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

File No. * SR 2023 - * 65

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"/>
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Rule

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

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

Section 806(e)(1) *

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Section 806(e)(2) *

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

Section 3C(b)(2) *

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Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

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Description

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

Amend the Fee Schedule to amend the fees for Purge Ports.

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@miaxglobal.com		
Telephone *	(609) 423-9414	Fax	

Signature

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

Date 11/22/2023

(Title *)

By Tanya Kitaigorovski

(Name *)

AVP, Associate Counsel

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.

Date: 2023.11.22
Tanya Kitaigorovski

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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SR-PEARL-2023-65 19b4.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-2023-65 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.

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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.

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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-2023-65- 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 Proposed Rule Change

(a) MIAX PEARL, LLC (“MIAX Pearl” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend the MIAX Pearl Options Exchange Fee Schedule (the “Fee Schedule”) to amend fees for MIAX Express Network (“MEO”)³ Purge Ports (“Purge Ports”).⁴

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange or his designee pursuant to authority delegated by the 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 by the Exchange is necessary for the filing of the proposed rule change.

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

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 “MEO Interface” or “MEO” means a binary order interface for certain order types as set forth in Rule 516 into the MIAX Pearl System. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁴ The proposed fee change is based on a recent proposal by Nasdaq Phlx LLC (“Phlx”) to adopt fees for purge ports. See Securities Exchange Act Release No. 97825 (June 30, 2023), 88 FR 43405 (July 7, 2023) (SR-Phlx-2023-28).

a. Purpose

The Exchange is proposing to amend the fees for Purge Ports, which is a function enabling the Exchange's two types of Members⁵, Market Makers⁶ and Electronic Exchange Members⁷ ("EEMs"), to cancel all open orders or a subset of open orders through a single cancel message. The Exchange currently provides Members the option to purchase Purge Ports to assist in their quoting activity. Purge Ports provide Members with the ability to send purge messages to the Exchange System.⁸ Purge Ports are not capable of sending or receiving any other type of messages or information. The use of Purge Ports is completely optional and no rule or regulation requires that a Market Maker utilize them.

The Exchange initially filed the proposal on September 29, 2023 (SR-PEARL-2023-52) (the "Initial Proposal").⁹ On November 22, 2023, the Exchange withdrew the Initial Proposal and replaced it with this filing.

Unlike other options exchanges that charge fees for Purge Ports on a per port basis,¹⁰ the

⁵ The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of Exchange Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed "members" under the Exchange Act. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁶ The term "Market Maker" or "MM" means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange Rules. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁷ The term "Electronic Exchange Member" or "EEM" means the holder of a Trading Permit who is a Member representing as agent Public Customer Orders or Non-Customer Orders on the Exchange and those non-Market Maker Members conducting proprietary trading. Electronic Exchange Members are deemed "members" under the Exchange Act. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁸ The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁹ See Securities Exchange Act Release No. 98733 (October 12, 2023), 88 FR 71907 (October 18, 2023) (SR-PEARL-2023-52).

¹⁰ See Cboe BXZ Exchange, Inc. ("BXZ") Options Fee Schedule, Options Logical Port Fees, Purge Ports (\$750 per purge port per month); Cboe EDGX Exchange, Inc. ("EDGX") Options Fee Schedule, Options Logical Port Fees, Purge Ports (\$750 per purge port per month); Cboe Exchange, Inc. ("Cboe") Fee Schedule (\$850 per purge port per month). See also Nasdaq GEMX, Options 7, Pricing Schedule, Section

Exchange assesses a flat fee of \$750 per month, regardless of the number of Purge Ports utilized by a Market Maker. Currently, a Market Maker may request and be allocated two (2) Purge Ports per Matching Engine¹¹ to which it connects and not all Members connect to all of the Exchange's Matching Engines.

The Exchange now proposes to amend the fee for Purge Ports to align more closely with other exchanges who charge on a per port basis by providing two (2) Purge Ports per Matching Engine for a monthly flat fee of \$600 per month per Matching Engine. The only difference with a per port structure is that Members receive two (2) Purge Ports per Matching Engine for the same proposed monthly fee, rather than being charged a separate fee for each Purge Port. The Exchange proposes to charge the proposed fee for Purge Ports per Matching Engine, instead on a per Purge Port basis, due to its System architecture which provides two (2) Purge Ports per Matching Engine for redundancy purposes. In addition, the proposed fee is lower than the comparable fee charged by competing exchanges that also charge on a per port basis, notwithstanding that the Exchange is providing up to two (2) Purge Ports for that same lower fee.¹²

Similar to a per port charge, Members are able to select the Matching Engines that they

6.C.(3). Nasdaq GEMX, LLC ("Nasdaq GEMX") assesses its members \$1,250 per SQF Purge Port per month, subject to a monthly cap of \$17,500 for SQF Purge Ports and SQF Ports, applicable to market makers. See also Securities Exchange Act Release No. 97825 (June 30, 2023), 88 FR 43405 (July 7, 2023) (SR-Phlx-2023-28).

¹¹ A Matching Engine is a part of the Exchange's electronic system that processes options quotes and trades on a symbol-by- symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one single matching engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines.

¹² See supra note 10.

want to connect to,¹³ based on the business needs of each Market Maker, and pay the applicable fee based on the number of Matching Engines and ports utilized. The Exchange believes that the proposed fee provides Members with flexibility to control their Purge Port costs based on the number of Matching Engines each Market Maker elects to connect to based on each Market Maker's business needs.

