 86 FR 19303 (April 13, 2021) (SR-PEARL-2021-10) (“Fee Filing No. 1”).

4 <u>See</u> <u>id</u>.

- Liquidity indicator code RA would be applied to a Displayed order[5] that removes liquidity in Tape A securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code RA would be subject to the existing fee of $0.0028 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.
- Liquidity indicator code RB would be applied to a Displayed order that removes liquidity in Tape B securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code RB would be subject to the existing fee of $0.0027 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.
- Liquidity indicator code RC would be applied to a Displayed order that removes liquidity in Tape C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code RC would be subject to the existing fee of $0.0028 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.
- Liquidity indicator code Ra would be applied to a Non-Displayed order that removes liquidity in Tape A securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Ra would be subject to the existing fee of $0.0028 per share in securities priced at

[5] The Exchange notes that, unlike orders that add liquidity, whether an order that removes liquidity is either Displayed or Non-Displayed does not impact the applicable rate. The Exchange proposes to provide separate liquidity indicator codes based on whether the order that removes liquidity was Displayed or Non-Displayed as a convenience to Equity Members.

or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

- Liquidity indicator code Rb would be applied to a Non-Displayed order that removes liquidity in Tape B securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Rb would be subject to the existing fee of $0.0027 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.
- Liquidity indicator code Rc would be applied to a Non-Displayed order that removes liquidity in Tape C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Rc would be subject to the existing fee of $0.0028 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

Subsequently, on March 31, 2021, the Exchange filed its proposal to universally decrease the fee to remove liquidity in Tapes A, B, and C securities priced at or above $1.00 to $0.0025 per share.[6] However, as the liquidity indicator codes had not yet been implemented on the Exchange, the Liquidity Indicator Codes and Associated Fees table was not updated accordingly. On May 27, 2021, the Exchange issued a Trader Alert indicating that new supporting

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6 See Securities Exchange Act Release No. 91497 (April 7, 2021), 86 FR 19290 (April 13, 2021) (SR-PEARL-2021-15) ("Fee Filing No. 2"). The fee for orders that remove liquidity in Tapes A, B, and C securities priced below $1.00 were not changed.

documentation for Liquidity Indicator Codes was available and that the new codes were targeted for use in production on July 1, 2021.[7]

The Exchange now proposes to amend the Liquidity Indicator Codes and Associated Fees table for codes RA, RB, RC, Ra, Rb and Rc to reflect the take rate change associated with Fee Filing No. 2, which established the current fee of $0.0025 per share for orders in Tapes A, B, and C securities that remove liquidity in securities priced at or above $1.00.[8] The purpose of this change is to update the Liquidity Indicator Code and Associated Fees table to reflect the rate that is currently in effect and to provide greater clarity to Equity Members[9] as to which fee may ultimately be applied to their execution as the use of liquidity indicator codes was implemented on the Exchange on July 1, 2021.

Amend the Standard Rate Rebate for Non-Displayed Orders that Add Liquidity

The Exchange proposes to amend the Standard Rates table and the Liquidity Indicator Codes and Associated Fees table to increase the rebate provided for Non-Displayed Orders that Add Liquidity from $0.0022 to $0.0025 per share in securities priced at or above $1.00.

- Liquidity indicator code Aa would be applied to a Non-Displayed Order that adds liquidity in Tape A securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Aa would

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7 See Trader Alert, MIAX Pearl Equities – 2nd Reminder: Mandatory Specification Updates (May 27, 2021) available at https://www.miaxoptions.com/alerts/2021/05/27/miax-pearl-equities-2nd-reminder-mandatory-interface-specification-updates.

8 The rates to remove liquidity in Tapes A, B, and C securities priced below $1.00 remained unchanged. Therefore, liquidity indicator codes RA, RB, RC, Ra, Rb, and Rc reflect the correct rate.

9 The term "Equity Member" is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See Exchange Rule 1901.

receive a rebate of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

- Liquidity indicator code Ab would be applied to a Non-Displayed Order that adds liquidity in Tape B securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Ab would receive a rebate of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.
- Liquidity indicator code Ac would be applied to a Non-Displayed Order that adds liquidity in Tape C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Ac would receive a rebate of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The purpose for this proposed change is for business and competitive reasons. The Exchange believes that increasing the rebate for Adding Liquidity Non-Displayed Orders from $0.0022 to $0.0025 per share for securities priced at or above $1.00 will encourage market participants to enter Non-Displayed Orders that add liquidity, thereby increasing liquidity and execution opportunities on the Exchange.

<u>New Retail Order Liquidity Codes</u>

Additionally, the Exchange proposes to adopt four Retail Order liquidity indicator codes; AR, Ar, RR, and Rr, to the Liquidity Indicator Codes and Associated Fees table as described below. The purpose of this change is for business and competitive reasons. The Exchange notes that the use of liquidity indicator codes is not unique to the Exchange and are currently utilized and described in the fee schedules of other equity exchanges.[10] The Exchange believes that adoption of these liquidity indicator codes and associated fees and rebates will further incentivize Equity Members to submit these types of orders to the Exchange, which will result in greater liquidity on the Exchange, thereby increasing execution opportunities on the Exchange.

