SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104299; File No. SR-PEARL-2025-47]

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate

Effectiveness of a Proposed Rule Change to Amend Exchange Rule 517A, Aggregate Risk

Manager for EEMs ("ARM-E"), and Rule 517B, Aggregate Risk Manager for Market

Makers("ARM-M")

December 3, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange

Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on November 20, 2025, MIAX

PEARL, LLC ("MIAX Pearl" or "Exchange") filed with the Securities and Exchange

Commission ("Commission") a proposed rule change as described in Items I and II below, which

Items have been prepared by MIAX Pearl. 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 Rule 517A, Aggregate Risk Manager for EEMs[3]

("ARM-E"), and Rule 517B, Aggregate Risk Manager for Market Makers[4] ("ARM-M") to adopt

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

[2]   17 CFR 240.19b-4.

[3]   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 Exchange Rule 100.

[4]   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 MIAX Pearl Exchange Rules. See Exchange Rule 100.

a new Origin Multiplier to be used when calculating EEM Trade Percentage[5] and MM Trade

Percentage.[6]

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, and at MIAX

Pearl's principal office.

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

In its filing with the Commission, MIAX Pearl 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. MIAX Pearl 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 proposes to amend Rule 517A, Aggregate Risk Manager for EEMs

("ARM-E"), and Rule 517B, Aggregate Risk Manager for Market Makers ("ARM-M"), to

enhance the Aggregate Risk Manager ("ARM") protections available to Members[7] on the

Exchange. ARM is post-trade risk protection functionality designed to assist Members in

managing risk by limiting the number of contracts that a Member executes in an option class

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[5]   See Exchange Rule 517A(c)(1).

[6]   See Exchange Rule 517B(c)(1).

[7]   The term "Member" means an individual or organization that is registered with the Exchange pursuant to
        Chapter II of the MIAX Pearl 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 Exchange
        Rule 100.

within a specific period of time, as determined by the Member. The Exchange now proposes to

enhance ARM functionality by adopting a new Origin Multiplier which will be used during the

calculation of the EEM Trade Percentage and MM Trade Percentage as described below.

ARM-E

ARM-E protects MIAX Pearl Electronic Exchange Members ("EEMs") and assists them

in managing risk by maintaining a counting program ("EEM Counting Program")[8] for each

participating EEM who has submitted an order in an EEM Specified Option Class[9] using a

specified market participant identifier ("MPID")[10] of the EEM and delivered via the MEO

Interface[11] (an "EEM ARM Eligible Order").[12] The EEM Counting Program counts the number

of contracts executed by an EEM from an EEM ARM Eligible Order (the "EEM ARM

Contracts") within a specified time period that has been established by the EEM (the "EEM

Specified Time Period").[13] The EEM Specified Time Period cannot exceed 15 seconds.[14]

The EEM may also establish for each EEM Specified Option Class an EEM Allowable

Engagement Percentage (the "EEM Allowable Engagement Percentage").[15] When an execution

occurs, the number of contracts traded is divided by the size of the original order to determine

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[8]   See Exchange Rule 517A(a).

[9]   An "EEM Specified Option Class" is a class which the EEM has designated as a class to be protected via ARM-E. See Exchange Rule 517A(a).

[10]   The term "MPID" means unique market participant identifier. See Exchange Rule 100.

[11]   The term "MEO Interface" means a binary order interface used for submitting certain order types (as set forth in Rule 516) to the MIAX Pearl System. See Exchange Rule 100.

[12]   See Exchange Rule 517A(a).

[13]   See Exchange Rule 517A(a).

[14]   Id.

[15]   See Exchange Rule 517A(c).

the contract execution percentage.[16] The System[17] will look back over the Specified Time Period to determine the sum of contract execution percentages from such EEM ARM Eligible Order.[18]

The System will engage the ARM-E in a particular EEM Specified Option Class when the EEM Counting Program has determined that an EEM has executed during the EEM Specified Time Period a sum of EEM ARM Percentages from an EEM ARM Eligible Order equal to or above their EEM Allowable Engagement Percentage.

