Page 1 of * 33		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4			File No. * SR 2023 - * 48 Amendment No. (req. for Amendments *)			
Filing by MIAX	PEARL, LLC							
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934								
Initial * ✓	Amendment *	Withdrawal	Section 19(t	Section 19(b)	(3)(A) *	Section 19(b)(3)(B) *		
	Extension of Time Period for		\dashv	Rule				
Pilot	Commission Action *	Date Expires *		19b-4(f)(1) 19b-4(f)(2)	19b-4(f)(4) 19b-4(f)(5)	Submit with link to Prefiling or Request for Waiver option		
				19b-4(f)(3) ✓	19b-4(f)(6)			
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * Section 806(e)(2) * Security-Based Swap Submiss Securities Exchange Act of 19 Section 3C(b)(2) *					p Submission pu Act of 1934	ursuant to the		
Exhibit 2 Sent As Paper Document Exhibit 3 Sent As Paper Document								
Provide a brief description of the action (limit 250 characters, required when Initial is checked *). Proposal to permit individual firms with Users that access the Exchange through a direct connection and also access the Exchange through Sponsored Access to enable Self-Trade Protection modifiers at the firm level on the Exchange's equity trading platform.								
	formation name, telephone number, and e-mai respond to questions and comments		e staff of the self-r	egulatory organization				
First Name *	Chris	Last Name * So	lgan					
Title *	VP, Senior Counsel							
E-mail *	csolgan@miaxglobal.com							
Telephone *	(609) 423-9414	Fax						
	the requirements of the Securities Exised this filing to be signed on its bel			ed.				
Date	09/22/2023		(Title *)				
Ву	Katherine S. Comly	AVI	P, Associate Coun	sel				
	(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. **Catherine** Date: 2023.09.22** 14:00.46**-0400'*								

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

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

Form 19b-4 Information *						
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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View SR-PEARL-2023-48-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

Add Remove View SR-PEARL-2023-48 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.

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1. <u>Text of the Proposed Rule Change</u>

(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 to permit individual firms with Users³ that access the Exchange through a direct connection and also access the Exchange through Sponsored Access to enable Self-Trade Protection ("STP") modifiers at the firm level on the Exchange's equity trading platform (referred to herein as "MIAX Pearl Equities").⁴

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

- (b) Not applicable.
- (c) Not applicable.

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

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Pearl Board of Directors on 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The term "User" means any Member or sponsored participant who is authorized to obtain access to the System pursuant to Exchange Rule 2602. <u>See</u> Exchange Rule 1901.

This proposed rule change is based on recent proposed rule changes by other national securities exchanges that were filed for immediate effectiveness pursuant to Section 19(b)(3)(A)(iii) of the Act, 15 U.S.C. 78s(b)(3)(A)(iii), and Rule 19b-4(f)(6), 17 CFR 240.19b-4(f)(6), thereunder. See Securities Exchange Act Release Nos. 98021 (July 28, 2023), 88 FR 51386 (August 3, 2023) (SR-CboeEDGX-2023-049); 98020 (July 28, 2023), 88 FR 51361 (August 3, 2023) (SR-CboeEDGA-2023-013); 98019 (July 28, 2023), 88 FR 51379 (August 3, 2023) (SR-CboeBYX-2023-012); and 98022 (July 28, 2023), 88 FR 51383 (August 3, 2023) (SR-CboeBZX-2023-054).

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

a. Purpose

The Exchange proposes to amend Exchange Rule 2614(f) to permit individual firms with Users that access the Exchange through a direct connection and also access the Exchange through Sponsored Access⁵ to enable STP modifiers at the firm level on MIAX Pearl Equities, if they choose.

The Exchange offers optional anti-internalization functionality to Users in the form of STP modifiers that enable a User to prevent two of its orders from executing against each other. The Exchange offers the following four (4) STP modifiers to Equity Members: Cancel Newest, Cancel Oldest, Decrement and Cancel, and Cancel Both. An order marked with the Cancel Newest modifier will not execute against a contra-side order marked with any STP modifier originating from the same Unique Identifier (as currently defined) and the order with the most recent time stamp marked with the Cancel Newest modifier will be cancelled. The contra-side order with the older timestamp marked with an STP modifier will remain on the MIAX Pearl Equities Book.⁶ An order marked with the Cancel Oldest modifier will not execute against a contra-side order marked with any STP modifier originating from the same Unique Identifier and the order with the older time stamp marked with the STP modifier will be cancelled. The contra-

See Exchange Rule 210.

Exchange Rule 1901 defines the term "MIAX Pearl Equities Book" as "the electronic book of orders in equity securities maintained by the System."