- Liquidity indicator code AR would be applied to a Displayed Retail Order[11] that adds liquidity in Tape A, B, and C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code AR would receive a rebate of $0.0037 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The Exchange notes that the proposed rebate is comparable to, and competitive with, the rebate provided by at least one other exchange for Retail Orders in securities priced at or above $1.00 per share that add liquidity.[12]

- Liquidity indicator code Ar would be applied to a Non-Displayed Retail Order that adds liquidity in Tape A, B, and C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator

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10 The use of liquidity indicator codes is not novel and liquidity indicator codes are currently utilized by other equity exchanges. For example, see the fee schedules of the Investors Exchange LLC ("IEX") available at https://iextrading.com/trading/fees/; and MEMX LLC ("MEMX") available at https://info.memxtrading.com/fee-schedule/.

11 A "Retail Order" is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See Exchange Rule 2626(a)(2).

12 See the MEMX LLC, ("MEMX") Fee Schedule, effective June 1, 2021, on its public website available at https://info.memxtrading.com/fee-schedule/ which establishes a rebate rate of $0.0037 for Retail Orders that add liquidity in Tape A securities priced at or above $1.00.

code Ar would receive a rebate of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The rate of $0.0025 is consistent with the proposed rate change to the Standard Rates table for Adding Liquidity Non-Displayed Orders as contained in this proposal.

- Liquidity indicator code RR would be applied to a Displayed Retail Order that removes liquidity in Tape A, B, and C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code RR would be subject to the fee of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The rate of $0.0025 is the current fee in effect for orders that remove liquidity.[13]

- Liquidity indicator code Rr would be applied to a Non-Displayed Retail Order that removes liquidity in Tape A, B, and C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Rr would be subject to the fee of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The rate of $0.0025 is the current fee in effect for orders that remove liquidity.[14] The Exchange also proposes to add the above Retail Order liquidity indicator codes to the Standard

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[13] See Securities Exchange Act Release No. 91497 (April 7, 2021), 86 FR 19290 (April 13, 2021) (SR-PEARL-2021-15).

[14] See id.

Rates table. Specifically, liquidity indicator code AR would be added to the "Adding Liquidity Displayed Order" column and liquidity indicator code Ar would be added to the "Adding Liquidity Non-Displayed Order" column. Liquidity indicator codes RR and Rr would be added to the "Removing Liquidity" column of the Standard Rates table.

b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act[15] in general, and furthers the objectives of Section 6(b)(4) of the Act[16] in particular, in that it is an equitable allocation of reasonable fees and other charges among its Equity Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5)[17] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, and to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange operates in a highly fragmented and competitive market in which market participants can readily direct their order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange

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

16 15 U.S.C. 78f(b)(4).

17 15 U.S.C 78f(b)(5).

is only one of sixteen registered equities exchanges, and there are a number of alternative trading systems and other off-exchange venues, to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 16% of the total market share of executed volume of equities trading.[18] Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow, and the Exchange currently represents less than 1% of the overall market share. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates generally, including with respect to Removing Liquidity and Retail Orders that Add and Remove Liquidity. The Exchange believes the proposed rule change to be a reasonable and competitive pricing structure designed to incentivize market participants to add aggressively priced Retail Orders and direct their order flow to the Exchange, which the Exchange believes would promote price discovery and price formation, provide more trading opportunities and tighter spreads, and deepen liquidity, thereby enhancing market quality to the benefit of all Equity Members and investors. The Exchange notes that the use of liquidity indicator codes is not unique to the Exchange and are currently utilized and described in the fee schedules of other equity exchanges.[19] Further, the Exchange also believes its proposal is not unfairly discriminatory because the proposed changes will apply equally to all Equity Members.

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[18] Market share percentage calculated as of June 24, 2021. The Exchange receives and processes data made available through consolidated data feeds.

[19] The use of liquidity indicator codes is not novel and liquidity indicator codes are currently utilized by other equity exchanges. For example, see the fee schedules of the Investors Exchange LLC ("IEX") available at https://iextrading.com/trading/fees/; and MEMX LLC ("MEMX") available at https://info.memxtrading.com/fee-schedule/

Conforming changes to Liquidity Indicator Codes that Remove Liquidity

As set forth above, the Exchange filed Fee Filing No. 1 to adopt liquidity indicator codes and included the then-current rates. Subsequently, in Fee Filing No. 2, the Exchange reduced the fee for orders in Tapes A, B, and C securities that remove liquidity in securities priced at or above $1.00 to $0.0025 per share. Liquidity indicator codes RA, RB, RC, Ra, Rb, and Rc are appended to orders that remove liquidity. The Exchange believes its proposal to update the Liquidity Indicator Codes and Associated Fees table to reflect the current rate of $0.0025 per share for securities priced at or above $1.00 with liquidity indicator codes RA, RB, RC, Ra, Rb, or Rc is equitable and reasonable because it updates the liquidity indicator code table to reflect the established rate that is currently in effect and will apply equally to all Equity Members of the Exchange.