To determine whether the EEM's executed contracts from an EEM Arm Eligible Order is equal to or above their EEM Allowable Engagement Percentage the following will occur: (1) for each execution of a contract from an EEM ARM Eligible Order in an EEM Specified Option Class, the EEM Counting Program will determine the percentage that the number of contracts executed in that trade represents relative to the original size of the EEM ARM Eligible Order which was traded (the "EEM Trade Percentage"); and (2) the EEM Counting Program will add the individual EEM Trade Percentages in the EEM Specified Option Class to determine the realized engagement percentage by the EEM (the "EEM Realized Engagement Percentage"). When the EEM Realized Engagement Percentage equals or exceeds the EEM Allowable Engagement Percentage ARM-E will be triggered.

ARM-E will then (i) automatically cancel the EEM ARM Eligible Orders in all series of that particular EEM Specified Option Class and (ii) reject new orders by the EEM in all series of that particular EEM Specified Option Class submitted using the MEO Interface until the EEM

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[16] See Exchange Rule 517A(c)(1).

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

[18] See Exchange Rule 517A(c).

sends a notification to the System of the intent to reengage and submits a new order in the EEM Specified Option Class.[19]

The Exchange now proposes to allow EEMs to establish an Origin Multiplier which will be used during the calculation of the EEM Trade Percentage. EEMs will be able to select an Origin Multiplier to be applied during the calculation of the trade percentage of each option execution. An Origin Multiplier may be established for the following origins: (i) Priority Customer; (ii) Firm; (iii) Broker-Dealer; (iv) Market Maker; (v) Non-Member Market Maker; and (vi) Non-Priority Customer. The Origin Multiplier to be applied will be determined by the origin of the contra party to the trade.

The minimum Origin Multiplier value that may be used is 0 and the maximum value is 10. The Origin Multiplier value may be adjusted in 0.1 increments. An Origin Multiplier may be established at the MPID level by supplying a value for each origin type listed above. Origin Multipliers may also be set at the combined MPID and class level for individual classes. Additionally, if an EEM is using ARM and does not set an Origin Multiplier, the Exchange will use a default value of 1 for all origins.

The Exchange now proposes to amend paragraph (c)(1) of Rule 517A to provide that, "for each execution of a contract from an EEM ARM Eligible Order in an EEM Specified Option Class, the EEM Counting Program will determine the percentage that the number of contracts executed in that trade, multiplied by the Origin Multiplier, represents relative to the original size of the EEM ARM Eligible Order which was traded (the 'EEM Trade Percentage')."

Additionally, the Exchange proposes to adopt new paragraph (c)(3) to Exchange Rule 517A to provide that, an EEM may establish an Origin Multiplier to be applied during the

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[19] See Exchange Rule 517A(b).

calculation of the EEM Trade Percentage of each option execution. An Origin Multiplier may be established for the following origins: (i) Priority Customer; (ii) Firm; (iii) Broker-Dealer; (iv) Market Maker; (v) Non-Member Market Maker; and (vi) Non-Priority Customer. The Origin Multiplier may be established by MPID for all classes and for any combination of MPID and class. The Origin Multiplier to be applied will be determined by the origin of the contra party to the trade. The minimum Origin Multiplier value is 0 and the maximum value is 10. If an EEM is using ARM and does not set an Origin Multiplier the Exchange will use a default value of 1 for all origins.

ARM-M

ARM-M protects MIAX Pearl Market Makers and assists them in managing risk by maintaining a counting program ("MM Counting Program") for each Market Maker who has submitted an order in an option class (an "MM Option Class") delivered via the MEO Interface (an "MM ARM Eligible Order").[20] The MM Counting Program counts the number of contracts executed by a Market Maker from an MM ARM Eligible Order (the "MM ARM Contracts") within a specified time period that has been established by the Market Maker or as a default setting, as defined below (the "MM Specified Time Period").[21] The MM Specified Time Period cannot exceed 15 seconds whether established by the Market Maker or as a default setting.[22]

The Market Maker may also establish for each MM Option Class an MM Allowable Engagement Percentage.[23] When an execution occurs, the number of contracts traded is divided

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[20]   See Exchange Rule 517B(a).

[21]   Id.

[22]   Id.

