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

File No. * SR 2022 - * 29

Amendment No. (req. for Amendments *)

Filing by MIAX PEARL, LLC

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

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|---|--|---|---|---|--|
| Initial * <input checked="" type="checkbox"/> | Amendment * <input type="checkbox"/> | Withdrawal <input type="checkbox"/> | Section 19(b)(2) * <input type="checkbox"/> | Section 19(b)(3)(A) * <input checked="" type="checkbox"/> | Section 19(b)(3)(B) * <input type="checkbox"/> |
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| Pilot <input type="checkbox"/> | Extension of Time Period for Commission Action * <input type="checkbox"/> | Date Expires * <input type="text"/> |
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Rule

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| <input type="checkbox"/> 19b-4(f)(1) | <input type="checkbox"/> 19b-4(f)(4) |
| <input type="checkbox"/> 19b-4(f)(2) | <input type="checkbox"/> 19b-4(f)(5) |
| <input type="checkbox"/> 19b-4(f)(3) | <input checked="" type="checkbox"/> 19b-4(f)(6) |

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Proposal to amend the PAC routing option under Exchange Rule 2617(b)(5)(B) that is available to orders in equity securities traded on MIAX Pearl Equities.

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 * Chris **Last Name *** Solgan

Title * VP, Senior Counsel

E-mail * csolgan@miami-holdings.com

Telephone * (609) 423-9414 **Fax**

Signature

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

Date 07/12/2022 **(Title *)**

By Michael Slade **AVP, Associate Counsel**

(Name *)

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

Michael Slade Date: 2022.07.12 12:34:58 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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SR-PEARL-2022-29 - 19b-4 FINAL.doc

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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SR-PEARL-2022-29 - Exhibit 1 FINAL

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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SR-PEARL-2022-29 - Exhibit 5 FINAL

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. **Text of the Proposed Rule Change**

(a) MIAX PEARL, LLC (“MIAX Pearl” or the “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (the “Commission”) a proposal to amend the Route to Primary Auction (“PAC”) routing option under Exchange Rule 2617(b)(5)(B).

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

(b) Not applicable.

(c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by the Chief Executive Officer of the Exchange or his designee pursuant to authority delegated by the MIAX Pearl Board of Directors on June 16, 2022. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Chris Solgan, Vice President and Senior Counsel, at (609) 423-9414.

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

a. Purpose

The purpose of the proposed rule change is to amend the PAC routing option under Exchange Rule 2617(b)(5)(B) that is available to orders in equity securities traded on the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Exchange's equity trading platform (referred to herein as "MIAX Pearl Equities"). Specifically, the Exchange proposes to amend subparagraph (b)(5)(B)(1)(ii)(b) to provide for the routing of Market Orders³ entered at or after 3:50 p.m. Eastern Time to the primary listing market's closing process in the event the primary listing market declared a regulatory halt and is to conduct its closing process. The Exchange also proposes to make a clarifying change to Exchange Rule 2617(b)(5)(B) to replace two references to "primary listing exchange" with the term "primary listing market" to ensure consistent terms are used within the Rule.

The Exchange offers its Equity Members⁴ optional routing functionality that allows them to use the Exchange to access liquidity on other trading centers. The functionality includes routing algorithms that determine the destination or pattern of routing. Exchange Rule 2617(b)(5) sets forth that there is a particular pattern of routing to other trading centers, known as the "System routing table", as well as sets forth the Exchange's available routing options. All routing is designed to be conducted in a manner consistent with Regulation NMS.

The Exchange recently launched the PAC routing option,⁵ which enables an Equity Member to designate that their order be routed to the primary listing market to participate in

³ See Exchange Rule 2614(a)(2).

⁴ The term "Equity Member" is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See Exchange Rule 1901.

⁵ See Securities Exchange Act Release No. 94301 (February 23, 2022), 87 FR 11739 (March 2, 2022) (SR-PEARL-2022-06). See also MIAX Pearl Equities - Expansion of Functionality Through New Route to Primary Auction (PAC) Strategy - Rollout Postponed until June 27, 2022, dated June 8, 2022, available at <https://www.miaxoptions.com/alerts/2022/06/08/miax-pearl-equities-expansion-functionality-through-new-route-primary-auction-pac> (last visited June 28, 2022).

the primary listing market's opening, re-opening or closing process. In sum, Exchange Rule 2617(b)(5)(B) describes PAC as a routing option for Market Orders and displayed Limit Orders⁶ designated with a time-in-force of Regular Hours Only ("RHO")⁷ that the entering firm wishes to designate for participation in the opening, re-opening (following a regulatory halt, suspension, or pause), or closing process of a primary listing market (BZX, the New York Stock Exchange LLC ("NYSE"), Nasdaq, NYSE American LLC ("NYSE American"), or NYSE Arca, Inc. ("NYSE Arca")) if received before the opening, re-opening, or closing process of such market.