Amend the Standard Rate Rebate for Non-Displayed Orders that Add Liquidity

The Exchange's proposal to increase the rebate provided for orders that add liquidity in securities priced at or above $1.00 from $0.0022 to $0.0025 per share is reasonable and equitably allocated among all Equity Members of the Exchange. Liquidity indicator codes Aa, Ab, and Ac are appended to orders that add liquidity. The Exchange believes that the proposed increase to $0.0025 per share is reasonable in that it represent a modest increase ($0.003) from the current rebate for such executions ($0.0022 per share). The Exchange believes that this change is a reasonable means by which to incentivize Equity Members to submit Non-Displayed Orders that add liquidity to the benefit of all market participants. The Exchange believes its proposal is equitable and not unfairly discriminatory as it will apply to all Equity Members equally.

Additionally, the Exchange believes its proposed change is reasonable as it is competitive and in line with rebates offered for similar orders on at least one other exchange.[20]

<u>New Retail Order Liquidity Codes</u>

The Exchange's proposal to adopt four new Retail Order liquidity indicator codes is reasonable and not unfairly discriminatory as it will apply to all Equity Members equally. The Exchange notes that the use of liquidity indicator codes is not novel and that liquidity indicator codes are used by other equity exchanges.[21]

The Exchange's believes its proposal to establish a rebate of $0.0037 for a Retail Displayed Order that adds liquidity for securities priced at or above $1.00 is reasonable as it is competitive and in line with the rebate offered for similar Retail Orders on at least one other exchange.[22]

The Exchange's proposal to establish a rebate of $0.0025 for orders with a liquidity indicator code of Ar, Retail Non-Displayed Orders that add liquidity, is reasonable as this rate is consistent with the proposed rate change contained herein for Liquidity Adding Non-Displayed Orders. The Exchange believes its proposed change is reasonable as it is competitive and in line with rebates offered for similar orders on at least one other exchange.[23]

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20 <u>See</u> the MEMX LLC, ("MEMX") Fee Schedule, effective June 1, 2021, on its public website available at https://info.memxtrading.com/fee-schedule/ which establishes a rebate rate of $0.0020 for non-displayed volume that adds liquidity in Tape A securities priced at or above $1.00; and a rebate of $0.0025 for non-displayed Midpoint Peg Orders that add liquidity in Tape A securities priced at or above $1.00.

21 <u>See</u> <u>supra</u> note 18.

22 <u>See</u> <u>supra</u> note 11.

23 <u>See</u> the MEMX LLC, ("MEMX") Fee Schedule, effective June 1, 2021, on its public website available at https://info.memxtrading.com/fee-schedule/ which establishes a fee of $0.00265 for orders that remove volume from the exchange.

The Exchange believes its proposal to adopt liquidity indicator codes for Retail Displayed Orders that remove liquidity (RR) and for Retail Non-Displayed Orders that remove liquidity (Rr) is reasonable and not unfairly discriminatory as the use of liquidity indicator codes is used on other equity exchanges.[24]

The Exchange believes its proposal to establish a fee of $0.0025 for Retail Displayed Orders that remove liquidity (RR) and for Retail Non-Displayed Orders that remove liquidity (Rr) is reasonable and not unfairly discriminatory as it applies equally to all Equity Members of the Exchange. Additionally, the rate of $0.0025 for orders that remove liquidity in securities priced at or above $1.00 was established by the Exchange in a previous filing[25] and adopting a fee in the same amount for similar orders is reasonable and not unfairly discriminatory and promotes consistency and uniformity in the Exchange's Fee Schedule.

The Exchange believes its proposal provides for the equitable allocation of reasonable dues and fees and is not unfairly discriminatory. For the reasons discussed above, the Exchange submits that the proposal satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to unfairly discriminate between customers, issuers, brokers, or dealers. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that its transaction pricing is subject to significant competitive forces, and that the proposed fees and rebates described herein are appropriate to address such forces.

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24 See supra note 18.

25 See supra note 6.

The Exchange believes the Liquidity Indicator Codes and Associated Fees table will make the Fee Schedule clearer and eliminate the potential for confusion in regard to fees charged and rebates earned, thereby removing impediments to, and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest. Further, as noted above, this practice is consistent with the pricing practices of other exchanges.[26]

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

The Exchange does not believe that the proposed change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed change would encourage the submission of additional order flow to the Exchange, thereby promoting market depth, enhanced execution opportunities, as well as price discovery and transparency for all Equity Members. Furthermore, the Exchange believes that the proposed changes would allow the Exchange to continue to compete with other routing and execution venues by providing competitive pricing for transactions in Adding Liquidity Non-Displayed Orders and also Retail Orders, thereby making it a desirable destination. As a result, the Exchange believes that the proposed change furthers the goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."[27]

Intramarket Competition

The Exchange believes that the proposed changes would incentivize market participants to direct order flow to the Exchange. Greater liquidity benefits all Equity Members by providing

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[26] See supra note 14.

