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

File No. * SR 2023 - * 03

Amendment No. (req. for Amendments *)

Filing by MIAX PEARL, LLC

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

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

Section 806(e)(1) *

Section 806(e)(2) *

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

Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Proposal to amend Exchange Rule 2618(a)(2) to offer two additional optional risk settings to Equity Members, called the Gross Notional Open and Trade Value and Net Notional Open and Trade Value.

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) 897-8494 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 02/03/2023

(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: 2023.02.03 10:15:43 -05'00'

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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-2023-03 - 19b-4.docx

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-2023-03 - Exhibit 1.docx

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

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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-2023-03 - Exhibit 5.docx

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 proposed rule change to provide Equity Members³ additional risk settings when trading equity securities on the Exchange’s equity trading platform (referred to herein as “MIAX Pearl Equities”).

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 pursuant to authority delegated by the Exchange Board of Directors on February 2, 2023. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action is necessary by the Exchange 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) 897-8494.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Equity Member” is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See Exchange Rule 1901.

a. Purpose

The purpose of the proposed rule change is to provide Equity Members additional risk settings when trading equity securities on MIAX Pearl Equities. To help Equity Members manage their risk, the Exchange currently offers risk settings that authorize the Exchange to take automated action if a designated limit for an Equity Member is breached. Such risk settings provide Equity Members with enhanced abilities to manage their risk when trading on the Exchange. The Exchange now proposes to amend Exchange Rule 2618(a)(2) to offer two additional optional risk settings to Equity Members, called the Gross Notional Open and Trade Value and Net Notional Open and Trade Value. Each of these new risk settings seeks to combine certain existing risk settings into a single risk setting and are described below.

Exchange Rule 2618(a)(2) sets forth the specific cumulative risk settings the Exchange offers and include Gross Notional Trade Value, Net Notional Trade Value, Gross Notional Open Value, and Net Notional Open Value.⁴ Gross Notional Trade Value is a pre-established maximum daily dollar amount for purchases and sales across all symbols, where both purchases and sales are counted as positive values. Net Notional Trade Value is a pre-established maximum daily dollar amount for purchases and sales across all symbols, where purchases are counted as positive values and sales are counted as negative values. For purposes of calculating the Gross Notional Trade Value and Net Notional Trade Value, only executed orders are included.

The Gross Notional Open Value is a pre-established maximum daily dollar amount for open

⁴ See Securities Exchange Act Release Nos. 89971 (September 23, 2020), 85 FR 61053 (September 29, 2022) (SR-PEARL-2020-16); 90478 (November 23, 2022), 85 FR 76630 (November 30, 2020) (SR-PEARL-2020-26); and 96205 (November 1, 2022), 87 FR 67080 (November 17, 2022) (SR-PEARL-2022-43).

buy and sell orders across all symbols, where both open orders to buy and sell are counted as positive values. For purposes of calculating the Gross Notional Open Value, only unexecuted orders are included. The Net Notional Open Value is a pre-established maximum daily dollar amount for open buy and sell orders across all symbols, where open orders to buy are counted as positive values and open orders to sell are counted as negative values. For purposes of calculating the Net Notional Open Value, only unexecuted orders are included, just like the Gross Notional Open Value risk control.

For both the Gross Notional Open Value and Net Notional Open Value risk settings, the open orders calculation only includes Limit Orders and Pegged Orders resting on the MIAX Pearl Equities Book and Limit Orders that have been routed to an away exchange for execution.⁵ Limit Orders and Pegged Orders are included at their limit price. Market Orders are not included.⁶ Each of the above risk settings is completely optional and is not applied where the Equity Member does not set the applicable threshold.

Based on Equity Member demand, the Exchange proposes to adopt the following two additional cumulative risk settings that take into account both trades, as well as open, unexecuted orders, Gross Notional Open and Trade Value and Net Notional Open and Trade Value. The proposed risk settings combine each of the above two gross calculated risk settings into a single risk control and the two net calculated risk settings also into a single risk setting. Specifically, the Gross Notional Open and Trade Value would be a combination of the Gross Notional Open Value and Gross Notional Trade Value risk settings and include both purchases and sales as well as open buy and sell orders across all

⁵ Pegged Orders are not eligible for routing pursuant to Exchange Rule 2617(b). See Exchange Rule 2614(a)(3)(E).