Market Orders and Closing Process

Market Orders coupled with the PAC routing option are currently not eligible for routing to the primary listing market's closing process. Accordingly, Exchange Rule 2617(b)(5)(B)(1)(ii)(b) provides that a Market Order designated as RHO is not eligible to be routed to participate in the primary listing market's closing process.⁸ Exchange Rule 2617(b)(5)(B)(1)(ii)(b) further provides that a Market Order designated as RHO received at or after the time the Exchange begins to route existing orders to participate in the primary listing market's closing process, but before market close, will be cancelled.

⁶ See Exchange Rule 2614(a)(1).

⁷ Exchange Rule 2614(b)(2) defines "Regular Hours Only" or "RHO" as "[a]n order that is designated for execution only during Regular Trading Hours, which includes the Opening Process for equity securities. An order with a time-in-force of RHO entered into the System before the opening of business on the Exchange as determined pursuant to Exchange Rule 2600 will be accepted but not eligible for execution until the start of Regular Trading Hours."

⁸ Market Orders coupled with the PAC routing option designated as Immediate-or-Cancel ("IOC") will be cancelled. See Exchange Rule 2617(b)(5)(B)(2)(iv).

The Exchange initially understood that Equity Members did not plan to utilize Market Orders to participate in the primary listing market's closing process because they would prefer to enter Limit Orders⁹ for purposes of participating in the price discovery process conducted by the primary listing market's closing process.¹⁰ Therefore, the Exchange initially proposed to not accept Market Orders for purposes of routing them to a primary listing market's closing process. However, Equity Members recently expressed interest in having the ability to route Market Orders to participate in the primary listing market's closing process where the primary listing market declares a regulatory halt that extends past 3:50 p.m. Eastern Time. In such case, there is no risk that such order would be executed during continuous trading because continuous trading concluded and the primary listing market is to proceed directly to conducting its closing process in accordance with its rules.¹¹ The Exchange understands Equity Members would welcome the flexibility to route their Market Orders to participate in the primary listing market's closing process in this case.

The Exchange, therefore, proposes to amend Exchange Rule 2617(b)(5)(B)(1)(ii)(b) to provide that a Market Order designated as RHO would continue to not be eligible to be routed to participate in the primary listing market's closing process, unless such Market Order is: (i) entered at or after 3:50 p.m. Eastern Time, but before market close, (ii) the primary listing

⁹ See Exchange Rule 2614(b).

¹⁰ The Exchange previously represented that it would submit a proposed rule change to route Market Orders to participate in the primary listing market's closing process should Equity Members request such a change. See Securities Exchange Act Release No. 94301 at note 23 (February 23, 2022), 87 FR 11739 (March 2, 2022) (SR-PEARL-2022-06)

¹¹ See, e.g., NYSE Rule 7.35(d), Openings and Reopenings in Last Ten Minutes of Trading; BZX Rule 11.23(d)(2)(c), Incremental Quote Period Extensions for Halt Auctions Following a Regulatory Halt; and Nasdaq Rules 1420(a)(12)(H), Re-opening of Trading Following a Trading Pause, and 4754(b)(6), LULD Closing Cross Following Limit-Up-Limit-Down Trading Pause.

market has declared a regulatory halt; and (iii) the primary listing market is to conduct its closing process according to its applicable rules.¹² Exchange Rule 2617(b)(5)(B)(1)(ii)(b) would continue to provide that all other Market Orders designated as RHO received at or after the time the Exchange begins to route existing orders to participate in the primary listing market's closing process, but before market close, will be cancelled.