[27] See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 47396 (June 29, 2005).

more trading opportunities and encourages Equity Members to send orders to the Exchange, thereby contributing to robust levels of liquidity, which benefits all Equity Members. The proposed fees and rebates for Retail Orders and the proposed rebate for Adding Liquidity Non-Displayed Orders would be available to all similarly situated market participants, and, as such, the proposed change would not impose a disparate burden on competition among market participants on the Exchange.

The Exchange does not believe its adoption of new liquidity indicator codes for Retail Orders will impose any burden on intramarket competition. The use of liquidity indicator codes is not new or novel as liquidity indicator codes are used on other equity exchanges.[28] Additionally, the use of liquidity indicator codes is applied equally to all Equity Members and provides additional specificity to the fee schedule so that Equity Members may connect an execution to the applicable fee or rebate.

As such, the Exchange believes the proposed changes would not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intermarket Competition

The Exchange believes its proposal will benefit competition as the Exchange operates in a highly competitive market. Equity Members have numerous alternative venues that they may participate on and direct their order flow to, including fifteen other equities exchanges and numerous alternative trading systems and other off-exchange venues. As noted above, no single registered equities exchange currently has more than 16% of the total market share of executed volume of equities trading. Thus, in such a low-concentrated and highly competitive market, no

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28 See supra note 18.

single equities exchange possesses significant pricing power in the execution of order flow. Moreover, the Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow in response to new or different pricing structures being introduced to the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates generally, including with respect to Retail Orders and Adding Liquidity Non-Displayed Orders, as market participants can readily choose to send their orders to other exchanges and off-exchange venues if they deem fee levels at those other venues to be more favorable. As described above, the proposed changes are competitive proposals through which the Exchange is seeking to encourage certain order flow to the Exchange and to promote market quality through pricing incentives that are similar in structure and purpose to pricing programs at other Exchanges.[29] Accordingly, the Exchange believes the proposal would not burden, but rather promote, intermarket competition by enabling it to better compete with other exchanges that offer similar incentives to market participants that enhance market quality.

Additionally, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[30] The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities

29 See supra notes 11, 19, and 22.

30 See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

and Exchange Commission, the D.C. circuit stated: "[n]o one disputes that competition for order flow is 'fierce.' . . . As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possess a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers' . . .".[31] Accordingly, the Exchange does not believe its proposed pricing changes impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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)(ii) of the Act,[32] and Rule 19b-4(f)(2) thereunder[33] the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

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31 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSE-2006-21)).

32 15 U.S.C. 78s(b)(3)(A)(ii).

33 17 CFR 240.19b-4.

Not applicable.

9. <u>Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act</u>

Not applicable.

10. <u>Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act</u>

Not applicable.

11. <u>Exhibits</u>

1. Completed notice of proposed rule change for publication in the Federal Register.

5. Copy of the applicable section of the Fee Schedule.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2021-29)

July ____, 2021

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX PEARL, LLC to Amend the MIAX Pearl Equities Fee Schedule

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 July 12, 2021, MIAX PEARL, LLC ("MIAX Pearl" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the fee schedule applicable for MIAX Pearl Equities, an equities trading facility of the Exchange (the "Fee Schedule")[3] to update the Standard Rates table and the Liquidity Indicator Codes and Associated Fees table.

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

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 See Exchange Rule 1901.

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 purpose of the proposed rule change is to amend the Exchange's Fee Schedule to (i) make conforming changes to the rates of certain liquidity indicator codes that remove liquidity in the Liquidity Indicator Codes and Associated Fees table; (ii) amend the Standard Rates table to increase the rebate for Non-Displayed Orders that Add Liquidity from $0.0022 to $0.0025; and (iii) adopt four Retail Order liquidity indicator codes and associated fees and rebates for each. The Exchange initially filed this proposal on July 1, 2021 (SR-PEARL-2021-29) and withdrew such filing on July 12, 2021. The Exchange proposes to implement the fee change effective July 12, 2021.

Conforming changes to Liquidity Indicator Codes that Remove Liquidity

On March 25, 2021, the Exchange filed its proposal to add liquidity indicator codes to its Fee Schedule.[4] Due to the technological changes associated with the proposed liquidity indicator codes, the Exchange noted that it would issue a trading alert publicly announcing the implementation date when the liquidity indicator codes would be available and that the Exchange anticipated the implementation date to be in either the second or third quarter of 2021.[5] In Fee

[4] See Securities Exchange Act Release No. 91496 (April 7, 2021), 86 FR 19303 (April 13, 2021) (SR-PEARL-2021-10) ("Fee Filing No. 1").

[5] See id.