⁶ See Securities Exchange Act Release No. 96205 (November 1, 2022), 87 FR 67080 (November 17, 2022) (SR-PEARL-2022-43).

symbols. Like the existing gross calculated risk settings, purchases, sales, open orders to buy, and open orders to sell would be counted as positive values and a combination of executed and unexecuted orders would be included. Meanwhile, the Net Notional Open and Trade Value would be a combination of the Net Notional Open Value and Net Notional Trade Value risk settings and also include purchases and sales as well as open buy and sell orders across all symbols. Like the existing net calculated risk settings, where purchases and open orders to buy would be counted as positive values and sales and open orders to sell would be counted as negative values and, like above for the Gross Notional Open and Trade Value risk control, both executed and unexecuted orders would be included.

Each of these above proposed risk settings would be codified under Exchange Rule 2618(a)(2). Proposed Exchange Rule 2618(a)(2)(E) would provide that the “Gross Notional Open and Trade Value” is a pre-established maximum daily dollar amount for purchases and sales, as well as open buy and sell orders across all symbols, where purchases, sales, open orders to buy, and open orders to sell are counted as positive values. Proposed Exchange Rule 2618(a)(2)(E) would further provide that for purposes of calculating the Gross Notional Open and Trade Value, executed and unexecuted orders would be included. Proposed Exchange Rule 2618(a)(2)(F) would provide that the “Net Notional Open and Trade Value” would be a pre-established maximum daily dollar amount for purchases and sales, as well as open buy and sell orders across all symbols, where purchases and open orders to buy are counted as positive values, and sales and open orders to sell are counted as negative values. Proposed Exchange Rule 2618(a)(2)(F) would further provide that for purposes of calculating the Net Notional Open and Trade Value, executed and unexecuted orders would be included.

Like for both the Gross Notional Open Value and Net Notional Open Value risk settings,

the open orders calculation portion of both the proposed Gross Notional Open and Trade Value and Net Notional Open and Trade Value risk settings would only include Limit Orders and Pegged Orders resting on the MIAX Pearl Equities Book and Limit Orders that have been routed to an away exchange for execution.⁷ Limit Orders and Pegged Orders would be included at their limit price. Market Orders would not be included. Like the existing risk settings set for in Exchange Rule 2618(a)(2), each of the proposed risk settings would be completely optional and would not be applied where the Equity Member does not set the applicable threshold.

Exchange Rule 2618(a)(4) provides that an Equity Member that does not self-clear may allocate and revoke⁸ the responsibility of establishing and adjusting the Gross Notional Trade Value, Net Notional Trade Value, Gross Notional Open Value, and Net Notional Open Value risk settings to a Clearing Member⁹ that clears transactions on behalf of the Equity Member, if designated in a manner prescribed by the Exchange. The Exchange proposes that the same would be true for the new Gross Notional Open and Trade Value and Net Notional Open and Trade Value risk settings.

By way of background, Exchange Rule 2620(a) allows Clearing Members an opportunity to manage their risk of clearing on behalf of other Equity Members, if authorized to do so by the

⁷ See Securities Exchange Act Release No. 96205 (November 1, 2022), 87 FR 67080 (November 17, 2022) (SR-PEARL-2022-43).

⁸ As discussed below, if an Equity Member revokes from its Clearing Member the responsibility of establishing and adjusting the risk settings identified in paragraph (a)(2), the settings applied by the Equity Member would be applicable.