Clarifying Change

The Exchange notes that Exchange Rule 2617(b)(5)(B) used the term “primary listing market” through most of Exchange Rule 2617(b)(5)(B). Exchange Rule 2617(b)(5)(B) only uses the term “primary listing exchange” in two areas, subparagraphs (b)(5)(B)(1)(ii)(a) and (b). The Exchange proposes to make a clarifying change to Exchange Rule 2617(b)(5)(B) to replace these two references to “primary listing exchange” with “primary listing market” to ensure consistent terms are used within the Rule. These change would not amend the meaning of Exchange Rule 2617(b)(5)(B)(1)(ii)(a) and (b). They are simply intended to ensure consistent terminology is used throughout the description of the PAC routing option in Exchange Rule 2617(b)(5)(B) and avoid potential confusion.

Implementation

Due to the technological changes associated with this proposed change, the Exchange will issue a trading alert publicly announcing the implementation date of this proposed rule change to provide Equity Members with adequate time to prepare for the associated technological changes. The Exchange anticipates that the implementation date will be in either the fourth quarter of 2022 or first quarter of 2023.

¹² The Exchange notes that any shares that remain unexecuted after routing will be cancelled in accordance with the Market Order's RHO time-in-force instruction.

b. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Section 6(b)(5),¹⁴ in particular, because it is designed to promote just and equitable principles of trade, 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. The proposed rule change would remove impediments to a free and open market and promote just and equitable principles of trade because it would provide market participants with the ability to route Market Orders to participate directly in the primary listing market's closing process opening up another source of liquidity to Market Orders entered on the MIAX Pearl Equities. The Exchange only proposes to route Market Orders to participate in the primary listing market's closing process that are entered at or after 3:50 p.m. Eastern Time, but before market close, and the primary listing market declared a regulatory halt and is to conduct its closing process according to their applicable rules. The Exchange proposes to only route Market Orders in this discrete scenario because it is consistent with Equity Members' expectation that such Market Orders participate directly in the primary market's closing process only and not be subject to market risk because continuous trading in the security would be halted.

The proposed change to the PAC routing option would promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because it would provide Equity Members the option to route their Market Orders to an additional source of liquidity, potentially benefiting from improved execution prices and a more efficient marketplace. Therefore, the Exchange believes

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

the proposed rule change would provide Equity Members with greater control and flexibility over the routing of their Market Orders, thereby facilitating transactions in securities and perfecting the mechanism of the national market system. The Exchange also notes that use of the PAC routing option, including routing Market Order to participate in the primary listing market's closing process, is completely voluntary and no Equity Member is required to route orders through the Exchange and may choose other methods to access liquidity on other trading centers.

The proposal would not impede the national market system because it is not designed to disrupt the ability of the primary listing market to conduct their closing processes. The proposed rule change is similar to existing routing options already provided by other equity exchanges,¹⁵ which the Exchange understands have not disrupted the primary listing market's ability to conduct their closing process. The proposed rule change would simply provide Equity Members with another means to route Market Orders to participate in the primary listing market's closing process. The primary listing markets are free to reject or cancel such orders should they deem them to be inconsistent with their applicable rules.

Finally, the proposed clarification to Exchange Rule 2617(b)(5)(B) to replace two references to "primary listing exchange" with the term "primary listing market" promotes just and equitable principles of trade and protects investors and the public interest because it ensures consistent terminology is used within the Exchange's Rules, thereby avoiding potential investor

¹⁵ See Cboe BZX Exchange, Inc. ("BZX") Rule 11.13(b)(3)(N) (describing the ROOC routing option and not prohibiting market orders from routing to the primary listing market's closing process), Cboe EDGX Exchange, Inc. ("EDGX") Rule 11.11(g)(8) (describing the ROOC routing option and not prohibiting market orders from routing to the primary listing market's closing process), and The Nasdaq Stock Market LLC ("Nasdaq") Rule 4758(a)(1)(A)(x) (describing the LIST routing option and not prohibiting market orders from routing to the primary listing market's closing process).

confusion.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, the Exchange believes that expanding its PAC routing option to route Market Orders entered at or after 3:50 p.m. Eastern Time to participate in the primary listing market's closing process where a regulatory halt is declared may have a positive effect on competition because it would allow the Exchange to offer functionality similar to that offered by BZX, EDGX, and Nasdaq.¹⁶ The Exchange believes that its proposal promotes competition because it is designed to attract liquidity to the Exchange by providing market participants with additional routing functionality.