* * * * *

A logical port represents a port established by the Exchange within the Exchange's System for trading and billing purposes. Each logical port grants a Member the ability to accomplish a specific function, such as order entry, order cancellation, access to execution reports, and other administrative information.

Purge Ports are designed to assist Members¹⁴ in the management of, and risk control over, their orders, particularly if the firm is dealing with a large number of securities. For example, if a Market Maker detects market indications that may influence the execution potential of their orders, the Market Maker may use Purge Ports to reduce uncertainty and to manage risk by purging all orders in a number of securities. This allows Members to seamlessly avoid unintended executions, while continuing to evaluate the market, their positions, and their risk levels. Purge Ports are used by Members that conduct business activity that exposes them to a large amount of risk across a number of securities. Purge Ports enable Members to cancel all open orders, or a subset of open orders through a single cancel message. The Exchange notes that Purge Ports increase efficiency of already existing functionality enabling the cancellation of

¹³ The Exchange notes that each Matching Engine corresponds to a specified group of symbols. Certain Market Makers choose to only quote in certain symbols while other Market Makers choose to quote the entire market.

¹⁴ Members seeking to become registered as a Market Maker must comply with the applicable requirements of Chapter VI of the Exchange's Rules.

orders.

The Exchange operates highly performant systems with significant throughput and determinism which allows participants to enter, update and cancel orders at high rates. Members may currently cancel individual orders through the existing functionality, such as through the use of a mass cancel message by which a Market Maker may request that the Exchange remove all or a subset of its quotations and block all or a subset of its new inbound quotations.¹⁵ Other than Purge Ports being a dedicated line for cancelling quotations, Purge Ports operate in the same manner as a mass cancel message being sent over a different type of port. For example, like Purge Ports, mass cancellations sent over a logical port may be done at either the firm or MPID level. As a result, Members can currently cancel orders in rapid succession across their existing logical ports¹⁶ or through a single cancel message, all open orders or a subset of open orders.

Similarly, Members may also use cancel-on-disconnect control when they experience a disruption in connection to the Exchange to automatically cancel all orders, as configured or instructed by the Member or Market Maker.¹⁷ In addition, the Exchange already provides similar ability to mass cancel orders through the Exchange's risk controls, which are offered at no charge and enables Members to establish pre-determined levels of risk exposure, and can be used to cancel all open orders.¹⁸ Accordingly, the Exchange believes that the Purge Ports provide an efficient option as an alternative to already available services and enhance the Member's ability to manage their risk.

¹⁵ See Exchange Rule 519C(a) and (b).

¹⁶ Current Exchange port functionality supports cancellation rates that exceed one thousand messages per second and the Exchange's research indicates that certain market participants rely on such functionality and at times utilize such cancellation rates.

¹⁷ See Exchange Rule 519C(c).

¹⁸ See Exchange Rule 532.

The Exchange believes that market participants benefit from a dedicated purge mechanism for specific Members and to the market as a whole. Members will have the benefit of efficient risk management and purge tools. The market will benefit from potential increased quoting and liquidity as Members may use Purge Ports to manage their risk more robustly. Only Members that request Purge Ports would be subject to the proposed fees, and other Members can continue to operate in exactly the same manner as they do today without dedicated Purge Ports, but with the additional purging capabilities described above.

Implementation Date

The proposed fees are immediately effective.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,²⁰ in particular, in that it is not designed to permit unfair discrimination among customers, brokers, or dealers. The Exchange also believes that its proposed fee is consistent with Section 6(b)(4) of the Act²¹ because it represents an equitable allocation of reasonable dues, fees and other charges among market participants.

The Exchange supports the proposed fee change with the below justification because a similar justification was used in a recent 2023 proposal filed with the Commission by another national securities exchange, Phlx, to adopt fees for purge ports, which the Commission deemed acceptable by not suspending that filing during the applicable 60-day review period.²² In fact,

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

²¹ 15 U.S.C. 78f(b)(4).

²² See supra note 3.

the same justification Phlx utilized was also used in similar recent proposals to adopt fees for purge ports by two of Phlx's affiliated exchanges.²³ Therefore, the Exchange utilized the below justification based on this recent Commission precedent from approximately one month ago.

The Exchange believes that the proposed rule change would promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market because offering Members optional service and flexible fee structures which promotes choice, flexibility, efficiency, and competition. The Exchange believes Purge Ports enhance Members' ability to manage orders, which would, in turn, improve their risk controls to the benefit of all market participants. The Exchange believes that Purge Ports foster cooperation and coordination with persons engaged in facilitating transactions in securities because designating Purge Ports for purge messages may encourage better use of such ports. This may, concurrent with the ports that carry orders and other information necessary for market making activities, enable more efficient, as well as fair and reasonable, use of Members' resources. Similar connectivity and functionality is offered by options exchanges, including the Exchange's own affiliated options exchanges, and other equities exchanges.²⁴ The Exchange believes that proper risk management, including the ability to efficiently cancel multiple orders quickly when necessary, is similarly valuable to firms that trade in the equities market,