⁹ The term “Clearing Member” refers to a Member that is a member of a Qualified Clearing Agency and clears transactions on behalf of another Member. See Exchange Rule 2620(a). Exchange Rule 2620(a) also outlines the process by which a Clearing Member shall affirm its responsibility for clearing any and all trades executed by the Equity Member designating it as its Clearing Firm, and provides that the rules of a Qualified Clearing Agency shall govern with respect to the clearance and settlement of any transactions executed by the Equity Member on the Exchange.

Equity Member trading on the Exchange. Such functionality is designed to help Clearing Members better monitor and manage the potential risks that they assume when clearing for Equity Members of the Exchange. An Equity Member may allocate or revoke the responsibility of establishing and adjusting the risk settings identified in paragraph(a)(2) of Exchange Rule 2618 to its Clearing Member in a manner prescribed by the Exchange. By allocating such responsibility, an Equity Member cedes all control and ability to establish and adjust such risk settings to its Clearing Member unless and until such responsibility is revoked by the Equity Member. Because the Equity Member is responsible for its own trading activity, the Exchange will not provide a Clearing Member authorization to establish and adjust risk settings on behalf of an Equity Member without first receiving consent from the Equity Member. The Exchange considers an Equity Member to have provided such consent if it allocates the responsibility to establish and adjust risk settings to its Clearing Member in a manner prescribed by the Exchange.

Exchange Rule 2618(a)(3) provides that either an Equity Member or its Clearing Member, if allocated such responsibility pursuant to Exchange Rule 2618(a)(4), may establish and adjust limits for the risk settings provided in Exchange Rule 2618(a)(2). An Equity Member or Clearing Member may establish and adjust limits for the risk settings in a manner prescribed by the Exchange. This includes use of the Exchange's online portal. The online portal page also provides a view of all applicable limits for each Equity Member, which will be made available to the Equity Member and its Clearing Member, as currently discussed in Exchange Rule 2618(a)(4). The proposed new risk settings would be incorporated into the Exchange's online portal.

* * * * *

The Exchange does not guarantee that the risk settings in this proposal are sufficiently comprehensive to meet all of an Equity Member's risk management needs. Pursuant to Rule

15c3-5 under the Act,¹⁰ a broker-dealer with market access must perform appropriate due diligence to assure that controls are reasonably designed to be effective, and otherwise consistent with the rule.¹¹ Use of the Exchange's risk settings included in Exchange Rule 2618 will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules remains with the Equity Member.

Implementation

Due to the technological changes associated with this proposed change, the Exchange will issue a trading alert publicly announcing the implementation date of the proposed enhancements to its risk settings set forth herein. The Exchange anticipates that the implementation date will be in the second or third quarter of 2023.

b. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5),¹³ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Exchange believes the proposed risk settings will remove impediments to

¹⁰ 17 CFR § 240.15c3-5.

¹¹ See Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access, available at <https://www.sec.gov/divisions/marketreg/faq-15c-5-risk-management-controls-bd.htm>.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

and perfect the mechanism of a free and open market and a national market system because they provide additional functionality for an Equity Member to manage its risk. The Exchange notes that the proposed risk settings are entirely optional. The Exchange believes that the proposed risk settings under Exchange Rule 2618(a)(2) are designed to protect investors and the public interest because the proposed additional functionality is a form of risk mitigation that will aid Equity Members and Clearing Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events. In turn, the introduction of such risk management functionality could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system. The proposed rule change would provide an additional option for Equity Members seeking to further tailor their risk management capability while transacting on the Exchange.

The proposed Gross Notional Open and Trade Value and Net Notional Open and Trade Value risk settings under Exchange Rule 2618(a)(2) would further permit Equity Members and Clearing Members who have a financial interest in the risk settings of Equity Members to better monitor and manage their potential risks, including those assumed by Clearing Members, thereby providing Equity Members and Clearing Members with greater control and flexibility over setting their own risk tolerance and exposure. In addition, the proposed additional risk settings under Exchange Rule 2618(a)(2) could provide Clearing Members, who have assumed certain risks of Equity Members, greater control over risk tolerance and exposure on behalf of their correspondent Equity Members, if allocated responsibility pursuant to Exchange Rule 2618(a)(4), while also providing an alert system under Exchange Rule 2618(a)(5) that ensures that both Equity Members and Clearing Members are aware of developing issues. As such, the Exchange believes that the proposed risk settings would provide additional means to address