Filing No. 1 the Exchange added new Section 1)b) to the Fee Schedule, titled "Liquidity Indicator Codes and Associated Fees," showing the liquidity indicator codes, the description of each, and the then current applicable fee or rebate. Specifically, in that filing the following liquidity indicator codes were described as follows:

- Liquidity indicator code RA would be applied to a Displayed order[6] that removes liquidity in Tape A securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code RA would be subject to the existing fee of $0.0028 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.
- Liquidity indicator code RB would be applied to a Displayed order that removes liquidity in Tape B securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code RB would be subject to the existing fee of $0.0027 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.
- Liquidity indicator code RC would be applied to a Displayed order that removes liquidity in Tape C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code RC would be subject to the existing fee of $0.0028 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

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6 The Exchange notes that, unlike orders that add liquidity, whether an order that removes liquidity is either Displayed or Non-Displayed does not impact the applicable rate. The Exchange proposes to provide separate liquidity indicator codes based on whether the order that removes liquidity was Displayed or Non-Displayed as a convenience to Equity Members.

- Liquidity indicator code Ra would be applied to a Non-Displayed order that removes liquidity in Tape A securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Ra would be subject to the existing fee of $0.0028 per share in securities priced at or above $1.00 and 0.05% of the transaction’s dollar value in securities priced below $1.00.
- Liquidity indicator code Rb would be applied to a Non-Displayed order that removes liquidity in Tape B securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Rb would be subject to the existing fee of $0.0027 per share in securities priced at or above $1.00 and 0.05% of the transaction’s dollar value in securities priced below $1.00.
- Liquidity indicator code Rc would be applied to a Non-Displayed order that removes liquidity in Tape C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Rc would be subject to the existing fee of $0.0028 per share in securities priced at or above $1.00 and 0.05% of the transaction’s dollar value in securities priced below $1.00.

Subsequently, on March 31, 2021, the Exchange filed its proposal to universally decrease the fee to remove liquidity in Tapes A, B, and C securities priced at or above $1.00 to $0.0025 per share.[7] However, as the liquidity indicator codes had not yet been implemented on the

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7 See Securities Exchange Act Release No. 91497 (April 7, 2021), 86 FR 19290 (April 13, 2021) (SR-PEARL-2021-15) (“Fee Filing No. 2”). The fee for orders that remove liquidity in Tapes A, B, and C securities priced below $1.00 were not changed.

Exchange, the Liquidity Indicator Codes and Associated Fees table was not updated accordingly. On May 27, 2021, the Exchange issued a Trader Alert indicating that new supporting documentation for Liquidity Indicator Codes was available and that the new codes were targeted for use in production on July 1, 2021.[8]

The Exchange now proposes to amend the Liquidity Indicator Codes and Associated Fees table for codes RA, RB, RC, Ra, Rb and Rc to reflect the take rate change associated with Fee Filing No. 2, which established the current fee of $0.0025 per share for orders in Tapes A, B, and C securities that remove liquidity in securities priced at or above $1.00.[9] The purpose of this change is to update the Liquidity Indicator Code and Associated Fees table to reflect the rate that is currently in effect and to provide greater clarity to Equity Members[10] as to which fee may ultimately be applied to their execution as the use of liquidity indicator codes was implemented on the Exchange on July 1, 2021.

Amend the Standard Rate Rebate for Non-Displayed Orders that Add Liquidity

The Exchange proposes to amend the Standard Rates table and the Liquidity Indicator Codes and Associated Fees table to increase the rebate provided for Non-Displayed Orders that Add Liquidity from $0.0022 to $0.0025 per share in securities priced at or above $1.00.

- Liquidity indicator code Aa would be applied to a Non-Displayed Order that adds liquidity in Tape A securities. The Liquidity Indicator Code and Associated Fees

8 See Trader Alert, MIAX Pearl Equities – 2nd Reminder: Mandatory Specification Updates (May 27, 2021) available at https://www.miaxoptions.com/alerts/2021/05/27/miax-pearl-equities-2nd-reminder-mandatory-interface-specification-updates.

9 The rates to remove liquidity in Tapes A, B, and C securities priced below $1.00 remained unchanged. Therefore, liquidity indicator codes RA, RB, RC, Ra, Rb, and Rc reflect the correct rate.

10 The term “Equity Member” is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See Exchange Rule 1901.

table would specify that orders that yield liquidity indicator code Aa would receive a rebate of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

- Liquidity indicator code Ab would be applied to a Non-Displayed Order that adds liquidity in Tape B securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Ab would receive a rebate of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.
- Liquidity indicator code Ac would be applied to a Non-Displayed Order that adds liquidity in Tape C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Ac would receive a rebate of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The purpose for this proposed change is for business and competitive reasons. The Exchange believes that increasing the rebate for Adding Liquidity Non-Displayed Orders from $0.0022 to $0.0025 per share for securities priced at or above $1.00 will encourage market participants to enter Non-Displayed Orders that add liquidity, thereby increasing liquidity and execution opportunities on the Exchange.

<u>New Retail Order Liquidity Codes</u>

Additionally, the Exchange proposes to adopt four Retail Order liquidity indicator codes; AR, Ar, RR, and Rr, to the Liquidity Indicator Codes and Associated Fees table as described below. The purpose of this change is for business and competitive reasons. The Exchange notes that the use of liquidity indicator codes is not unique to the Exchange and are currently utilized and described in the fee schedules of other equity exchanges.[11] The Exchange believes that adoption of these liquidity indicator codes and associated fees and rebates will further incentivize Equity Members to submit these types of orders to the Exchange, which will result in greater liquidity on the Exchange, thereby increasing execution opportunities on the Exchange.