²³ See Securities Exchange Act Release Nos. 98770 (October 18, 2023), 88 FR 73065 (October 24, 2023) (SR-BX-2023-026); and 98768 (October 18, 2023), 88 FR 73056 (October 24, 2023) (SR-NASDAQ-2023-041). While the Exchange included a cost-based justification in a related filing to amend fees for connectivity, it does not believe a cost-based justification is required here because Purge Ports are optional functionality and no cost-based justification was provided by Phlx or any of its affiliates in their same filings to adopt fees for purge ports. Nor does the Commission Staff's own fee guidance include such a requirement. See Staff Guidance on SRO Rule Filings Relating to Fees (May 21, 2019), available at <https://www.sec.gov/tm/staff-guidance-sro-rule-filings-fees>

²⁴ See *supra* notes 4 and 10. See also Securities Exchange Act Release No. 77613 (April 13, 2016), 81 FR 23023 (April 19, 2016). See also Securities Exchange Act Release Nos. 79956 (February 3, 2017), 82 FR 10102 (February 9, 2017) (SR-BatsBZX-2017-05); 79957 (February 3, 2017), 82 FR 10070 (February 9, 2017) (SR-BatsEDGX-2017-07); 83201 (May 9, 2018), 83 FR 22546 (May 15, 2018) (SR-C2-2018-006).

including Members that have heightened quoting obligations that are not applicable to other market participants.

Purge Ports do not relieve Members of their quoting obligations or firm quote obligations under Regulation NMS Rule 602.²⁵ Specifically, any interest that is executable against a Member's or Market Maker's orders that is received by the Exchange prior to the time of the removal of orders request will automatically execute. Members that purge their orders will not be relieved of the obligation to provide continuous two- sided orders on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet their continuous quoting obligation each trading day.²⁶

The Exchange is not the only exchange to offer this functionality and to charge associated fees.²⁷ The Exchange believes the proposed fee for Purge Ports is reasonable because it is lower than the fees currently charged by other exchanges for similar port functionality. For example, BZX and EDGX charge a fee of \$750 per purge port per month, Cboe charges \$850 per purge port per month, Nasdaq GEMX assesses its members \$1,250 per SQF Purge Port per month, subject to a monthly cap of \$17,500 for SQF Purge Ports and SQF Ports.²⁸

The Exchange believes it is reasonable to charge \$600 per month for Purge Ports as proposed because such ports were specially developed to allow Members to send a single message to cancel multiple orders, thereby assisting firms in effectively managing risk. The Exchange also believes that a Member that chooses to utilize Purge Ports may, in the future, reduce their need for additional ports by consolidating cancel messages to their dedicated

²⁵ See Exchange Rule 604. See also generally Chapter VI of the Exchange's Rules.

²⁶ Id.

²⁷ See supra notes 4 and 10.

²⁸ See supra note 10.

Purge Port and thus freeing up some capacity of the existing logical ports and, therefore, allowing for increased message traffic without paying for additional logical ports. Purge Ports provide the ability to cancel multiple orders with a single message over a dedicated port, and, therefore, may create efficiencies for firms and provide a more efficient solution for them based on their risk management needs. In addition, Purge Port requests may cancel orders submitted over numerous ports and contain added functionality to purge only a subset of these orders. Effective risk management is important both for individual market participants that choose to utilize risk features provided by the Exchange, as well as for the market in general. As a result, the Exchange believes that it is appropriate to charge fees for such functionality as doing so aids in the maintenance of a fair and orderly market.

The Exchange also believes that its ability to set fees for Purge Ports is subject to significant substitution-based forces because Members are able to rely on currently available services both free and those they receive when using existing trading protocols. If the value of the efficiency introduced through the Purge Port functionality is not worth the proposed fees, Members will simply continue to rely on the existing functionality and not pay for Purge Ports. In that regard, Members may currently cancel individual orders through the existing functionality, such as through the use of a mass cancel message by which a Market Maker may request that the Exchange remove all or a subset of its quotations and block all or a subset of its new inbound quotations. Already Members can also cancel orders individually and by utilizing Exchange protocols that allow them to develop proprietary systems that can send cancel messages at a high rate.²⁹ In addition, the Exchange already provides similar

²⁹ Current Exchange port functionality supports cancellation rates that exceed one thousand messages per second and the Exchange's research indicates that certain Participants rely on such functionality and at times utilize such cancellation rates.

ability to mass cancel orders through the Exchange's risk controls, which are offered at no charge that enables Members to establish pre-determined levels of risk exposure, and can be used to cancel all open orders.³⁰

Further, like Purge Ports, Members may also cancel all or a subset of its orders in the System, by firm name or by MPID, over their existing ports, or by requesting the Exchange staff to effect such cancellations.³¹

Similarly, Members may use cancel-on-disconnect control when they experience a disruption in their connection to the Exchange and immediately cancel all pending quotes in the Exchange's System.³² Finally, this existing purging functionality will allow Members to achieve essentially the same outcome in canceling orders as they would by utilizing the Purge Ports. Accordingly, the Exchange believes that the proposed Purge Ports fee is reasonable because it is related to the efficiency of Purge Ports and to other means and services already available which are either free or already a part of a fee assessed to the Member's for existing connectivity. Accordingly, because Purge Ports provide additional optional functionality, excessive fees would simply serve to reduce or eliminate demand for this optional product.

The Exchange also believes that offering Purge Ports at the Matching Engine level promotes risk management across the industry, and thereby facilitates investor protection. Some market participants, in particular the larger firms, could and do build similar risk functionality (as described above) in their trading systems that permit the flexible cancellation of orders entered on the Exchange at a high rate. Offering Matching Engine level protections ensures that such functionality is widely available to all firms, including smaller firms that

³⁰ See Exchange Rule 532.