[23]   See Exchange Rule 517B(c).

by the size of the original order to determine the trade percentage.[24] The System will look back over the Specified Time Period to determine the sum of contract execution percentages from such MM ARM Eligible Order.[25]

The System will engage the ARM-M in a particular MM Option Class when the MM Counting Program has determined that a Market Maker has executed during the MM Specified Time Period a sum of MM ARM Percentages from an MM ARM Eligible Order equal to or above their MM Allowable Engagement Percentage.

To determine whether the Market Maker's executed contracts from an MM ARM Eligible Order is equal to or above their MM Allowable Engagement Percentage the following will occur: (1) for each execution of a contract from an MM ARM Eligible Order in an MM Option Class, the MM Counting Program will determine the percentage that the number of contracts executed in that trade represents relative to the original size of the MM ARM Eligible Order which was traded (the "MM Trade Percentage"); and (2) the MM Counting Program will add the individual MM Trade Percentages in the MM Option Class to determine the realized engagement percentage by the Market Maker (the "MM Realized Engagement Percentage"). When the MM Realized Engagement Percentage equals or exceeds the MM Allowable Engagement Percentage ARM-M will be triggered.

ARM-M will then (i) automatically cancel the MM ARM Eligible Orders in all series of that particular MM Option Class and (ii) reject new orders by the Market Maker in all series of that particular MM Option Class submitted using the MEO Interface, until the EEM sends a

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[24]   See Exchange Rule 517B(c)(1).

[25]   See Exchange Rule 517B(c).

notification to the System of the intent to reengage and submits a new order in the EEM Specified Option Class.[26]

The Exchange now proposes to allow Market Makers to establish an Origin Multiplier which will be used during the calculation of the MM Trade Percentage. Market Makers will be able to select an Origin Multiplier to be applied during the calculation of the trade percentage of each option execution. An Origin Multiplier may be established for the following origins: (i) Priority Customer; (ii) Firm; (iii) Broker-Dealer; (iv) Market Maker; (v) Non-Member Market Maker; and (vi) Non-Priority Customer. The Origin Multiplier to be applied will be determined by the origin of the contra party to the trade.

The minimum Origin Multiplier value that may be used is 0 and the maximum value is 10. The Origin Multiplier value may be adjusted in 0.1 increments. An Origin Multiplier may be established at the MPID level by supplying a value for each origin type listed above. Origin Multipliers may also be set at the combined MPID and class level for individual classes. Additionally, the Exchange will establish a default value of 1 for all origins.

The Exchange now proposes to amend paragraph (c)(1) of Rule 517B to provide that, "for each execution of a contract from an MM ARM Eligible Order in an MM Option Class, the MM Counting Program will determine the percentage that the number of contracts executed in that trade, multiplied by the Origin Multiplier, represents relative to the original size of the MM ARM Eligible Order which was traded (the 'MM Trade Percentage')."

Additionally, the Exchange proposes to adopt new paragraph (c)(3) to Exchange Rule 517B to provide that, a Market Maker may establish an Origin Multiplier to be applied during the calculation of the MM Trade Percentage of each option execution. An Origin Multiplier may

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[26]   See Exchange Rule 517B(b).

be established for the following origins: (i) Priority Customer; (ii) Firm; (iii) Broker-Dealer; (iv) Market Maker; (v) Non-Member Market Maker; and (vi) Non-Priority Customer. The Origin Multiplier may be established by MPID for all classes and for any combination of MPID and class. The Origin Multiplier to be applied will be determined by the origin of the contra party to the trade. The minimum Origin Multiplier value is 0 and the maximum value is 10. The Exchange will establish a default Origin Multiplier of 1 for all origins.

ARM-E and ARM-M are designed to mitigate the exposure risk of resting orders on the Exchange. The Exchange believes this proposal will allow Members to continue to be protected from the risks that the Aggregate Risk Manager is designed to mitigate, and allow Members to more precisely tailor their risk protection settings by using the Origin Multiplier.

Currently, the origin code is provided by the Exchange on the Pearl Liquidity Feed (PLF), which is a data feed that allows subscribers to receive real-time updates from the MIAX Pearl Options Market, with the origin code being provided in the Order Message notification.[27] Additionally, the Clearing Trade Drop (CTD) Port provides the origin code in clearing trade messages.[28] The Clearing Trade Drop is a messaging interface that provides real-time clearing trade information to the parties of a trade (and/or entitled designated recipients) on the MIAX Pearl Options Market.