- Liquidity indicator code AR would be applied to a Displayed Retail Order[12] that adds liquidity in Tape A, B, and C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code AR would receive a rebate of $0.0037 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The Exchange notes that the proposed rebate is comparable to, and competitive with, the rebate provided by at least one other exchange for Retail Orders in securities priced at or above $1.00 per share that add liquidity.[13]

- Liquidity indicator code Ar would be applied to a Non-Displayed Retail Order that adds liquidity in Tape A, B, and C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Ar would receive a rebate of $0.0025 per share in securities priced at or

[11] The use of liquidity indicator codes is not novel and liquidity indicator codes are currently utilized by other equity exchanges. For example, see the fee schedules of the Investors Exchange LLC ("IEX") available at https://iextrading.com/trading/fees/; and MEMX LLC ("MEMX") available at https://info.memxtrading.com/fee-schedule/.

[12] A "Retail Order" is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See Exchange Rule 2626(a)(2).

[13] See the MEMX LLC, ("MEMX") Fee Schedule, effective June 1, 2021, on its public website available at https://info.memxtrading.com/fee-schedule/ which establishes a rebate rate of $0.0037 for Retail Orders that add liquidity in Tape A securities priced at or above $1.00.

above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The rate of $0.0025 is consistent with the proposed rate change to the Standard Rates table for Adding Liquidity Non-Displayed Orders as contained in this proposal.

- Liquidity indicator code RR would be applied to a Displayed Retail Order that removes liquidity in Tape A, B, and C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code RR would be subject to the fee of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The rate of $0.0025 is the current fee in effect for orders that remove liquidity.[14]

- Liquidity indicator code Rr would be applied to a Non-Displayed Retail Order that removes liquidity in Tape A, B, and C securities. The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Rr would be subject to the fee of $0.0025 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The rate of $0.0025 is the current fee in effect for orders that remove liquidity.[15] The Exchange also proposes to add the above Retail Order liquidity indicator codes to the Standard Rates table. Specifically, liquidity indicator code AR would be added to the "Adding Liquidity Displayed Order" column and liquidity indicator code Ar would be added to the "Adding

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[14] See Securities Exchange Act Release No. 91497 (April 7, 2021), 86 FR 19290 (April 13, 2021) (SR-PEARL-2021-15).

[15] See id.

Liquidity Non-Displayed Order" column. Liquidity indicator codes RR and Rr would be added to the "Removing Liquidity" column of the Standard Rates table.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act[16] in general, and furthers the objectives of Section 6(b)(4) of the Act[17] in particular, in that it is an equitable allocation of reasonable fees and other charges among its Equity Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5)[18] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, and to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange operates in a highly fragmented and competitive market in which market participants can readily direct their order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of sixteen registered equities exchanges, and there are a number of alternative trading systems and other off-exchange venues, to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has

16 15 U.S.C. 78f(b).

17 15 U.S.C. 78f(b)(4).

18 15 U.S.C 78f(b)(5).

more than approximately 16% of the total market share of executed volume of equities trading.[19] Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow, and the Exchange currently represents less than 1% of the overall market share. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates generally, including with respect to Removing Liquidity and Retail Orders that Add and Remove Liquidity. The Exchange believes the proposed rule change to be a reasonable and competitive pricing structure designed to incentivize market participants to add aggressively priced Retail Orders and direct their order flow to the Exchange, which the Exchange believes would promote price discovery and price formation, provide more trading opportunities and tighter spreads, and deepen liquidity, thereby enhancing market quality to the benefit of all Equity Members and investors. The Exchange notes that the use of liquidity indicator codes is not unique to the Exchange and are currently utilized and described in the fee schedules of other equity exchanges.[20] Further, the Exchange also believes its proposal is not unfairly discriminatory because the proposed changes will apply equally to all Equity Members.

Conforming changes to Liquidity Indicator Codes that Remove Liquidity

As set forth above, the Exchange filed Fee Filing No. 1 to adopt liquidity indicator codes and included the then-current rates. Subsequently, in Fee Filing No. 2, the Exchange reduced the fee for orders in Tapes A, B, and C securities that remove liquidity in securities priced at or

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19 Market share percentage calculated as of June 24, 2021. The Exchange receives and processes data made available through consolidated data feeds.

20 The use of liquidity indicator codes is not novel and liquidity indicator codes are currently utilized by other equity exchanges. For example, see the fee schedules of the Investors Exchange LLC ("IEX") available at https://iextrading.com/trading/fees/; and MEMX LLC ("MEMX") available at https://info.memxtrading.com/fee-schedule/

above $1.00 to $0.0025 per share. Liquidity indicator codes RA, RB, RC, Ra, Rb, and Rc are appended to orders that remove liquidity. The Exchange believes its proposal to update the Liquidity Indicator Codes and Associated Fees table to reflect the current rate of $0.0025 per share for securities priced at or above $1.00 with liquidity indicator codes RA, RB, RC, Ra, Rb, or Rc is equitable and reasonable because it updates the liquidity indicator code table to reflect the established rate that is currently in effect and will apply equally to all Equity Members of the Exchange.