The Exchange believes that the proposal will not impose any burden on inter-market competition, but rather promote competition by enhancing the value of the Exchange's PAC routing option. However, since the use of the Exchange's PAC routing option is voluntary and Equity Members have numerous alternative mechanisms for order routing, the changes will not impair the ability of Equity Members to use other means to access the primary listing market's closing process. The proposed rule change would improve inter-market competition because it allows the Exchange to provide another means by which market participants would be able route Market Orders to participate in the primary listing market's closing processes that the Exchange believes is similar to that currently provided by other exchanges.¹⁷

The Exchange also believes that the proposal will not impose any burden on intra-market

¹⁶ Id.

¹⁷ Id.

competition because it would be available to all Equity Members. Any Equity Member that seeks to have their Market Order routed to participate in the primary listing market's closing process in the above proposed scenario is free to select the PAC routing option or seek to access those markets through other means.

Finally, the proposed clarification to Exchange Rule 2617(b)(5(B) will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because it also does not enhance the Exchange's competitive position. Rather, it is simply intended to ensure consistent terminology is used in the Exchange's Rules.

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 Act¹⁸ and Rule 19b-4(f)(6)¹⁹ 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 rule change does not significantly affect the protection of investors or the

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(6).

public interest and does not impose any significant burden on competition because it would provide market participants with additional optional access to route Market Orders to the primary listing market's closing process. The Exchange notes that use of its proposed routing options is completely voluntary and no Equity Member is required to route orders through the Exchange and may choose other methods to access the primary listing market's closing process. The proposed change to the PAC routing option would provide market participants and their Market Orders with access to additional sources of liquidity, potentially benefiting from improved execution prices and a more efficient marketplace. The proposed rule change is also based on similar functionality offered by BZX, EDGX, and Nasdaq.²⁰ Therefore, the proposed rule changes does not present any unique issues not previously considered by the Commission.

Finally, the proposed clarification to Exchange Rule 2617(b)(5)(B) does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition. The proposed clarification also does not impose a significant burden on competition because it does not enhance the Exchange's competitive position. In fact, the proposed clarification seeks to improve the protection of investors and the public interest by ensuring consistent terminology is used in the Exchange's Rules, thereby avoiding potential investor confusion.

For the foregoing reasons, the Exchange believes that this rule filing qualifies as a "non-controversial" rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if

²⁰ See supra note 14.

it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposed changes to Exchange Rule 2617(b)(5)(B) are based on BZX Rule 11.13(b)(3)(N), EDGX Rule 11.11(g)(8), and Nasdaq Rule 4758(a)(1)(A)(x). None of these rules state that Market Orders are not eligible to be routed to the primary listing market's closing process. The Exchange, therefore, believes the proposed change to the PAC routing option would enable Equity Members to instruct the Exchange to route a Market Order to participate in the primary listing market's closing process like BZX, EDGX, and Nasdaq.

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

Not applicable.

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

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.
5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2022-29)

July __, 2022

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX PEARL, LLC to Amend the Route to Primary Auction Routing Option Under Exchange Rule 2617(b)(5)(B).

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 __, 2022 MIAX 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 proposed rule change to amend the Route to Primary Auction (“PAC”) routing option under Exchange Rule 2617(b)(5)(B).

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 PAC routing option under Exchange Rule 2617(b)(5)(B) that is available to orders in equity securities traded on the Exchange's equity trading platform (referred to herein as "MIAX Pearl Equities"). Specifically, the Exchange proposes to amend subparagraph (b)(5)(B)(1)(ii)(b) to provide for the routing of Market Orders³ entered at or after 3:50 p.m. Eastern Time to the primary listing market's closing process in the event the primary listing market declared a regulatory halt and is to conduct its closing process. The Exchange also proposes to make a clarifying change to Exchange Rule 2617(b)(5)(B) to replace two references to "primary listing exchange" with the term "primary listing market" to ensure consistent terms are used within the Rule.

The Exchange offers its Equity Members⁴ optional routing functionality that allows them to use the Exchange to access liquidity on other trading centers. The functionality includes routing algorithms that determine the destination or pattern of routing. Exchange Rule 2617(b)(5) sets forth that there is a particular pattern of routing to other trading centers, known as the "System routing table", as well as sets forth the Exchange's available routing options. All routing is designed to be conducted in a manner consistent with

³ See Exchange Rule 2614(a)(2).

⁴ The term "Equity Member" is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See Exchange Rule 1901.

Regulation NMS.