potentially market-impacting events, helping to ensure the proper functioning of the market. To the extent a Clearing Member might reasonably require an Equity Member to provide access to its risk settings as a prerequisite to continuing to clear trades on the Equity Member's behalf, the Exchange's sharing of those risk settings directly reduces the administrative burden on participants on the Exchange, including both Clearing Members and Equity Members. Moreover, providing Clearing Members with the ability to see the risk settings established for Equity Members for which they clear fosters efficiencies in the market and removes impediments to and perfects the mechanism of a free and open market and a national market system. The Exchange believes that the proposed new risk settings under Exchange Rule 2618(a)(2) are consistent with the Act, particularly Section 6(b)(5),¹⁴ because they would foster cooperation and coordination with persons engaged in facilitating transactions in securities and more generally, will protect investors and the public interest, by allowing Equity Members and Clearing Members to better monitor their risk exposure and by fostering efficiencies in the market and removing impediments to and perfect the mechanism of a free and open market and a national market system.

In addition, the proposed Gross Notional Open and Trade Value and Net Notional Open and Trade Value risk settings under proposed Exchange Rule 2618(a)(2)(E) and (F), respectively, are similar to the existing net and gross calculated controls under Exchange Rules 2618(a)(2)(A), (B), (C), and (D) and simply seeks to combine the features of each existing gross and net calculated risk settings into a single risk setting as described above. Proposed Gross Notional Open Value and Net Notional Open Value risk settings under proposed Exchange Rule 2618(a)(2)(E) and (F) are also reasonably designed to provide Equity Members and

¹⁴ 15 U.S.C. 78f(b)(5).

Clearing Members (if allocated responsibility pursuant to Exchange Rule 2618(a)(4)) additional opportunity to monitor and manage the potential risks of an execution that exceeds their certain risk appetite, as well as to provide Clearing Members with greater control over their risk tolerance and exposure on behalf of their correspondent Equity Members.

* * * * *

Finally, the Exchange believes that the proposed risk settings do not unfairly discriminate among the Exchange's Equity Members because use of the risk settings is optional and are not a prerequisite for participation on MIAX Pearl Equities. The proposed risk settings are completely voluntary and, as they relate solely to optional risk management functionality, no Equity Member is required or under any regulatory obligation to utilize them.

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 the proposal may have a positive effect on competition because it would provide Equity Members and their Clearing Members additional means to monitor and control risk, thereby potentially increasing confidence in the proper functioning of the markets and contribute to additional competition among trading venues and broker-dealers. Rather than impede competition, the proposal is designed to facilitate more robust risk management by Equity Members and Clearing Members, which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system. The proposal would impose no burden on intra-market competition because use of the proposed risk settings is optional and each risk setting is available to all Equity Members equally.

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 Act¹⁵ and Rule 19b-4(f)(6)¹⁶ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the proposed rule change to amend and adopt additional risk settings is designed to protect investors and the public interest because the proposed functionality is an additional form of risk mitigation that would aid Equity Members and Clearing Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events. In turn, the enhancement and introduction of such risk management functionality could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

Additionally, the Exchange believes the proposed controls under Exchange Rule 2618(a)(2) will not significantly affect the protection of investors or the public interest and will have no significant burden on competition because the proposed risk setting simply comprise of

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6).

a combination of existing risk setting offered by the Exchange. Specifically, the Gross Notional Open and Trade Value would be a combination of the Gross Notional Open Value and Gross Notional Trade Value risk settings and include both purchases and sales as well as open buy and sell orders across all symbols. Like the existing gross calculated risk settings, purchases, sales, open orders to buy, and open orders to sell would be counted as positive values and a combination of executed and unexecuted orders would be included. Meanwhile, the Net Notional Open and Trade Value would be a combination of the Net Notional Open Value and Net Notional Trade Value risk settings and also include purchases and sales as well as open buy and sell orders across all symbols. Like the existing net calculated risk settings, where purchases and open orders to buy would be counted as positive values and sales and open orders to sell would be counted as negative values and, like above for the Gross Notional Open and Trade Value risk control, both executed and unexecuted orders would be included. Furthermore, other exchanges are free to adopt similar functionality as they see fit.