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side order with the most recent timestamp marked with the STP modifier will remain on the MIAX Pearl Equities Book. An order marked with the Decrement and Cancel modifier will not execute against contra-side interest marked with any STP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be cancelled. If both orders are not equivalent in size, the equivalent size will be cancelled and the larger order will be decremented by the size of the smaller order, with the balance remaining on the MIAX Pearl Equities Book. Finally, an order marked with the Cancel Both modifier will not execute against contra-side interest marked with any STP modifier originating from the same Unique Identifier and the entire size of both orders will be cancelled.

Currently, Users can set the STP modifier to apply at the market participant identifier ("MPID"), Exchange Member⁷ identifier, trading group identifier, or Equity Member Affiliate identifier level (any such existing identifier, a "Unique Identifier").⁸ The STP modifier on the order with the most recent time stamp controls the interaction between two orders marked with STP modifiers. STP functionality assists market participants in reducing trading costs from unwanted executions potentially resulting from the interaction of executable buy and sell trading interest from the same firm.

The Exchange now proposes to amend Rule 2614(f) and enhance its existing STP functionality by introducing a fifth Unique Identifier, Multiple Access identifier, which will allow a User to prevent orders entered via its direct connection from interacting with the User's orders entered via Sponsored Access. Currently, STP is only available to individual

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

⁸ See Exchange Rule 2614(f).

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and affiliated⁹ Users. However, there are certain situations (discussed *infra*) in which an individual firm may access the Exchange through different methods (i.e., through a direct connection and through Sponsored Access) and therefore desires to enable STP in order to prevent orders submitted through its direct connection from interacting with those orders submitted through Sponsored Access.

The Multiple Access identifier is similar to the affiliate identifier that is already in place, as it will enable firms that currently enter orders on the Exchange under two different Unique Identifiers to assign the same Unique Identifier to orders entered via its direct connection and to orders entered via Sponsored Access. This will permit the firm to enable STP and prevent contra side orders from executing. While the affiliate identifier requires Users to prove that an affiliate relationship exists between the two Users, the proposed Multiple Access identifier will only require a User to demonstrate: (i) it maintains a Membership as an Equity Member on the Exchange through which it directly submits orders to the System; ¹⁰ and (ii) it also operates as a proposed participant and submits orders to the System through Sponsored Access. The proposed addition of the Multiple Access identifier does not present any new or novel STP functionality, but rather would extend existing STP functionality to firms that already access the

The term "affiliate" of or person "affiliated with" another person means a person who, directly, or indirectly, controls, is controlled by, or is under common control with, such other person. See Exchange Rule 100. The term "person" refers to a natural person, corporation, partnership (general or limited), limited liability company, association, joint stock company, trust, trustee of a trust fund, or any organized group of persons whether incorporated or not and a government or agency or political subdivision thereof.

Id. See also 17 CFR 230.405. An affiliate of, or person affiliated with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.

The term "System" is the automated trading system used by the Exchange for the trading of securities. <u>See</u> Exchange Rule 100.

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Exchange through multiple formats and therefore have different Unique Identifiers appended to their orders.¹¹

There are situations where an individual firm would choose to submit orders to the Exchange through different mechanisms. For instance, a firm may employ different trading strategies across different trading desks and choose to send orders for one strategy to the Exchange through a direct connection while the other strategy is sent through Sponsored Access. The proposed functionality would serve as an additional tool that Users may enable in order to assist with compliance with the various securities laws relating to potentially manipulative trading activity such as wash sales ¹² and self-trades. ¹³ Additionally, the proposed functionality would provide firms an additional solution to manage order flow by preventing undesirable executions where the firm submits orders in multiple formats (i.e., direct connection or Sponsored Access). As is the case with the existing risk tools, Users, and not the Exchange, have full responsibility for ensuring that their orders comply with applicable securities rules, laws, and regulations. Furthermore, as is the case with the existing risk settings, the Exchange does not believe that the use of the proposed STP functionality can replace User-managed risk management solutions.

The Exchange is proposing to allow firms that submit orders to the Exchange through both a direct connection and through Sponsored Access to utilize STP by utilizing the Multiple

See also supra note 4.

A "wash sale" is generally defined as a trade involving no change in beneficial ownership that is intended to produce the false appearance of trading and is strictly prohibited under both the federal securities laws and FINRA rules. See, e.g., 15 U.S.C 78i(a)(1); FINRA Rule 6140(b) ("Other Trading Practices").

Self-trades are "transactions in a security resulting from the unintentional interaction of orders originating from the same firm that involve no change in beneficial ownership of the security." FINRA requires members to have policies and procedures in place that are reasonably designed to review trading activity for, and prevent, a pattern or practice of self-trades resulting from orders originating from a single algorithm or trading desk, or related algorithms or trading desks. <u>See</u> FINRA Rule 5210, Supplementary Material .02.