The Exchange recently launched the PAC routing option,⁵ which enables an Equity Member to designate that their order be routed to the primary listing market to participate in the primary listing market's opening, re-opening or closing process. In sum, Exchange Rule 2617(b)(5)(B) describes PAC as a routing option for Market Orders and displayed Limit Orders⁶ designated with a time-in-force of Regular Hours Only ("RHO")⁷ that the entering firm wishes to designate for participation in the opening, re-opening (following a regulatory halt, suspension, or pause), or closing process of a primary listing market (BZX, the New York Stock Exchange LLC ("NYSE"), Nasdaq, NYSE American LLC ("NYSE American"), or NYSE Arca, Inc. ("NYSE Arca")) if received before the opening, re-opening, or closing process of such market.

Market Orders and Closing Process

Market Orders coupled with the PAC routing option are currently not eligible for routing to the primary listing market's closing process. Accordingly, Exchange Rule 2617(b)(5)(B)(1)(ii)(b) provides that a Market Order designated as RHO is not eligible to be

⁵ See Securities Exchange Act Release No. 94301 (February 23, 2022), 87 FR 11739 (March 2, 2022) (SR-PEARL-2022-06). See also MIAX Pearl Equities - Expansion of Functionality Through New Route to Primary Auction (PAC) Strategy - Rollout Postponed until June 27, 2022, dated June 8, 2022, available at <https://www.miaxoptions.com/alerts/2022/06/08/miax-pearl-equities-expansion-functionality-through-new-route-primary-auction-pac> (last visited June 28, 2022).

⁶ See Exchange Rule 2614(a)(1).

⁷ Exchange Rule 2614(b)(2) defines "Regular Hours Only" or "RHO" as "[a]n order that is designated for execution only during Regular Trading Hours, which includes the Opening Process for equity securities. An order with a time-in-force of RHO entered into the System before the opening of business on the Exchange as determined pursuant to Exchange Rule 2600 will be accepted but not eligible for execution until the start of Regular Trading Hours."

routed to participate in the primary listing market's closing process.⁸ Exchange Rule 2617(b)(5)(B)(1)(ii)(b) further provides that a Market Order designated as RHO received at or after the time the Exchange begins to route existing orders to participate in the primary listing market's closing process, but before market close, will be cancelled.

The Exchange initially understood that Equity Members did not plan to utilize Market Orders to participate in the primary listing market's closing process because they would prefer to enter Limit Orders⁹ for purposes of participating in the price discovery process conducted by the primary listing market's closing process.¹⁰ Therefore, the Exchange initially proposed to not accept Market Orders for purposes of routing them to a primary listing market's closing process. However, Equity Members recently expressed interest in having the ability to route Market Orders to participate in the primary listing market's closing process where the primary listing market declares a regulatory halt that extends past 3:50 p.m. Eastern Time. In such case, there is no risk that such order would be executed during continuous trading because continuous trading concluded and the primary listing market is to proceed directly to conducting its closing process in accordance with its rules.¹¹ The Exchange understands Equity Members would welcome the

⁸ Market Orders coupled with the PAC routing option designated as Immediate-or-Cancel ("IOC") will be cancelled. See Exchange Rule 2617(b)(5)(B)(2)(iv).

⁹ See Exchange Rule 2614(b).

¹⁰ The Exchange previously represented that it would submit a proposed rule change to route Market Orders to participate in the primary listing market's closing process should Equity Members request such a change. See Securities Exchange Act Release No. 94301 at note 23 (February 23, 2022), 87 FR 11739 (March 2, 2022) (SR-PEARL-2022-06)

¹¹ See, e.g., NYSE Rule 7.35(d), Openings and Reopenings in Last Ten Minutes of Trading; BZX Rule 11.23(d)(2)(c), Incremental Quote Period Extensions for Halt Auctions Following a Regulatory Halt; and Nasdaq Rules 1420(a)(12)(H), Re-opening of Trading Following a Trading Pause, and 4754(b)(6), LULD Closing Cross Following Limit-Up-Limit-Down Trading Pause.

flexibility to route their Market Orders to participate in the primary listing market's closing process in this case.

The Exchange, therefore, proposes to amend Exchange Rule 2617(b)(5)(B)(1)(ii)(b) to provide that a Market Order designated as RHO would continue to not be eligible to be routed to participate in the primary listing market's closing process, unless such Market Order is: (i) entered at or after 3:50 p.m. Eastern Time, but before market close, (ii) the primary listing market has declared a regulatory halt; and (iii) the primary listing market is to conduct its closing process according to its applicable rules.¹² Exchange Rule 2617(b)(5)(B)(1)(ii)(b) would continue to provide that all other Market Orders designated as RHO received at or after the time the Exchange begins to route existing orders to participate in the primary listing market's closing process, but before market close, will be cancelled.