For the foregoing reasons, 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 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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2023-03)

February _____, 2023

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 2618

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 February____, 2023, 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 amend Exchange Rule 2618(a)(2) to offer two additional optional risk settings to Equity Members, called the Gross Notional Open and Trade Value and Net Notional Open and Trade Value.

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 provide Equity Members additional risk settings when trading equity securities on MIAX Pearl Equities. To help Equity Members manage their risk, the Exchange currently offers risk settings that authorize the Exchange to take automated action if a designated limit for an Equity Member is breached. Such risk settings provide Equity Members with enhanced abilities to manage their risk when trading on the Exchange. The Exchange now proposes to amend Exchange Rule 2618(a)(2) to offer two additional optional risk settings to Equity Members, called the Gross Notional Open and Trade Value and Net Notional Open and Trade Value. Each of these new risk settings seeks to combine certain existing risk settings into a single risk setting and are described below.

Exchange Rule 2618(a)(2) sets forth the specific cumulative risk settings the Exchange offers and include Gross Notional Trade Value, Net Notional Trade Value, Gross Notional Open Value, and Net Notional Open Value.³ Gross Notional Trade Value is a pre-established maximum daily dollar amount for purchases and sales across all symbols, where both purchases and sales are counted as positive values. Net Notional Trade Value is a pre-established maximum daily dollar amount for purchases and sales across all symbols, where purchases

³ See Securities Exchange Act Release Nos. 89971 (September 23, 2020), 85 FR 61053 (September 29, 2022) (SR-PEARL-2020-16); 90478 (November 23, 2022), 85 FR 76630 (November 30, 2020) (SR-PEARL-2020-26); and 96205 (November 1, 2022), 87 FR 67080 (November 17, 2022) (SR-PEARL-2022-43).

are counted as positive values and sales are counted as negative values. For purposes of calculating the Gross Notional Trade Value and Net Notional Trade Value, only executed orders are included.

The Gross Notional Open Value is a pre-established maximum daily dollar amount for open buy and sell orders across all symbols, where both open orders to buy and sell are counted as positive values. For purposes of calculating the Gross Notional Open Value, only unexecuted orders are included. The Net Notional Open Value is a pre-established maximum daily dollar amount for open buy and sell orders across all symbols, where open orders to buy are counted as positive values and open orders to sell are counted as negative values. For purposes of calculating the Net Notional Open Value, only unexecuted orders are included, just like the Gross Notional Open Value risk control.

For both the Gross Notional Open Value and Net Notional Open Value risk settings, the open orders calculation only includes Limit Orders and Pegged Orders resting on the MIAX Pearl Equities Book and Limit Orders that have been routed to an away exchange for execution.⁴ Limit Orders and Pegged Orders are included at their limit price. Market Orders are not included.⁵ Each of the above risk settings is completely optional and is not applied where the Equity Member does not set the applicable threshold.

Based on Equity Member demand, the Exchange proposes to adopt the following two additional cumulative risk settings that take into account both trades, as well as open, unexecuted orders, Gross Notional Open and Trade Value and Net Notional Open and Trade Value. The proposed risk settings combine each of the above two gross calculated risk settings into a single risk control and the two net

⁴ Pegged Orders are not eligible for routing pursuant to Exchange Rule 2617(b). See Exchange Rule 2614(a)(3)(E).