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Access identifier. ¹⁴ Specifically, the Exchange is proposing to allow individual firms who choose to access the System through both a direct connection and through Sponsored Access to use STP functionality in order to prevent executions from occurring between those separate Users that are associated with the direct connection and Sponsored Access. When a firm requests STP using the Multiple Access identifier and the Exchange confirms that the individual firm is both a Member that accesses the Exchange through a direct connection and maintains a sponsored participant relationship on the Exchange, the Exchange will assign an identical Multiple Access identifier to each User. This Multiple Access identifier will be used to prevent executions between contra side orders entered by the Users assigned the same Multiple Access identifier. The purpose of this proposed change is to extend STP functionality to separate Users originating from the same individual firm in order to prevent transactions between the firm's orders submitted directly to the System and through Sponsored Access.

The Exchange includes the below examples to demonstrate how STP will operate with the proposed Multiple Access identifier. For all examples below, User A represents Firm 1 accessing the System through a direct connection. User B also represents Firm 1 but where Firm 1 is accessing the System as a sponsored participant through a Sponsoring Member. User A and User B will use a Multiple Access identifier of "A" when requesting STP at the Multiple Access level, as both Users submit Firm 1's orders to the System. User C is not related to Users A and B and uses a Multiple Access identifier of "C".

Multiple Access Level STP

The Exchange will require firms requesting to use the Multiple Access identifier to complete an affidavit stating: (i) it is currently an Equity Member of the Exchange that submits orders directly to the System, and (ii) it also submits orders to the System through a Sponsored Access arrangement.

See Exchange Rules 210 and 2602.

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Scenario 1: User A submits a buy order. User B submits a sell order. User C also submits a sell order. User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User B has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User C has not enabled STP. User A's buy order is prevented from executing with User B's sell order as each User has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User A's buy order will be permitted to execute with User C's sell order because User C has not enabled STP, depending on which STP modifier has been chosen by User A.

Scenario 2: User A submits a buy order. User B submits a sell order. User C also submits a sell order. User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User B has not enabled STP. User C has enabled STP at the Multiple Access level using a Multiple Access identifier of C. User A's order will be eligible to trade with both User B and User C. User A's order is eligible to trade with User B because User B did not enable STP. In order for STP to prevent the matching of contra side orders, both the buy and sell order must contain an STP modifier. User A's order is also eligible to trade with User C because even though User A and User C have both enabled STP at the Multiple Access level, User A and User C have different Multiple Access identifiers.

Scenario 3: User A submits a buy order and a sell order. User B submits a buy order.

User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A.

User B has enabled STP at the Multiple Access level using a Multiple Access identifier of A.

User A's buy order is not eligible to execute with User A's sell order because User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User A's sell order is not eligible to execute with User B's buy order because both User A and User B have

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enabled STP at the Multiple Access level using a Multiple Access identifier of A.

Scenario 4: User A submits a buy order and a sell order. User B submits a sell order. User C submits a sell order. User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User B has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User C has enabled STP at the Multiple Access level using a Multiple Access identifier of C. User A's buy order is not eligible to execute with User A's sell order because User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User A's buy order is not eligible to execute with User B's sell order because both User A and User B have enabled STP at the Multiple Access level using a Multiple Access identifier of A. User A's buy order is eligible to execute with User C's sell order because while User A and User C have enabled STP at the Multiple Access level, User A and User C have been assigned different Multiple Access identifiers.

This proposed rule change is designed to provide additional flexibility to Equity

Members in how they implement self-trade prevention, and thereby better manage their order
flow and prevent undesirable executions or the potential for "wash sales" that may occur as a
result of the speed of trading in today's marketplace. Based on informal discussions with

Equity Members, the Exchange believes that the proposed amendments will be useful to

Equity Members in implementing their own compliance controls. Furthermore, the
additional STP functionality may assist Members in complying with certain rules and
regulations of the Employee Retirement Income Security Act ("ERISA") that preclude
and/or limit managing broker-dealers of such accounts from trading as principal with orders
generated for those accounts.

The Exchange notes that, as with the current anti-internalization functionality offered

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by the Exchange, use of the proposed new Multiple Access identifier STP grouping will not alleviate, or otherwise exempt, Equity Members from their best execution obligations. As such, Equity Members and their Affiliates using STP will continue to be obligated to take appropriate steps to ensure customer orders which were prevented from execution due to anti-internalization ultimately receive the same price, or a better price, than they would have received had execution of the orders not been inhibited by anti-internalization. Further, as with current rule provisions, Market Makers and other Users may not use STP functionality to evade the firm quote obligation, as specified in Exchange Rule 2606(b), and the STP functionality must be used in a manner consistent with just and equitable principles of trade. For these reasons, the Exchange believes the proposed new Equity Member Affiliate level of STP grouping offers Equity Members enhanced order processing functionality that may prevent potentially undesirable executions without negatively impacting broker-dealer best execution obligations.