³¹ See Exchange Rule 519C(a).

³² See Exchange Rule 519C(c).

may otherwise not be willing to incur the costs and development work necessary to support their own customized mass cancel functionality.

As noted above, the Exchange is not the only exchange to offer dedicated Purge Ports, and the proposed rate is lower than that charged by other exchanges for similar functionality. The Exchange also believes that moving to a per Matching Engine fee is reasonable due to the Exchange's architecture that provides it the ability to provide two (2) Purge Ports per Matching Engine for a fee that would still be lower than competing exchanges that charge on a per port basis. Generally speaking, restricting the Exchange's ability to charge fees for these services discourages innovation and competition. Specifically in this case, the Exchange's inability to offer similar services to those offered by other exchanges, and charge reasonable and equitable fees for such services, would put the Exchange at a significant competitive disadvantage and, therefore, serve to restrict competition in the market – especially when other exchanges assess comparable fees higher than those proposed by the Exchange.

The Exchange believes that the proposed Purge Port fees are equitable because the proposed Purge Ports are completely voluntary as they relate solely to optional risk management functionality.

The Exchange also believes that the proposed amendments to its Fee Schedule are not unfairly discriminatory because they will apply uniformly to all Members that choose to use the optional Purge Ports. Purge Ports are completely voluntary and, as they relate solely to optional risk management functionality, no Market Maker is required or under any regulatory obligation to utilize them. All Members that voluntarily select this service option will be charged the same amount for the same services. All Members have the option to select any

connectivity option, and there is no differentiation among Members with regard to the fees charged for the services offered by the Exchange.

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 not necessary or appropriate in furtherance of the purposes of the Act. Purge Ports are completely voluntary and are available to all Members on an equal basis at the same cost. While the Exchange believes that Purge Ports provide a valuable service, Members can choose to purchase, or not purchase, these ports based on their own determination of the value and their business needs. No Member is required or under any regulatory obligation to utilize Purge Ports. Accordingly, the Exchange believes that Purge Ports offer appropriate risk management functionality to firms that trade on the Exchange without imposing an unnecessary or inappropriate burden on competition.

Furthermore, the Exchange operates in a highly competitive environment, and its ability to price the Purge Ports is constrained by competition among exchanges that offer similar functionality. As discussed, there are currently a number of similar offers available to market participants for higher fees at other exchanges. Proposing fees that are excessively higher than established fees for similar functionality would simply serve to reduce demand for the Purge Ports, which as discussed, market participants are under no obligation to utilize. It could also cause firms to shift trading to other exchanges that offer similar functionality at a lower cost, adversely impacting the overall trading on the Exchange and reducing market share. In this competitive environment, potential purchasers are free to choose which, if any, similar product to purchase to satisfy their need for risk management. As a result, the Exchange believes this proposed rule change permits fair competition among national securities exchanges.

The Exchange also does not believe the proposal would cause any unnecessary or inappropriate burden on intermarket competition as other exchanges are free to introduce their own purge port functionality and lower their prices to better compete with the Exchange's offering. The Exchange does not believe the proposed rule change would cause any unnecessary or inappropriate burden on intramarket competition. Particularly, the proposal would apply uniformly to any market participant, in that it does not differentiate between Members. The proposal would allow any interested Members to purchase Purge Port functionality based on their business needs.

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

The Exchange received one comment letter on the proposal.³³ This comment letter was submitted not only on this proposal, but also the proposals by the Exchange and its affiliates to amend fees for 10Gb ULL connectivity and certain ports. Overall, the Exchange believes that the issues raised by the commenter are not germane to this proposal because they apply primarily to the other fee filings. Also, the commenter's raised concerns with the current environment surrounding exchange non-transaction fee proposals that should be addressed by the Commission through rule making, or Congress, more holistically and not through an individual exchange fee filings. However, the commenter does raise one issue that concerns this proposal whereby it asserts that the Exchange's comparison to fees charged by other exchanges for similar ports is irrelevant and unpersuasive. The core of the issue raised is regarding the cost to connect to one exchange compared to the cost to connect to others. A thorough response to this comment would require the Exchange to obtain competitively sensitive information about other exchange

³³ See letter from Thomas M. Merritt, Deputy General Counsel, Virtu Financial, Inc. ("Virtu"), to Vanessa Countryman, Secretary, Commission, dated November 8, 2023.

architecture and how their members connect. The Exchange is not privy to this information. Further, the commenter compares the Exchange's proposed rate to other exchanges that offer purge port functionality across all matching engines for a single fee, but fails to provide the same comparison to other exchanges that charge for purge functionality like proposed here. The Exchange does not have insight into the technical architecture of other exchanges so it is difficult to ascertain the number of purge ports a firm would need to connect to another exchanges entire market. Therefore, the Exchange is limited to comparing its proposed fee to other exchanges' purge port fees as listed in their fee schedules.

6. Extension of Time Period for Commission Action

Not Applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,³⁴ and Rule 19b-4(f)(2) thereunder³⁵ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

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

³⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

³⁵ 17 CFR 240.19b-4.

Not applicable.

11. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.
5. Copy of the applicable section of the Fee Schedule.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2023-65)

November __, 2023

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

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on November ____ 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. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the MIAX Pearl Options Exchange Fee Schedule (the “Fee Schedule”) to amend fees for MIAX Express Network (“MEO”)³ Purge Ports (“Purge Ports”).⁴

The text of the proposed rule change is available on the Exchange’s website at <https://www.miaxglobal.com/markets/us-options/pearl-options/rule-filings> 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ “MEO Interface” or “MEO” means a binary order interface for certain order types as set forth in Rule 516 into the MIAX Pearl System. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁴ The proposed fee change is based on a recent proposal by Nasdaq Phlx LLC (“Phlx”) to adopt fees for purge ports. See Securities Exchange Act Release No. 97825 (June 30, 2023), 88 FR 43405 (July 7, 2023) (SR-Phlx-2023-28).

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

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

1. Purpose

The Exchange is proposing to amend the fees for Purge Ports, which is a function enabling the Exchange's two types of Members⁵, Market Makers⁶ and Electronic Exchange Members⁷ ("EEMs"), to cancel all open orders or a subset of open orders through a single cancel message. The Exchange currently provides Members the option to purchase Purge Ports to assist in their quoting activity. Purge Ports provide Members with the ability to send purge messages to the Exchange System.⁸ Purge Ports are not capable of sending or receiving any other type of messages or information. The use of Purge Ports is completely optional and no rule or regulation requires that a Market Maker utilize them.

⁵ The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of Exchange Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed "members" under the Exchange Act. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁶ The term "Market Maker" or "MM" means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange Rules. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁷ The term "Electronic Exchange Member" or "EEM" means the holder of a Trading Permit who is a Member representing as agent Public Customer Orders or Non-Customer Orders on the Exchange and those non-Market Maker Members conducting proprietary trading. Electronic Exchange Members are deemed "members" under the Exchange Act. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁸ The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

The Exchange initially filed the proposal on September 29, 2023 (SR-PEARL-2023-52) (the “Initial Proposal”).⁹ On November 22, 2023, the Exchange withdrew the Initial Proposal and replaced it with this filing.

Unlike other options exchanges that charge fees for Purge Ports on a per port basis,¹⁰ the Exchange assesses a flat fee of \$750 per month, regardless of the number of Purge Ports utilized by a Market Maker. Currently, a Market Maker may request and be allocated two (2) Purge Ports per Matching Engine¹¹ to which it connects and not all Members connect to all of the Exchange’s Matching Engines.

The Exchange now proposes to amend the fee for Purge Ports to align more closely with other exchanges who charge on a per port basis by providing two (2) Purge Ports per Matching Engine for a monthly flat fee of \$600 per month per Matching Engine. The only difference with a per port structure is that Members receive two (2) Purge Ports per Matching Engine for the same proposed monthly fee, rather than being charged a separate fee for each Purge Port. The Exchange proposes to charge the proposed fee for Purge Ports per Matching Engine, instead on a per Purge Port basis, due to its System architecture which provides two (2) Purge Ports per Matching Engine for redundancy purposes. In addition, the proposed fee is lower than the

⁹ See Securities Exchange Act Release No. 98733 (October 12, 2023), 88 FR 71907 (October 18, 2023) (SR-PEARL-2023-52).

¹⁰ See Cboe BXZ Exchange, Inc. (“BZX”) Options Fee Schedule, Options Logical Port Fees, Purge Ports (\$750 per purge port per month); Cboe EDGX Exchange, Inc. (“EDGX”) Options Fee Schedule, Options Logical Port Fees, Purge Ports (\$750 per purge port per month); Cboe Exchange, Inc. (“Cboe”) Fee Schedule (\$850 per purge port per month). See also Nasdaq GEMX, Options 7, Pricing Schedule, Section 6.C.(3). Nasdaq GEMX, LLC (“Nasdaq GEMX”) assesses its members \$1,250 per SQF Purge Port per month, subject to a monthly cap of \$17,500 for SQF Purge Ports and SQF Ports, applicable to market makers. See also Securities Exchange Act Release No. 97825 (June 30, 2023), 88 FR 43405 (July 7, 2023) (SR-Phlx-2023-28).

¹¹ A Matching Engine is a part of the Exchange’s electronic system that processes options quotes and trades on a symbol-by- symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one single matching engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines.

comparable fee charged by competing exchanges that also charge on a per port basis, notwithstanding that the Exchange is providing up to two (2) Purge Ports for that same lower fee.¹²

Similar to a per port charge, Members are able to select the Matching Engines that they want to connect to,¹³ based on the business needs of each Market Maker, and pay the applicable fee based on the number of Matching Engines and ports utilized. The Exchange believes that the proposed fee provides Members with flexibility to control their Purge Port costs based on the number of Matching Engines each Market Maker elects to connect to based on each Market Maker's business needs.

* * * * *

A logical port represents a port established by the Exchange within the Exchange's System for trading and billing purposes. Each logical port grants a Member the ability to accomplish a specific function, such as order entry, order cancellation, access to execution reports, and other administrative information.

Purge Ports are designed to assist Members¹⁴ in the management of, and risk control over, their orders, particularly if the firm is dealing with a large number of securities. For example, if a Market Maker detects market indications that may influence the execution potential of their orders, the Market Maker may use Purge Ports to reduce uncertainty and to manage risk by purging all orders in a number of securities. This allows Members to seamlessly avoid unintended executions, while continuing to evaluate the market, their positions, and their risk

¹² See supra note 10.