⁵ See Securities Exchange Act Release No. 96205 (November 1, 2022), 87 FR 67080 (November 17, 2022) (SR-PEARL-2022-43).

calculated risk settings also into a single risk setting. Specifically, the Gross Notional Open and Trade Value would be a combination of the Gross Notional Open Value and Gross Notional Trade Value risk settings and include both purchases and sales as well as open buy and sell orders across all symbols. Like the existing gross calculated risk settings, purchases, sales, open orders to buy, and open orders to sell would be counted as positive values and a combination of executed and unexecuted orders would be included. Meanwhile, the Net Notional Open and Trade Value would be a combination of the Net Notional Open Value and Net Notional Trade Value risk settings and also include purchases and sales as well as open buy and sell orders across all symbols. Like the existing net calculated risk settings, where purchases and open orders to buy would be counted as positive values and sales and open orders to sell would be counted as negative values and, like above for the Gross Notional Open and Trade Value risk control, both executed and unexecuted orders would be included.

Each of these above proposed risk settings would be codified under Exchange Rule 2618(a)(2). Proposed Exchange Rule 2618(a)(2)(E) would provide that the “Gross Notional Open and Trade Value” is a pre-established maximum daily dollar amount for purchases and sales, as well as open buy and sell orders across all symbols, where purchases, sales, open orders to buy, and open orders to sell are counted as positive values. Proposed Exchange Rule 2618(a)(2)(E) would further provide that for purposes of calculating the Gross Notional Open and Trade Value, executed and unexecuted orders would be included. Proposed Exchange Rule 2618(a)(2)(F) would provide that the “Net Notional Open and Trade Value” would be a pre-established maximum daily dollar amount for purchases and sales, as well as open buy and sell orders across all symbols, where purchases and open orders to buy are counted as positive values, and sales and open orders to sell are counted as negative values. Proposed Exchange Rule 2618(a)(2)(F) would further provide that for purposes of calculating the Net Notional Open and Trade Value,

executed and unexecuted orders would be included.

Like for both the Gross Notional Open Value and Net Notional Open Value risk settings, the open orders calculation portion of both the proposed Gross Notional Open and Trade Value and Net Notional Open and Trade Value risk settings would only include Limit Orders and Pegged Orders resting on the MIAX Pearl Equities Book and Limit Orders that have been routed to an away exchange for execution.⁶ Limit Orders and Pegged Orders would be included at their limit price. Market Orders would not be included. Like the existing risk settings set for in Exchange Rule 2618(a)(2), each of the proposed risk settings would be completely optional and would not be applied where the Equity Member does not set the applicable threshold.

Exchange Rule 2618(a)(4) provides that an Equity Member that does not self-clear may allocate and revoke⁷ the responsibility of establishing and adjusting the Gross Notional Trade Value, Net Notional Trade Value, Gross Notional Open Value, and Net Notional Open Value risk settings to a Clearing Member⁸ that clears transactions on behalf of the Equity Member, if designated in a manner prescribed by the Exchange. The Exchange proposes that the same would be true for the new Gross Notional Open and Trade Value and Net Notional Open and Trade Value risk settings.

⁶ See Securities Exchange Act Release No. 96205 (November 1, 2022), 87 FR 67080 (November 17, 2022) (SR-PEARL-2022-43).

⁷ As discussed below, if an Equity Member revokes from its Clearing Member the responsibility of establishing and adjusting the risk settings identified in paragraph (a)(2), the settings applied by the Equity Member would be applicable.

⁸ The term “Clearing Member” refers to a Member that is a member of a Qualified Clearing Agency and clears transactions on behalf of another Member. See Exchange Rule 2620(a). Exchange Rule 2620(a) also outlines the process by which a Clearing Member shall affirm its responsibility for clearing any and all trades executed by the Equity Member designating it as its Clearing Firm, and provides that the rules of a Qualified Clearing Agency shall govern with respect to the clearance and settlement of any transactions executed by the Equity Member on the Exchange.