<u>Implementation</u>

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 the fourth quarter of 2023.

b. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹⁷ in general, and furthers the objectives of Section 6(b)(5),¹⁸ in particular, because it is designed to prevent

See Exchange Rule 2100.

¹⁵ U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

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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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because allowing Users that access the Exchange through a direct connection and also access the Exchange through Sponsored Access to be part of the same STP group will provide Equity Members with additional flexibility with respect to how they implement self-trade protections provided by the Exchange that may better support their trading strategies and compliance controls. Equity Members that prefer the current anti-internalization groupings offered by the Exchange can continue to use them without any modification.

In particular, the Exchange believes that the proposed Multiple Access level STP functionality promotes just and equitable principles of trade by allowing individual firms to better manage order flow and prevent undesirable trading activity such as wash sales or self-trades that may occur as a result of the velocity of trading in today's high-speed marketplace. The proposed Multiple Access identifier and description of eligibility to utilize the proposed Multiple Access identifier does not introduce any new or novel functionality, as the proposed amendment

¹⁹

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does not seek to change the underlying STP functionality, but merely extends the current STP functionality to another trading relationship. For instance, a User may operate trading desk 1 that accesses the Exchange via the User's direct connection, as well as trading desk 2 that accesses the Exchange as a sponsored participant. While these desks may operate different trading strategies, a User may desire to prevent these desks from trading versus each other in the marketplace because the orders are originating from the same entity. Here, Users may desire STP functionality on a Multiple Access level that will help them avoid unintended executions to achieve compliance²⁰ with regulatory rules regarding wash sales and self-trades in a very similar manner to the way that the current STP functionality applies on the existing Unique Identifier level. In this regard, the proposed Multiple Access level STP functionality will permit individual firms associated with different Users for purposes of submitting orders to the Exchange in a different manner to prevent the execution of transactions by and between the Users. The Exchange also believes that the proposed rule change is fair and equitable and is not designed to permit unfair discrimination as use of the proposed STP functionality is available to all Users that meet the criteria and is optional, and its use is not a prerequisite for trading on the Exchange.

Finally, the Exchange notes other equity exchanges recently amended their rules to allow similar groupings for their own anti-internalization functionality.²¹ Consequently, the Exchange does not believe that the proposed rule change raises any new or novel issues not already considered by the Commission.

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

The Exchange reminds Users that while they may utilize STP to help prevent potential transactions such as wash sales or self-trades, Users, not the Exchange, are ultimately responsible for ensuring that their orders comply with applicable rules, laws, and regulations.

See supra note 4.

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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. STP is an optional functionality offered by the Exchange and Users are free to decide whether to use STP in their decision-making process when submitting orders to the Exchange.

The Exchange believes that the proposed Multiple Access identifier does not impose any burden on intramarket competition as it seeks to enhance an existing functionality available to all Users. The Exchange is not proposing to introduce any new or novel functionality, but rather is proposing to provide an extension of its existing STP functionality to individual firms who choose to access the System through both a direct connection and through Sponsored Access. Additionally, the proposed rule specifies which Users are eligible to use the Multiple Access identifier and will be available to any User who satisfies such criteria. STP will continue to be an optional functionality offered by the Exchange and the addition of Multiple Access level STP will not change how the current Unique Identifiers and STP functionality operate.

The Exchange believes that the proposed Multiple Access identifier does not impose any undue burden on intermarket competition. STP is an optional functionality offered by the Exchange and Users are not required to use STP functionality when submitting orders to the Exchange. Further, the Exchange is not required to offer STP and is choosing to do so as a benefit for Users who wish to enable STP functionality. Moreover, the proposed change is not being submitted for competitive reasons, but rather to provide Users enhanced order processing functionality that may prevent undesirable executions by affiliated Users such as wash sales or self-trades. Nonetheless, the proposed rule change would also improve the Exchange's ability to compete with other exchanges that recently amended their rules to allow Multiple Access

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identifier grouping for their own anti-internalization functionality.²²

5. <u>Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others</u>

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. <u>Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated</u> Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A) of the Act²³ and Rule 19b-4(f)(6)²⁴ 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 does not significantly affect the protection of investors or the public interest because, as discussed above, the addition of the proposed Multiple Access identifier will not change how existing STP functionality on the Exchange operates. Users who currently choose to enable STP using one of the existing Unique Identifiers in Rule 2614(f) will continue to be able to prevent the matching and execution of contra side orders in order to better manage order flow and assist with preventing undesirable executions such as wash sales and self-trades. The addition of the proposed Multiple Access identifier will

See id.

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(6).