Clarifying Change

The Exchange notes that Exchange Rule 2617(b)(5)(B) used the term "primary listing market" through most of Exchange Rule 2617(b)(5)(B). Exchange Rule 2617(b)(5)(B) only uses the term "primary listing exchange" in two areas, subparagraphs (b)(5)(B)(1)(ii)(a) and (b). The Exchange proposes to make a clarifying change to Exchange Rule 2617(b)(5)(B) to replace these two references to "primary listing exchange" with "primary listing market" to ensure consistent terms are used within the Rule. These change would not amend the meaning of Exchange Rule 2617(b)(5)(B)(1)(ii)(a) and (b). They are simply intended to ensure consistent terminology is used throughout the description of the PAC routing option in Exchange Rule 2617(b)(5)(B) and avoid potential confusion.

Implementation

¹² The Exchange notes that any shares that remain unexecuted after routing will be cancelled in accordance with the Market Order's RHO time-in-force instruction.

Due to the technological changes associated with this proposed change, the Exchange will issue a trading alert publicly announcing the implementation date of this proposed rule change to provide Equity Members with adequate time to prepare for the associated technological changes. The Exchange anticipates that the implementation date will be in either the fourth quarter of 2022 or first quarter of 2023.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Section 6(b)(5),¹⁴ in particular, because it is designed to promote just and equitable principles of trade, 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. The proposed rule change would remove impediments to a free and open market and promote just and equitable principles of trade because it would provide market participants with the ability to route Market Orders to participate directly in the primary listing market's closing process opening up another source of liquidity to Market Orders entered on the MIAX Pearl Equities. The Exchange only proposes to route Market Orders to participate in the primary listing market's closing process that are entered at or after 3:50 p.m. Eastern Time, but before market close, and the primary listing market declared a regulatory halt and is to conduct its closing process according to their applicable rules. The Exchange proposes to only route Market Orders in this discrete scenario because it is consistent with Equity Members' expectation that such Market Orders participate directly in the primary market's closing process only and not be subject to market risk because continuous trading in the security would be halted.

The proposed change to the PAC routing option would promote just and equitable

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because it would provide Equity Members the option to route their Market Orders to an additional source of liquidity, potentially benefiting from improved execution prices and a more efficient marketplace. Therefore, the Exchange believes the proposed rule change would provide Equity Members with greater control and flexibility over the routing of their Market Orders, thereby facilitating transactions in securities and perfecting the mechanism of the national market system. The Exchange also notes that use of the PAC routing option, including routing Market Order to participate in the primary listing market's closing process, is completely voluntary and no Equity Member is required to route orders through the Exchange and may choose other methods to access liquidity on other trading centers.

The proposal would not impede the national market system because it is not designed to disrupt the ability of the primary listing market to conduct their closing processes. The proposed rule change is similar to existing routing options already provided by other equity exchanges,¹⁵ which the Exchange understands have not disrupted the primary listing market's ability to conduct their closing process. The proposed rule change would simply provide Equity Members with another means to route Market Orders to participate in the primary listing market's closing process. The primary listing markets are free to reject or cancel such orders should they deem them to be inconsistent with their applicable rules.

¹⁵ See Cboe BZX Exchange, Inc. ("BZX") Rule 11.13(b)(3)(N) (describing the ROOC routing option and not prohibiting market orders from routing to the primary listing market's closing process), Cboe EDGX Exchange, Inc. ("EDGX") Rule 11.11(g)(8) (describing the ROOC routing option and not prohibiting market orders from routing to the primary listing market's closing process), and The Nasdaq Stock Market LLC ("Nasdaq") Rule 4758(a)(1)(A)(x) (describing the LIST routing option and not prohibiting market orders from routing to the primary listing market's closing process).

Finally, the proposed clarification to Exchange Rule 2617(b)(5)(B) to replace two references to “primary listing exchange” with the term “primary listing market” promotes just and equitable principles of trade and protects investors and the public interest because it ensures consistent terminology is used within the Exchange’s Rules, thereby avoiding potential investor confusion.