¹³ The Exchange notes that each Matching Engine corresponds to a specified group of symbols. Certain Market Makers choose to only quote in certain symbols while other Market Makers choose to quote the entire market.

¹⁴ Members seeking to become registered as a Market Maker must comply with the applicable requirements of Chapter VI of the Exchange's Rules.

levels. Purge Ports are used by Members that conduct business activity that exposes them to a large amount of risk across a number of securities. Purge Ports enable Members to cancel all open orders, or a subset of open orders through a single cancel message. The Exchange notes that Purge Ports increase efficiency of already existing functionality enabling the cancellation of orders.

The Exchange operates highly performant systems with significant throughput and determinism which allows participants to enter, update and cancel orders at high rates. Members may currently cancel individual orders through the existing functionality, such as through the use of a mass cancel message by which a Market Maker may request that the Exchange remove all or a subset of its quotations and block all or a subset of its new inbound quotations.¹⁵ Other than Purge Ports being a dedicated line for cancelling quotations, Purge Ports operate in the same manner as a mass cancel message being sent over a different type of port. For example, like Purge Ports, mass cancellations sent over a logical port may be done at either the firm or MPID level. As a result, Members can currently cancel orders in rapid succession across their existing logical ports¹⁶ or through a single cancel message, all open orders or a subset of open orders.

Similarly, Members may also use cancel-on-disconnect control when they experience a disruption in connection to the Exchange to automatically cancel all orders, as configured or instructed by the Member or Market Maker.¹⁷ In addition, the Exchange already provides similar ability to mass cancel orders through the Exchange's risk controls, which are offered at no charge and enables Members to establish pre-determined levels of risk exposure, and can be used

¹⁵ See Exchange Rule 519C(a) and (b).

¹⁶ Current Exchange port functionality supports cancellation rates that exceed one thousand messages per second and the Exchange's research indicates that certain market participants rely on such functionality and at times utilize such cancellation rates.

¹⁷ See Exchange Rule 519C(c).

to cancel all open orders.¹⁸ Accordingly, the Exchange believes that the Purge Ports provide an efficient option as an alternative to already available services and enhance the Member's ability to manage their risk.

The Exchange believes that market participants benefit from a dedicated purge mechanism for specific Members and to the market as a whole. Members will have the benefit of efficient risk management and purge tools. The market will benefit from potential increased quoting and liquidity as Members may use Purge Ports to manage their risk more robustly. Only Members that request Purge Ports would be subject to the proposed fees, and other Members can continue to operate in exactly the same manner as they do today without dedicated Purge Ports, but with the additional purging capabilities described above.

Implementation Date

The proposed fees are immediately effective.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,²⁰ in particular, in that it is not designed to permit unfair discrimination among customers, brokers, or dealers. The Exchange also believes that its proposed fee is consistent with Section 6(b)(4) of the Act²¹ because it represents an equitable allocation of reasonable dues, fees and other charges among market participants.

¹⁸ See Exchange Rule 532.

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

²¹ 15 U.S.C. 78f(b)(4).

The Exchange supports the proposed fee change with the below justification because a similar justification was used in a recent 2023 proposal filed with the Commission by another national securities exchange, Phlx, to adopt fees for purge ports, which the Commission deemed acceptable by not suspending that filing during the applicable 60-day review period.²² In fact, the same justification Phlx utilized was also used in similar recent proposals to adopt fees for purge ports by two of Phlx's affiliated exchanges.²³ Therefore, the Exchange utilized the below justification based on this recent Commission precedent from approximately one month ago.

The Exchange believes that the proposed rule change would promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market because offering Members optional service and flexible fee structures which promotes choice, flexibility, efficiency, and competition. The Exchange believes Purge Ports enhance Members' ability to manage orders, which would, in turn, improve their risk controls to the benefit of all market participants. The Exchange believes that Purge Ports foster cooperation and coordination with persons engaged in facilitating transactions in securities because designating Purge Ports for purge messages may encourage better use of such ports. This may, concurrent with the ports that carry orders and other information necessary for market making activities, enable more efficient, as well as fair and reasonable, use of Members' resources. Similar connectivity and functionality is offered by options exchanges, including the

²² See supra note 3.

²³ See Securities Exchange Act Release Nos. 98770 (October 18, 2023), 88 FR 73065 (October 24, 2023) (SR-BX-2023-026); and 98768 (October 18, 2023), 88 FR 73056 (October 24, 2023) (SR-NASDAQ-2023-041). While the Exchange included a cost-based justification in a related filing to amend fees for connectivity, it does not believe a cost-based justification is required here because Purge Ports are optional functionality and no cost-based justification was provided by Phlx or any of its affiliates in their same filings to adopt fees for purge ports. Nor does the Commission Staff's own fee guidance include such a requirement. See Staff Guidance on SRO Rule Filings Relating to Fees (May 21, 2019), available at <https://www.sec.gov/tm/staff-guidance-sro-rule-filings-fees>

Exchange's own affiliated options exchanges, and other equities exchanges.²⁴ The Exchange believes that proper risk management, including the ability to efficiently cancel multiple orders quickly when necessary, is similarly valuable to firms that trade in the equities market, including Members that have heightened quoting obligations that are not applicable to other market participants.