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extend STP functionality to individual firms that choose to access the System through direct connections and through Sponsored Access in order to prevent the execution of transactions by and between those Users who have a firm-level relationship. STP will continue to be an optional functionality offered by the Exchange and Users will not be required to enable STP when submitting orders to the Exchange. Furthermore, as discussed above, several other exchanges recently amended their rules to allow affiliate grouping for their own anti-internalization functionality. Thus, the Exchange does not believe that the proposed changes raise any new or novel material issues that have not already been considered by the Commission in connection with the existing anti-internalization functionality offered by the Exchange. 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. <u>Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission</u>

The proposed rule change to Exchange Rule 2614(f) is based on EDGA and EDGX Rule 11.10(d) and BYX and BZX Rule 11.9(f).²⁶

9. <u>Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act</u>
Not applicable.

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

See supra note 4.

²⁶ Id.

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Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the <u>Federal Register</u>.

5. Text of proposed rule change.

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EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION (Release No. 34- ; File No. SR-PEARL-2023-48)

September, 2023

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX PEARL, LLC to Amend Exchange Rule 2614(f) to Allow Self-Trade Protection Between Users that Access the Exchange with Both a Direct Connection and Sponsored Access

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 September____2023, MIAX PEARL, LLC ("MIAX Pearl" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Exchange Rule 2614(f) to permit individual firms with Users³ that access the Exchange through a direct connection and also access the Exchange through Sponsored Access to enable Self-Trade Protection ("STP") modifiers at the firm level on the Exchange's equity trading platform (referred to herein as "MIAX Pearl Equities").⁴

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The term "User" means any Member or sponsored participant who is authorized to obtain access to the System pursuant to Exchange Rule 2602. See Exchange Rule 1901.

This proposed rule change is based on recent proposed rule changes by other national securities exchanges that were filed for immediate effectiveness pursuant to Section 19(b)(3)(A)(iii) of the Act, 15 U.S.C. 78s(b)(3)(A)(iii), and Rule 19b-4(f)(6), 17 CFR 240.19b-4(f)(6), thereunder. See Securities Exchange Act Release Nos. 98021 (July 28, 2023), 88 FR 51386 (August 3, 2023) (SR-CboeEDGX-2023-049); 98020 (July 28, 2023), 88 FR 51361 (August 3, 2023) (SR-CboeEDGA-2023-013); 98019 (July 28, 2023), 88 FR 51379 (August 3, 2023) (SR-CboeBYX-2023-012); and 98022 (July 28, 2023), 88 FR 51383 (August 3, 2023) (SR-CboeBZX-2023-054).

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The text of the proposed rule change is available on the Exchange's website at https://www.miaxglobal.com/markets/us-equities/pearl-equities/rule-filings, at MIAX Pearl's principal office, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

The Exchange proposes to amend Exchange Rule 2614(f) to permit individual firms with Users that access the Exchange through a direct connection and also access the Exchange through Sponsored Access⁵ to enable STP modifiers at the firm level on MIAX Pearl Equities, if they choose.

The Exchange offers optional anti-internalization functionality to Users in the form of STP modifiers that enable a User to prevent two of its orders from executing against each other. The Exchange offers the following four (4) STP modifiers to Equity Members: Cancel Newest, Cancel Oldest, Decrement and Cancel, and Cancel Both. An order marked with the Cancel Newest modifier will not execute against a contra-side order marked with any STP modifier originating from the same Unique Identifier (as currently defined) and the order with the most

See Exchange Rule 210.

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recent time stamp marked with the Cancel Newest modifier will be cancelled. The contra-side order with the older timestamp marked with an STP modifier will remain on the MIAX Pearl Equities Book. An order marked with the Cancel Oldest modifier will not execute against a contra-side order marked with any STP modifier originating from the same Unique Identifier and the order with the older time stamp marked with the STP modifier will be cancelled. The contraside order with the most recent timestamp marked with the STP modifier will remain on the MIAX Pearl Equities Book. An order marked with the Decrement and Cancel modifier will not execute against contra-side interest marked with any STP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be cancelled. If both orders are not equivalent in size, the equivalent size will be cancelled and the larger order will be decremented by the size of the smaller order, with the balance remaining on the MIAX Pearl Equities Book. Finally, an order marked with the Cancel Both modifier will not execute against contra-side interest marked with any STP modifier originating from the same Unique Identifier and the entire size of both orders will be cancelled.

Currently, Users can set the STP modifier to apply at the market participant identifier ("MPID"), Exchange Member⁷ identifier, trading group identifier, or Equity Member Affiliate identifier level (any such existing identifier, a "Unique Identifier").⁸ The STP modifier on the order with the most recent time stamp controls the interaction between two orders marked with STP modifiers. STP functionality assists market participants in reducing trading costs from unwanted executions potentially resulting from the interaction of executable buy and

Exchange Rule 1901 defines the term "MIAX Pearl Equities Book" as "the electronic book of orders in equity securities maintained by the System."

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

⁸ See Exchange Rule 2614(f).

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sell trading interest from the same firm.