By way of background, Exchange Rule 2620(a) allows Clearing Members an opportunity to manage their risk of clearing on behalf of other Equity Members, if authorized to do so by the Equity Member trading on the Exchange. Such functionality is designed to help Clearing Members better monitor and manage the potential risks that they assume when clearing for Equity Members of the Exchange. An Equity Member may allocate or revoke the responsibility of establishing and adjusting the risk settings identified in paragraph(a)(2) of Exchange Rule 2618 to its Clearing Member in a manner prescribed by the Exchange. By allocating such responsibility, an Equity Member cedes all control and ability to establish and adjust such risk settings to its Clearing Member unless and until such responsibility is revoked by the Equity Member. Because the Equity Member is responsible for its own trading activity, the Exchange will not provide a Clearing Member authorization to establish and adjust risk settings on behalf of an Equity Member without first receiving consent from the Equity Member. The Exchange considers an Equity Member to have provided such consent if it allocates the responsibility to establish and adjust risk settings to its Clearing Member in a manner prescribed by the Exchange.

Exchange Rule 2618(a)(3) provides that either an Equity Member or its Clearing Member, if allocated such responsibility pursuant to Exchange Rule 2618(a)(4), may establish and adjust limits for the risk settings provided in Exchange Rule 2618(a)(2). An Equity Member or Clearing Member may establish and adjust limits for the risk settings in a manner prescribed by the Exchange. This includes use of the Exchange's online portal. The online portal page also provides a view of all applicable limits for each Equity Member, which will be made available to the Equity Member and its Clearing Member, as currently discussed in Exchange Rule 2618(a)(4). The proposed new risk settings would be incorporated into the Exchange's online portal.

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The Exchange does not guarantee that the risk settings in this proposal are sufficiently comprehensive to meet all of an Equity Member's risk management needs. Pursuant to Rule 15c3-5 under the Act,⁹ a broker-dealer with market access must perform appropriate due diligence to assure that controls are reasonably designed to be effective, and otherwise consistent with the rule.¹⁰ Use of the Exchange's risk settings included in Exchange Rule 2618 will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules remains with the Equity Member.

Implementation

Due to the technological changes associated with this proposed change, the Exchange will issue a trading alert publicly announcing the implementation date of the proposed enhancements to its risk settings set forth herein. The Exchange anticipates that the implementation date will be in the second or third quarter of 2023.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(5),¹² in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove

⁹ 17 CFR § 240.15c3-5.

¹⁰ See Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access, available at <https://www.sec.gov/divisions/marketreg/faq-15c-5-risk-management-controls-bd.htm>.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

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.

Specifically, the Exchange believes the proposed risk settings will remove impediments to and perfect the mechanism of a free and open market and a national market system because they provide additional functionality for an Equity Member to manage its risk. The Exchange notes that the proposed risk settings are entirely optional. The Exchange believes that the proposed risk settings under Exchange Rule 2618(a)(2) are designed to protect investors and the public interest because the proposed additional functionality is a form of risk mitigation that will aid Equity Members and Clearing Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events. In turn, the introduction of such risk management functionality could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system. The proposed rule change would provide an additional option for Equity Members seeking to further tailor their risk management capability while transacting on the Exchange.

The proposed Gross Notional Open and Trade Value and Net Notional Open and Trade Value risk settings under Exchange Rule 2618(a)(2) would further permit Equity Members and Clearing Members who have a financial interest in the risk settings of Equity Members to better monitor and manage their potential risks, including those assumed by Clearing Members, thereby providing Equity Members and Clearing Members with greater control and flexibility over setting their own risk tolerance and exposure. In addition, the proposed additional risk settings under Exchange Rule 2618(a)(2) could provide Clearing Members, who have assumed certain risks of Equity Members, greater control over risk tolerance and exposure on behalf of their correspondent Equity Members, if allocated responsibility pursuant to Exchange Rule 2618(a)(4), while also providing an alert system under Exchange Rule 2618(a)(5) that ensures