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. In fact, the Exchange believes that expanding its PAC routing option to route Market Orders entered at or after 3:50 p.m. Eastern Time to participate in the primary listing market’s closing process where a regulatory halt is declared may have a positive effect on competition because it would allow the Exchange to offer functionality similar to that offered by BZX, EDGX, and Nasdaq.¹⁶ The Exchange believes that its proposal promotes competition because it is designed to attract liquidity to the Exchange by providing market participants with additional routing functionality.

The Exchange believes that the proposal will not impose any burden on inter-market competition, but rather promote competition by enhancing the value of the Exchange’s PAC routing option. However, since the use of the Exchange’s PAC routing option is voluntary and Equity Members have numerous alternative mechanisms for order routing, the changes will not impair the ability of Equity Members to use other means to access the primary listing market’s closing process. The proposed rule change would improve inter-market competition because it allows the Exchange to provide another means by which market participants would be able route

¹⁶ Id.

Market Orders to participate in the primary listing market's closing processes that the Exchange believes is similar to that currently provided by other exchanges.¹⁷

The Exchange also believes that the proposal will not impose any burden on intra-market competition because it would be available to all Equity Members. Any Equity Member that seeks to have their Market Order routed to participate in the primary listing market's closing process in the above proposed scenario is free to select the PAC routing option or seek to access those markets through other means.

Finally, the proposed clarification to Exchange Rule 2617(b)(5)(B) will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because it also does not enhance the Exchange's competitive position. Rather, it is simply intended to ensure consistent terminology is used in the Exchange's Rules.

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 Act¹⁸ and Rule 19b-4(f)(6)¹⁹ thereunder.

¹⁷ Id.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 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,

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](mailto:rule-comments@sec.gov). Please include File Number SR-PEARL-2022-29 on the subject line.

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-2022-29. 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>).

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

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-2022-29 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.²⁰

Vanessa Countryman
Secretary

²⁰ 17 CFR 200.30-3(a)(12).

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

MIAX PEARL, LLC Rules

Rule 2617. Order Execution and Routing

Subject to the restrictions under these Exchange Rules or the Exchange Act and the rules and regulations thereunder, orders shall be matched for execution and routed in accordance with this Exchange Rule 2617.

(a) (No change).

(b) **Routing to Away Trading Centers.** Unless a User elects that the order be non-routable, if a Market Order or Marketable Limit Order has not been executed in its entirety pursuant to paragraph (a) above, the order shall be eligible for additional processing under one or more of the routing options listed under paragraph (b)(5) below.

(1) – (4) (No change).

(5) **Routing Options.** Routing options may be combined with all available order types and times-in-force instructions, with the exception of order types and times-in-force instructions whose terms are inconsistent with the terms of a particular routing option. The System will consider the quotations only of accessible Trading Centers. The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

(A) (No change).

(B) **Route to Primary Auction (“PAC”).** PAC is a routing option for Market Orders and displayed Limit Orders designated as RHO that the entering firm wishes to designate for participation in the opening, re-opening (following a regulatory halt, suspension, or pause), or closing process of a primary listing market (Cboe BZX, NYSE, Nasdaq, NYSE American, or NYSE Arca) if received before the opening, re-opening, or closing process of such market. The System will designate such orders routed pursuant to the PAC routing option with the time-in-force accepted by the primary listing market. Displayed Limit Orders coupled with the PAC routing option will be eligible to be routed pursuant to the PI routing option described under paragraph (b)(5)(C) of this Rule.

(1) (No change).

(i) (No change).

(ii) Closing Process.

(a) Limit Orders. A Limit Order designated as RHO will be routed to participate in the primary listing market's closing process prior to the primary listing market's order entry cut-off time. If a Limit Order designated as RHO is received at or after the time the Exchange begins to route existing orders to participate in the primary listing [exchange]market's closing process, but before market close, the Exchange will check the System for available shares and then route the remaining shares to participate in the primary listing market's closing process.

(b) Market Orders. A Market Order designated as RHO is not eligible to be routed to participate in the primary listing [exchange]market's closing process[.], unless such Market Order is: (i) entered at or after 3:50 p.m. Eastern Time, but before market close, (ii) the primary listing market has declared a regulatory halt; and (iii) the primary listing market is to conduct its closing process according to their applicable rules. All other[A] Market Orders designated as RHO received at or after the time the Exchange begins to route existing orders to participate in the primary listing [exchange]market's closing process, but before market close, will be cancelled.

(2) (No change).