The Exchange now proposes to amend Rule 2614(f) and enhance its existing STP functionality by introducing a fifth Unique Identifier, Multiple Access identifier, which will allow a User to prevent orders entered via its direct connection from interacting with the User's orders entered via Sponsored Access. Currently, STP is only available to individual and affiliated Users. However, there are certain situations (discussed *infra*) in which an individual firm may access the Exchange through different methods (i.e., through a direct connection and through Sponsored Access) and therefore desires to enable STP in order to prevent orders submitted through its direct connection from interacting with those orders submitted through Sponsored Access.

The Multiple Access identifier is similar to the affiliate identifier that is already in place, as it will enable firms that currently enter orders on the Exchange under two different Unique Identifiers to assign the same Unique Identifier to orders entered via its direct connection and to orders entered via Sponsored Access. This will permit the firm to enable STP and prevent contra side orders from executing. While the affiliate identifier requires Users to prove that an affiliate relationship exists between the two Users, the proposed Multiple Access identifier will only require a User to demonstrate: (i) it maintains a Membership as an Equity Member on the Exchange through which it directly submits orders to the System; ¹⁰ and (ii) it also operates as a

The term "affiliate" of or person "affiliated with" another person means a person who, directly, or indirectly, controls, is controlled by, or is under common control with, such other person. See Exchange Rule 100. The term "person" refers to a natural person, corporation, partnership (general or limited), limited liability company, association, joint stock company, trust, trustee of a trust fund, or any organized group of persons whether incorporated or not and a government or agency or political subdivision thereof.

Id. See also 17 CFR 230.405. An affiliate of, or person affiliated with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.

The term "System" is the automated trading system used by the Exchange for the trading of securities. <u>See</u> Exchange Rule 100.

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pponsored participant and submits orders to the System through Sponsored Access. The proposed addition of the Multiple Access identifier does not present any new or novel STP functionality, but rather would extend existing STP functionality to firms that already access the Exchange through multiple formats and therefore have different Unique Identifiers appended to their orders.¹¹

There are situations where an individual firm would choose to submit orders to the Exchange through different mechanisms. For instance, a firm may employ different trading strategies across different trading desks and choose to send orders for one strategy to the Exchange through a direct connection while the other strategy is sent through Sponsored Access. The proposed functionality would serve as an additional tool that Users may enable in order to assist with compliance with the various securities laws relating to potentially manipulative trading activity such as wash sales ¹² and self-trades. ¹³ Additionally, the proposed functionality would provide firms an additional solution to manage order flow by preventing undesirable executions where the firm submits orders in multiple formats (i.e., direct connection or Sponsored Access). As is the case with the existing risk tools, Users, and not the Exchange, have full responsibility for ensuring that their orders comply with applicable securities rules, laws, and regulations. Furthermore, as is the case with the existing risk settings, the Exchange does not believe that the use of the proposed STP functionality can replace User-managed risk

See also supra note 4.

A "wash sale" is generally defined as a trade involving no change in beneficial ownership that is intended to produce the false appearance of trading and is strictly prohibited under both the federal securities laws and FINRA rules. See, e.g., 15 U.S.C 78i(a)(1); FINRA Rule 6140(b) ("Other Trading Practices").

Self-trades are "transactions in a security resulting from the unintentional interaction of orders originating from the same firm that involve no change in beneficial ownership of the security." FINRA requires members to have policies and procedures in place that are reasonably designed to review trading activity for, and prevent, a pattern or practice of self-trades resulting from orders originating from a single algorithm or trading desk, or related algorithms or trading desks. <u>See</u> FINRA Rule 5210, Supplementary Material .02.

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management solutions.

The Exchange is proposing to allow firms that submit orders to the Exchange through both a direct connection and through Sponsored Access to utilize STP by utilizing the Multiple Access identifier. 14 Specifically, the Exchange is proposing to allow individual firms who choose to access the System through both a direct connection and through Sponsored Access to use STP functionality in order to prevent executions from occurring between those separate Users that are associated with the direct connection and Sponsored Access. When a firm requests STP using the Multiple Access identifier and the Exchange confirms that the individual firm is both a Member that accesses the Exchange through a direct connection and maintains a sponsored participant relationship on the Exchange, the Exchange will assign an identical Multiple Access identifier to each User. This Multiple Access identifier will be used to prevent executions between contra side orders entered by the Users assigned the same Multiple Access identifier. The purpose of this proposed change is to extend STP functionality to separate Users originating from the same individual firm in order to prevent transactions between the firm's orders submitted directly to the System and through Sponsored Access.