that both Equity Members and Clearing Members are aware of developing issues. As such, the Exchange believes that the proposed risk settings would provide additional means to address potentially market-impacting events, helping to ensure the proper functioning of the market. To the extent a Clearing Member might reasonably require an Equity Member to provide access to its risk settings as a prerequisite to continuing to clear trades on the Equity Member's behalf, the Exchange's sharing of those risk settings directly reduces the administrative burden on participants on the Exchange, including both Clearing Members and Equity Members. Moreover, providing Clearing Members with the ability to see the risk settings established for Equity Members for which they clear fosters efficiencies in the market and removes impediments to and perfects the mechanism of a free and open market and a national market system. The Exchange believes that the proposed new risk settings under Exchange Rule 2618(a)(2) are consistent with the Act, particularly Section 6(b)(5),¹³ because they would foster cooperation and coordination with persons engaged in facilitating transactions in securities and more generally, will protect investors and the public interest, by allowing Equity Members and Clearing Members to better monitor their risk exposure and by fostering efficiencies in the market and removing impediments to and perfect the mechanism of a free and open market and a national market system.

In addition, the proposed Gross Notional Open and Trade Value and Net Notional Open and Trade Value risk settings under proposed Exchange Rule 2618(a)(2)(E) and (F), respectively, are similar to the existing net and gross calculated controls under Exchange Rules 2618(a)(2)(A), (B), (C), and (D) and simply seeks to combine the features of each existing gross and net calculated risk settings into a single risk setting as described above. Proposed Gross

¹³ 15 U.S.C. 78f(b)(5).

Notional Open Value and Net Notional Open Value risk settings under proposed Exchange Rule 2618(a)(2)(E) and (F) are also reasonably designed to provide Equity Members and Clearing Members (if allocated responsibility pursuant to Exchange Rule 2618(a)(4)) additional opportunity to monitor and manage the potential risks of an execution that exceeds their certain risk appetite, as well as to provide Clearing Members with greater control over their risk tolerance and exposure on behalf of their correspondent Equity Members.

* * * * *

Finally, the Exchange believes that the proposed risk settings do not unfairly discriminate among the Exchange's Equity Members because use of the risk settings is optional and are not a prerequisite for participation on MIAX Pearl Equities. The proposed risk settings are completely voluntary and, as they relate solely to optional risk management functionality, no Equity Member is required or under any regulatory obligation to utilize them.

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 the proposal may have a positive effect on competition because it would provide Equity Members and their Clearing Members additional means to monitor and control risk, thereby potentially increasing confidence in the proper functioning of the markets and contribute to additional competition among trading venues and broker-dealers. Rather than impede competition, the proposal is designed to facilitate more robust risk management by Equity Members and Clearing Members, which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system. The proposal would impose no burden on intra-market competition because use of the proposed risk settings is optional and each risk setting is available to all Equity Members equally.

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 Act¹⁴ and Rule 19b-4(f)(6)¹⁵ 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:

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

- 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:to-rule-comments@sec.gov). Please include File Number SR-PEARL-2023-03 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-2023-03. 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-2023-03 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.¹⁶

Vanessa Countryman
Secretary

¹⁶ 17 CFR 200.30-3(a)(12).

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

MIAX PEARL, LLC Rules

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Rule 2618. Risk Settings and Trading Risk Metrics

(a) Risk Settings.

(1) (No change).

(2) MIAX Pearl Equities offers certain risk settings applicable to an Equity Member's activities on MIAX Pearl Equities that are available to either the Equity Member or to its Clearing Member, as defined in Rule 2620, as set forth below:

(A) – (D) (No change).

(E) The “Gross Notional Open and Trade Value” is a pre-established maximum daily dollar amount for purchases and sales, as well as open buy and sell orders across all symbols, where purchases, sales, open orders to buy, and open orders to sell are counted as positive values. For purposes of calculating the Gross Notional Open and Trade Value, executed and unexecuted orders are included.

(F) The “Net Notional Open and Trade Value” is a pre-established maximum daily dollar amount for purchases and sales, as well as open buy and sell orders across all symbols, where purchases and open orders to buy are counted as positive values, and sales and open orders to sell are counted as negative values. For purposes of calculating the Net Notional Open and Trade Value, executed and unexecuted orders are included.

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