Purge Ports do not relieve Members of their quoting obligations or firm quote obligations under Regulation NMS Rule 602.²⁵ Specifically, any interest that is executable against a Member's or Market Maker's orders that is received by the Exchange prior to the time of the removal of orders request will automatically execute. Members that purge their orders will not be relieved of the obligation to provide continuous two- sided orders on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet their continuous quoting obligation each trading day.²⁶

The Exchange is not the only exchange to offer this functionality and to charge associated fees.²⁷ The Exchange believes the proposed fee for Purge Ports is reasonable because it is lower than the fees currently charged by other exchanges for similar port functionality. For example, BZX and EDGX charge a fee of \$750 per purge port per month, Cboe charges \$850 per purge port per month, Nasdaq GEMX assesses its members \$1,250 per SQF Purge Port per month, subject to a monthly cap of \$17,500 for SQF Purge Ports and SQF Ports.²⁸

²⁴ See supra notes 4 and 10. See also Securities Exchange Act Release No. 77613 (April 13, 2016), 81 FR 23023 (April 19, 2016). See also Securities Exchange Act Release Nos. 79956 (February 3, 2017), 82 FR 10102 (February 9, 2017) (SR- BatsBZX-2017-05); 79957 (February 3, 2017), 82 FR 10070 (February 9, 2017) (SR-BatsEDGX-2017-07); 83201 (May 9, 2018), 83 FR 22546 (May 15, 2018) (SR-C2-2018-006).

²⁵ See Exchange Rule 604. See also generally Chapter VI of the Exchange's Rules.

²⁶ Id.

²⁷ See supra notes 4 and 10.

²⁸ See supra note 10.

The Exchange believes it is reasonable to charge \$600 per month for Purge Ports as proposed because such ports were specially developed to allow Members to send a single message to cancel multiple orders, thereby assisting firms in effectively managing risk. The Exchange also believes that a Member that chooses to utilize Purge Ports may, in the future, reduce their need for additional ports by consolidating cancel messages to their dedicated Purge Port and thus freeing up some capacity of the existing logical ports and, therefore, allowing for increased message traffic without paying for additional logical ports. Purge Ports provide the ability to cancel multiple orders with a single message over a dedicated port, and, therefore, may create efficiencies for firms and provide a more efficient solution for them based on their risk management needs. In addition, Purge Port requests may cancel orders submitted over numerous ports and contain added functionality to purge only a subset of these orders. Effective risk management is important both for individual market participants that choose to utilize risk features provided by the Exchange, as well as for the market in general. As a result, the Exchange believes that it is appropriate to charge fees for such functionality as doing so aids in the maintenance of a fair and orderly market.

The Exchange also believes that its ability to set fees for Purge Ports is subject to significant substitution-based forces because Members are able to rely on currently available services both free and those they receive when using existing trading protocols. If the value of the efficiency introduced through the Purge Port functionality is not worth the proposed fees, Members will simply continue to rely on the existing functionality and not pay for Purge Ports. In that regard, Members may currently cancel individual orders through the existing functionality, such as through the use of a mass cancel message by which a Market Maker may request that the Exchange remove all or a subset of its quotations and block all or a subset of its new inbound quotations. Already Members can also cancel orders individually

and by utilizing Exchange protocols that allow them to develop proprietary systems that can send cancel messages at a high rate.²⁹ In addition, the Exchange already provides similar ability to mass cancel orders through the Exchange's risk controls, which are offered at no charge that enables Members to establish pre-determined levels of risk exposure, and can be used to cancel all open orders.³⁰

Further, like Purge Ports, Members may also cancel all or a subset of its orders in the System, by firm name or by MPID, over their existing ports, or by requesting the Exchange staff to effect such cancellations.³¹

Similarly, Members may use cancel-on-disconnect control when they experience a disruption in their connection to the Exchange and immediately cancel all pending quotes in the Exchange's System.³² Finally, this existing purging functionality will allow Members to achieve essentially the same outcome in canceling orders as they would by utilizing the Purge Ports. Accordingly, the Exchange believes that the proposed Purge Ports fee is reasonable because it is related to the efficiency of Purge Ports and to other means and services already available which are either free or already a part of a fee assessed to the Member's for existing connectivity. Accordingly, because Purge Ports provide additional optional functionality, excessive fees would simply serve to reduce or eliminate demand for this optional product.

The Exchange also believes that offering Purge Ports at the Matching Engine level promotes risk management across the industry, and thereby facilitates investor protection.

Some market participants, in particular the larger firms, could and do build similar risk

²⁹ Current Exchange port functionality supports cancellation rates that exceed one thousand messages per second and the Exchange's research indicates that certain Participants rely on such functionality and at times utilize such cancellation rates.

³⁰ See Exchange Rule 532.

³¹ See Exchange Rule 519C(a).

³² See Exchange Rule 519C(c).

functionality (as described above) in their trading systems that permit the flexible cancellation of orders entered on the Exchange at a high rate. Offering Matching Engine level protections ensures that such functionality is widely available to all firms, including smaller firms that may otherwise not be willing to incur the costs and development work necessary to support their own customized mass cancel functionality.