The Exchange includes the below examples to demonstrate how STP will operate with the proposed Multiple Access identifier. For all examples below, User A represents Firm 1 accessing the System through a direct connection. User B also represents Firm 1 but where Firm 1 is accessing the System as a sponsored participant through a Sponsoring Member. ¹⁵ User A and User B will use a Multiple Access identifier of "A" when requesting STP at the Multiple Access level, as both Users submit Firm 1's orders to the System. User C is not related to Users

The Exchange will require firms requesting to use the Multiple Access identifier to complete an affidavit stating: (i) it is currently an Equity Member of the Exchange that submits orders directly to the System, and (ii) it also submits orders to the System through a Sponsored Access arrangement.

¹⁵ See Exchange Rules 210 and 2602.

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A and B and uses a Multiple Access identifier of "C".

Multiple Access Level STP

Scenario 1: User A submits a buy order. User B submits a sell order. User C also submits a sell order. User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User B has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User C has not enabled STP. User A's buy order is prevented from executing with User B's sell order as each User has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User A's buy order will be permitted to execute with User C's sell order because User C has not enabled STP, depending on which STP modifier has been chosen by User A.

Scenario 2: User A submits a buy order. User B submits a sell order. User C also submits a sell order. User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User B has not enabled STP. User C has enabled STP at the Multiple Access level using a Multiple Access identifier of C. User A's order will be eligible to trade with both User B and User C. User A's order is eligible to trade with User B because User B did not enable STP. In order for STP to prevent the matching of contra side orders, both the buy and sell order must contain an STP modifier. User A's order is also eligible to trade with User C because even though User A and User C have both enabled STP at the Multiple Access level, User A and User C have different Multiple Access identifiers.

Scenario 3: User A submits a buy order and a sell order. User B submits a buy order.

User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A.

User B has enabled STP at the Multiple Access level using a Multiple Access identifier of A.

User A's buy order is not eligible to execute with User A's sell order because User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User A's sell

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order is not eligible to execute with User B's buy order because both User A and User B have enabled STP at the Multiple Access level using a Multiple Access identifier of A.

Scenario 4: User A submits a buy order and a sell order. User B submits a sell order. User C submits a sell order. User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User B has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User C has enabled STP at the Multiple Access level using a Multiple Access identifier of C. User A's buy order is not eligible to execute with User A's sell order because User A has enabled STP at the Multiple Access level using a Multiple Access identifier of A. User A's buy order is not eligible to execute with User B's sell order because both User A and User B have enabled STP at the Multiple Access level using a Multiple Access identifier of A. User A's buy order is eligible to execute with User C's sell order because while User A and User C have enabled STP at the Multiple Access level, User A and User C have been assigned different Multiple Access identifiers.

This proposed rule change is designed to provide additional flexibility to Equity Members in how they implement self-trade prevention, and thereby better manage their order flow and prevent undesirable executions or the potential for "wash sales" that may occur as a result of the speed of trading in today's marketplace. Based on informal discussions with Equity Members, the Exchange believes that the proposed amendments will be useful to Equity Members in implementing their own compliance controls. Furthermore, the additional STP functionality may assist Members in complying with certain rules and regulations of the Employee Retirement Income Security Act ("ERISA") that preclude and/or limit managing broker-dealers of such accounts from trading as principal with orders generated for those accounts.

The Exchange notes that, as with the current anti-internalization functionality offered

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by the Exchange, use of the proposed new Multiple Access identifier STP grouping will not alleviate, or otherwise exempt, Equity Members from their best execution obligations. As such, Equity Members and their Affiliates using STP will continue to be obligated to take appropriate steps to ensure customer orders which were prevented from execution due to anti-internalization ultimately receive the same price, or a better price, than they would have received had execution of the orders not been inhibited by anti-internalization. Further, as with current rule provisions, Market Makers and other Users may not use STP functionality to evade the firm quote obligation, as specified in Exchange Rule 2606(b), and the STP functionality must be used in a manner consistent with just and equitable principles of trade. For these reasons, the Exchange believes the proposed new Equity Member Affiliate level of STP grouping offers Equity Members enhanced order processing functionality that may prevent potentially undesirable executions without negatively impacting broker-dealer best execution obligations.

<u>Implementation</u>

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 the fourth quarter of 2023.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹⁷ in general, and furthers the objectives of Section 6(b)(5),¹⁸ in particular, because it is designed to prevent

See Exchange Rule 2100.

¹⁵ U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

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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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because allowing Users that access the Exchange through a direct connection and also access the Exchange through Sponsored Access to be part of the same STP group will provide Equity Members with additional flexibility with respect to how they implement self-trade protections provided by the Exchange that may better support their trading strategies and compliance controls. Equity Members that prefer the current anti-internalization groupings offered by the Exchange can continue to use them without any modification.