Amend the Standard Rate Rebate for Non-Displayed Orders that Add Liquidity

The Exchange's proposal to increase the rebate provided for orders that add liquidity in securities priced at or above $1.00 from $0.0022 to $0.0025 per share is reasonable and equitably allocated among all Equity Members of the Exchange. Liquidity indicator codes Aa, Ab, and Ac are appended to orders that add liquidity. The Exchange believes that the proposed increase to $0.0025 per share is reasonable in that it represent a modest increase ($0.003) from the current rebate for such executions ($0.0022 per share). The Exchange believes that this change is a reasonable means by which to incentivize Equity Members to submit Non-Displayed Orders that add liquidity to the benefit of all market participants. The Exchange believes its proposal is equitable and not unfairly discriminatory as it will apply to all Equity Members equally. Additionally, the Exchange believes its proposed change is reasonable as it is competitive and in line with rebates offered for similar orders on at least one other exchange.[21]

New Retail Order Liquidity Codes

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21 See the MEMX LLC, ("MEMX") Fee Schedule, effective June 1, 2021, on its public website available at https://info.memxtrading.com/fee-schedule/ which establishes a rebate rate of $0.0020 for non-displayed volume that adds liquidity in Tape A securities priced at or above $1.00; and a rebate of $0.0025 for non-displayed Midpoint Peg Orders that add liquidity in Tape A securities priced at or above $1.00.

The Exchange's proposal to adopt four new Retail Order liquidity indicator codes is reasonable and not unfairly discriminatory as it will apply to all Equity Members equally. The Exchange notes that the use of liquidity indicator codes is not novel and that liquidity indicator codes are used by other equity exchanges.[22]

The Exchange's believes its proposal to establish a rebate of $0.0037 for a Retail Displayed Order that adds liquidity for securities priced at or above $1.00 is reasonable as it is competitive and in line with the rebate offered for similar Retail Orders on at least one other exchange.[23]

The Exchange's proposal to establish a rebate of $0.0025 for orders with a liquidity indicator code of Ar, Retail Non-Displayed Orders that add liquidity, is reasonable as this rate is consistent with the proposed rate change contained herein for Liquidity Adding Non-Displayed Orders. The Exchange believes its proposed change is reasonable as it is competitive and in line with rebates offered for similar orders on at least one other exchange.[24]

The Exchange believes its proposal to adopt liquidity indicator codes for Retail Displayed Orders that remove liquidity (RR) and for Retail Non-Displayed Orders that remove liquidity (Rr) is reasonable and not unfairly discriminatory as the use of liquidity indicator codes is used on other equity exchanges.[25]

The Exchange believes its proposal to establish a fee of $0.0025 for Retail Displayed Orders that remove liquidity (RR) and for Retail Non-Displayed Orders that remove liquidity

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[22] See supra note 18.

[23] See supra note 11.

[24] See the MEMX LLC, ("MEMX") Fee Schedule, effective June 1, 2021, on its public website available at https://info.memxtrading.com/fee-schedule/ which establishes a fee of $0.00265 for orders that remove volume from the exchange.

[25] See supra note 18.

(Rr) is reasonable and not unfairly discriminatory as it applies equally to all Equity Members of the Exchange. Additionally, the rate of $0.0025 for orders that remove liquidity in securities priced at or above $1.00 was established by the Exchange in a previous filing[26] and adopting a fee in the same amount for similar orders is reasonable and not unfairly discriminatory and promotes consistency and uniformity in the Exchange's Fee Schedule.

The Exchange believes its proposal provides for the equitable allocation of reasonable dues and fees and is not unfairly discriminatory. For the reasons discussed above, the Exchange submits that the proposal satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to unfairly discriminate between customers, issuers, brokers, or dealers. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that its transaction pricing is subject to significant competitive forces, and that the proposed fees and rebates described herein are appropriate to address such forces.

The Exchange believes the Liquidity Indicator Codes and Associated Fees table will make the Fee Schedule clearer and eliminate the potential for confusion in regard to fees charged and rebates earned, thereby removing impediments to, and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest. Further, as noted above, this practice is consistent with the pricing practices of other exchanges.[27]

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

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26 See supra note 6.

27 See supra note 14.

The Exchange does not believe that the proposed change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed change would encourage the submission of additional order flow to the Exchange, thereby promoting market depth, enhanced execution opportunities, as well as price discovery and transparency for all Equity Members. Furthermore, the Exchange believes that the proposed changes would allow the Exchange to continue to compete with other routing and execution venues by providing competitive pricing for transactions in Adding Liquidity Non-Displayed Orders and also Retail Orders, thereby making it a desirable destination. As a result, the Exchange believes that the proposed change furthers the goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."[28]

Intramarket Competition

The Exchange believes that the proposed changes would incentivize market participants to direct order flow to the Exchange. Greater liquidity benefits all Equity Members by providing more trading opportunities and encourages Equity Members to send orders to the Exchange, thereby contributing to robust levels of liquidity, which benefits all Equity Members. The proposed fees and rebates for Retail Orders and the proposed rebate for Adding Liquidity Non-Displayed Orders would be available to all similarly situated market participants, and, as such, the proposed change would not impose a disparate burden on competition among market participants on the Exchange.