As noted above, the Exchange is not the only exchange to offer dedicated Purge Ports, and the proposed rate is lower than that charged by other exchanges for similar functionality. The Exchange also believes that moving to a per Matching Engine fee is reasonable due to the Exchange's architecture that provides it the ability to provide two (2) Purge Ports per Matching Engine for a fee that would still be lower than competing exchanges that charge on a per port basis. Generally speaking, restricting the Exchange's ability to charge fees for these services discourages innovation and competition. Specifically in this case, the Exchange's inability to offer similar services to those offered by other exchanges, and charge reasonable and equitable fees for such services, would put the Exchange at a significant competitive disadvantage and, therefore, serve to restrict competition in the market – especially when other exchanges assess comparable fees higher than those proposed by the Exchange.

The Exchange believes that the proposed Purge Port fees are equitable because the proposed Purge Ports are completely voluntary as they relate solely to optional risk management functionality.

The Exchange also believes that the proposed amendments to its Fee Schedule are not unfairly discriminatory because they will apply uniformly to all Members that choose to use the optional Purge Ports. Purge Ports are completely voluntary and, as they relate solely to optional risk management functionality, no Market Maker is required or under any regulatory

obligation to utilize them. All Members that voluntarily select this service option will be charged the same amount for the same services. All Members have the option to select any connectivity option, and there is no differentiation among Members with regard to the fees charged for the services offered by the Exchange.

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 not necessary or appropriate in furtherance of the purposes of the Act. Purge Ports are completely voluntary and are available to all Members on an equal basis at the same cost. While the Exchange believes that Purge Ports provide a valuable service, Members can choose to purchase, or not purchase, these ports based on their own determination of the value and their business needs. No Member is required or under any regulatory obligation to utilize Purge Ports. Accordingly, the Exchange believes that Purge Ports offer appropriate risk management functionality to firms that trade on the Exchange without imposing an unnecessary or inappropriate burden on competition.

Furthermore, the Exchange operates in a highly competitive environment, and its ability to price the Purge Ports is constrained by competition among exchanges that offer similar functionality. As discussed, there are currently a number of similar offers available to market participants for higher fees at other exchanges. Proposing fees that are excessively higher than established fees for similar functionality would simply serve to reduce demand for the Purge Ports, which as discussed, market participants are under no obligation to utilize. It could also cause firms to shift trading to other exchanges that offer similar functionality at a lower cost, adversely impacting the overall trading on the Exchange and reducing market share. In this competitive environment, potential purchasers are free to choose which, if any, similar product to purchase to satisfy their need for risk management. As a result, the Exchange believes this

proposed rule change permits fair competition among national securities exchanges.

The Exchange also does not believe the proposal would cause any unnecessary or inappropriate burden on intermarket competition as other exchanges are free to introduce their own purge port functionality and lower their prices to better compete with the Exchange's offering. The Exchange does not believe the proposed rule change would cause any unnecessary or inappropriate burden on intramarket competition. Particularly, the proposal would apply uniformly to any market participant, in that it does not differentiate between Members. The proposal would allow any interested Members to purchase Purge Port functionality based on their business needs.

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

The Exchange received one comment letter on the proposal.³³ This comment letter was submitted not only on this proposal, but also the proposals by the Exchange and its affiliates to amend fees for 10Gb ULL connectivity and certain ports. Overall, the Exchange believes that the issues raised by the commenter are not germane to this proposal because they apply primarily to the other fee filings. Also, the commenter's raised concerns with the current environment surrounding exchange non-transaction fee proposals that should be addressed by the Commission through rule making, or Congress, more holistically and not through an individual exchange fee filings. However, the commenter does raise one issue that concerns this proposal whereby it asserts that the Exchange's comparison to fees charged by other exchanges for similar ports is irrelevant and unpersuasive. The core of the issue raised is regarding the cost to connect to one exchange compared to the cost to connect to others. A thorough response to this comment would

³³ See letter from Thomas M. Merritt, Deputy General Counsel, Virtu Financial, Inc. ("Virtu"), to Vanessa Countryman, Secretary, Commission, dated November 8, 2023.

require the Exchange to obtain competitively sensitive information about other exchange architecture and how their members connect. The Exchange is not privy to this information. Further, the commenter compares the Exchange's proposed rate to other exchanges that offer purge port functionality across all matching engines for a single fee, but fails to provide the same comparison to other exchanges that charge for purge functionality like proposed here. The Exchange does not have insight into the technical architecture of other exchanges so it is difficult to ascertain the number of purge ports a firm would need to connect to another exchanges entire market. Therefore, the Exchange is limited to comparing its proposed fee to other exchanges' purge port fees as listed in their fee schedules.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,³⁴ and Rule 19b-4(f)(2)³⁵ 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:

³⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

³⁵ 17 CFR 240.19b-4(f)(2).

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2023-65 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-2023-65. 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2023-65 and should be 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.³⁶

Sherry R. Haywood,

Assistant Secretary.

³⁶ 17 CFR 200.30-3(a)(12).

Exhibit 5

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

MIAX PEARL Options Fee Schedule

* * * * *

5) System Connectivity Fees

a) - c) (No change).

d) **Port Fees**

* * * * *

Type of Port	Monthly Port Fees Includes Connectivity to the Primary, Secondary and Disaster Recovery Data Centers
FIX Port^ - Limited Service MEO Port	(No change).
MEO Purge Port***	[\$750] <u>600 Per Matching Engine</u>
CTD Port^ - FXD Port^	(No change).

* * * * *

*** [The MEO Purge Port fee entitles a]Members may request and be allocated [to] two (2)
[such p]MEO Purge Ports for each Matching Engine to which it connects and will be
charged the above monthly fee per Matching Engine[for a single port fee].

* * * * *