In particular, the Exchange believes that the proposed Multiple Access level STP functionality promotes just and equitable principles of trade by allowing individual firms to better manage order flow and prevent undesirable trading activity such as wash sales or self-trades that may occur as a result of the velocity of trading in today's high-speed marketplace. The proposed Multiple Access identifier and description of eligibility to utilize the proposed Multiple Access identifier does not introduce any new or novel functionality, as the proposed

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amendment does not seek to change the underlying STP functionality, but merely extends the current STP functionality to another trading relationship. For instance, a User may operate trading desk 1 that accesses the Exchange via the User's direct connection, as well as trading desk 2 that accesses the Exchange as a sponsored participant. While these desks may operate different trading strategies, a User may desire to prevent these desks from trading versus each other in the marketplace because the orders are originating from the same entity. Here, Users may desire STP functionality on a Multiple Access level that will help them avoid unintended executions to achieve compliance²⁰ with regulatory rules regarding wash sales and self-trades in a very similar manner to the way that the current STP functionality applies on the existing Unique Identifier level. In this regard, the proposed Multiple Access level STP functionality will permit individual firms associated with different Users for purposes of submitting orders to the Exchange in a different manner to prevent the execution of transactions by and between the Users. The Exchange also believes that the proposed rule change is fair and equitable and is not designed to permit unfair discrimination as use of the proposed STP functionality is available to all Users that meet the criteria and is optional, and its use is not a prerequisite for trading on the Exchange.

Finally, the Exchange notes other equity exchanges recently amended their rules to allow similar groupings for their own anti-internalization functionality.²¹ Consequently, the Exchange does not believe that the proposed rule change raises any new or novel issues not already considered by the Commission.

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

The Exchange reminds Users that while they may utilize STP to help prevent potential transactions such as wash sales or self-trades, Users, not the Exchange, are ultimately responsible for ensuring that their orders comply with applicable rules, laws, and regulations.

See supra note 4.

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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. STP is an optional functionality offered by the Exchange and Users are free to decide whether to use STP in their decision-making process when submitting orders to the Exchange.

The Exchange believes that the proposed Multiple Access identifier does not impose any burden on intramarket competition as it seeks to enhance an existing functionality available to all Users. The Exchange is not proposing to introduce any new or novel functionality, but rather is proposing to provide an extension of its existing STP functionality to individual firms who choose to access the System through both a direct connection and through Sponsored Access. Additionally, the proposed rule specifies which Users are eligible to use the Multiple Access identifier and will be available to any User who satisfies such criteria. STP will continue to be an optional functionality offered by the Exchange and the addition of Multiple Access level STP will not change how the current Unique Identifiers and STP functionality operate.

The Exchange believes that the proposed Multiple Access identifier does not impose any undue burden on intermarket competition. STP is an optional functionality offered by the Exchange and Users are not required to use STP functionality when submitting orders to the Exchange. Further, the Exchange is not required to offer STP and is choosing to do so as a benefit for Users who wish to enable STP functionality. Moreover, the proposed change is not being submitted for competitive reasons, but rather to provide Users enhanced order processing functionality that may prevent undesirable executions by affiliated Users such as wash sales or self-trades. Nonetheless, the proposed rule change would also improve the Exchange's ability to compete with other exchanges that recently amended their rules to allow Multiple Access

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identifier grouping for their own anti-internalization functionality.²²

C. <u>Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others</u>

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act^{23} and Rule $19b-4(f)(6)^{24}$ 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:

See id.

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 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.

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Electronic comments:

□ Use the Commission's Internet comment form (https://www.sec.gov/rules/sro.shtml);
 or
 □ Send an e-mail to rule-comments@sec.gov. Please include File Number SR-PEARL-2023-48 on the subject line.

Paper comments:

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

All submissions should refer to file number SR-PEARL-2023-48. This file number should be included on the subject line if email 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 website (https://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-2023-48 and should be

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submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Sherry R. Haywood,

Assistant Secretary

²⁵ 17 CFR 200.30-3(a)(12).

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New text is <u>underlined</u>; Deleted text is in [brackets]

MIAX PEARL, LLC Rules

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Rule 2614. Orders and Order Instructions

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(a) - (e) (No change).

(f) **Self-Trade Protection ("STP") Modifiers**. Any order designated with an STP modifier will be prevented from executing against a contra-side order also designated with an STP modifier and originating from the same MPID, Exchange Member identifier, trading group identifier, [or] Equity Member Affiliate identifier, or <u>Multiple Access identifier</u> (any such identifier, a "Unique Identifier"). For purposes of this rule, the term "Equity Member Affiliate" shall mean an Equity Member that is affiliated with another Equity Member pursuant to Exchange Rule 100. <u>The Multiple Access identifier</u> is available to Users that demonstrate: (i) the User maintains a <u>Membership as an Equity Member on the Exchange through which it directly submits orders to the System; and (ii) the User also operates as a Sponsored Participant and submits orders to the <u>System through Sponsored Access</u>. The STP modifier on the order with the most recent timestamp controls the interaction between two orders marked with STP modifiers.</u>

(1) – (4) (No change).

* * * * *