The Exchange does not believe its adoption of new liquidity indicator codes for Retail Orders will impose any burden on intramarket competition. The use of liquidity indicator codes

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28 See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 47396 (June 29, 2005).

is not new or novel as liquidity indicator codes are used on other equity exchanges.[29] Additionally, the use of liquidity indicator codes is applied equally to all Equity Members and provides additional specificity to the fee schedule so that Equity Members may connect an execution to the applicable fee or rebate.

As such, the Exchange believes the proposed changes would not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intermarket Competition

The Exchange believes its proposal will benefit competition as the Exchange operates in a highly competitive market. Equity Members have numerous alternative venues that they may participate on and direct their order flow to, including fifteen other equities exchanges and numerous alternative trading systems and other off-exchange venues. As noted above, no single registered equities exchange currently has more than 16% of the total market share of executed volume of equities trading. Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow. Moreover, the Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow in response to new or different pricing structures being introduced to the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates generally, including with respect to Retail Orders and Adding Liquidity Non-Displayed Orders, as market participants can readily choose to send their orders to other exchanges and off-exchange venues if they deem fee levels at those other venues to be more favorable. As described above, the proposed changes are competitive

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29 See supra note 18.

proposals through which the Exchange is seeking to encourage certain order flow to the Exchange and to promote market quality through pricing incentives that are similar in structure and purpose to pricing programs at other Exchanges.[30] Accordingly, the Exchange believes the proposal would not burden, but rather promote, intermarket competition by enabling it to better compete with other exchanges that offer similar incentives to market participants that enhance market quality.

Additionally, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[31] The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. circuit stated: "[n]o one disputes that competition for order flow is 'fierce.' . . . As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possess a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers' . . .".[32] Accordingly, the Exchange

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30 See supra notes 11, 19, and 22.

31 See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

32 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSE-2006-21)).

does not believe its proposed pricing changes impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,[33] and Rule 19b-4(f)(2)[34] 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.

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-2021-34 on the subject line.

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33 15 U.S.C. 78s(b)(3)(A)(ii).

34 17 CFR 240.19b-4(f)(2).

Paper comments:

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

All submissions should refer to File Number SR-PEARL-2021-34. 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-2021-34 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.[35]

Vanessa Countryman
Secretary

[35] 17 CFR 200.30-3(a)(12).

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

Exhibit 5

MIAX Pearl Equities Exchange

Fee Schedule

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1) Transaction Rebates/Fees

a) Standard Rates

Category	Adding Liquidity Displayed Order	Adding Liquidity Non-Displayed Order	Removing Liquidity	Routing and Removing Liquidity	Opening or Re-Opening Process
Securities at or above $1.00	(No change).	($0.002[2]5)	(No change).	(No change).	(No change).
Securities below $1.00	(No change).				
Standard Liquidity Indicator Codes	AA, AB, AC, AR	Aa, Ab, Ac, Ar	RA, Ra, RB, Rb, RC, Rc, RR, Rr	(No change).	(No change).

b) Liquidity Indicator Codes and Associated Fees

Liquidity Indicator Code	Description	Fee/(Rebate) Securities Priced at or Above $1.00	Fee/(Rebate) Securities Priced Below $1.00
AA – AC	(No change).		
AR	Retail Order, Adds Liquidity, Displayed Order (All Tapes)	($0.0037)	(0.05% of Dollar Value)
Aa	Adds Liquidity, Non-Displayed Order (Tape A)	($0.002[2]5)	(No change).
Ab	Adds Liquidity, Non-Displayed Order (Tape B)	($0.002[2]5)	(No change).
Ac	Adds Liquidity, Non-Displayed Order (Tape C)	($0.002[2]5)	(No change).

Ar	Retail Order, Adds Liquidity, Non-Displayed Order (All Tapes)	($0.0025)	(0.05% of Dollar Value)
O	(No change).		
RA	Removes Liquidity, Displayed Order (Tape A)	$0.002[8]5	(No change).
RB	Removes Liquidity, Displayed Order (Tape B)	$0.002[7]5	(No change).
RC	Removes Liquidity, Displayed Order (Tape C)	$0.002[8]5	(No change).
RR	Retail Order, Removes Liquidity, Displayed Order (All Tapes)	$0.0025	0.05% of Dollar Value
Ra	Removes Liquidity, Non-Displayed Order (Tape A)	$0.002[8]5	(No change).
Rb	Removes Liquidity, Non-Displayed Order (Tape B)	$0.002[7]5	(No change).
Rc	Removes Liquidity, Non-Displayed Order (Tape C)	$0.002[8]5	(No change).
Rr	Retail Order, Removes Liquidity, Non-Displayed Order (All Tapes)	$0.0025	0.05% of Dollar Value
X	(No change).		

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