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[27]   See Pearl Liquidity Feed (PLF) Interface Specification, version 1.2 (10/5/2020) available online at https://www.miaxglobal.com/sites/default/files/2022-05/PEARL_Liquidity_Feed_PLF_v1.2.pdf.

[28]   See Clearing Trade Drop for Options CTD Interface Specification, version 1.2d (7/25/2023) available online at https://www.miaxglobal.com/sites/default/files/page-files/Pearl_Clearing_Trade_Drop_CTD_v1.2d.pdf.

2.   Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section6(b) of the Act[29] in general, and furthers the objectives of Section 6(b)(5) of the Act[30] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

Currently, to determine whether a Members' executed contracts is equal to or above the Allowable Engagement Percentage the Exchange calculates the trade percentage by calculating the percentage that the number of contracts executed in a trade represents relative to the original size of the ARM Eligible Order to determine the Realized Engagement Percentage. When the Realized Engagement Percentage equals or exceeds the Allowable Engagement Percentage ARM is engaged. The Exchange now proposes to adjust the trade percentage by applying the Origin Multiplier during that calculation as illustrated below.

Example 1

Allowable Engagement Percentage: 150%

Origin Multiplier
Priority Customer: 0.1
Firm: 2
Broker-Dealer: 2
Market Maker: 2
Non-Member Market Maker: 3
Non-Priority Customer: 1

Order Size	Contra Party Origin	Origin Multiplier	Trade Size	Trade Percentage	Realized Engagement Percentage	ARM
100	Priority Customer	0.1	80	8%	8%	OK
100	MM	2	15	30%	38%	OK
50	Firm	2	15	60%	98%	OK
50	Non-Member Market Maker	3	15	90%	188%	Trigger Protection

In the above example ARM would be triggered when the Realized Engagement Percentage (188%) equals or exceeds the Allowable Engagement Percentage (150%).

The Exchange believes the proposed changes remove impediments to and perfects the mechanism of a free and open market and a national market system and, in general, protects investors and the public interest by providing Members with an additional risk management tool. Members who are Market Makers have a heightened obligation on the Exchange and are obligated to submit continuous two-sided quotations in a certain number of series in their appointed classes for a certain percentage of time in each trading session.[31] Additionally, EEMs may also submit a large volume of orders that rest on the book and will also benefit from being able to more precisely tailor their risk protection settings. Without adequate risk management tools Members could reduce the size of their available liquidity which could undermine the quality of the markets available to customers and other market participants. The ability of a Member to more precisely configure their ARM settings is a valuable risk management tool.

The proposed rule change removes impediments to and perfects the mechanism of a free and open market by giving Members the ability to further refine their ARM risk protections. ARM is post-trade risk protection functionality designed to assist Members in managing risk by limiting the number of contracts that a Member executes in an option class within a specified

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[31]   See Exchange Rule 605.

period of time. When the Realized Engagement Percentage equals or exceeds the Member's

Allowable Engagement Percentage setting, the ARM protection is triggered. Technically,

Members have the ability to perform the actions described in this proposal independently of the

Exchange by utilizing the Clearing Trade Drop to ascertain the origin of the contra party to their

trades and then by submitting a Mass Cancel Request to the Exchange.[32] The Exchange's

proposal simplifies this sequence by providing Members greater control over their configuration

settings and refining the risk mitigation process,

Accordingly, the proposal is designed to provide Members with greater control over their

liquidity in the market thereby removing impediments to and helping perfect the mechanisms of

a free and open market and a national market system and, in general, protecting investors and the

public interest. In addition, the Exchange believes that this proposal should encourage Members

to provide greater liquidity with tighter spreads, knowing that the proposed ARM protection

settings allow them to anticipate real-time changes to supply and demand based on origin type.

As a result, the proposal has the potential to promote just and equitable principles of trade.

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

The Exchange does not believe that the proposed rule change will impose any burden on

competition that is not necessary or appropriate in furtherance of the purposes of the Act. The

Exchange believes that the proposed rule change will foster competition by providing Members

with the ability to specifically customize their use of the Exchange's risk management tools in

order to compete for executions and order flow.

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[32]   See Section 4.1.3, Liquidity Mass Cancel Request, of the MEO Interface Specification, version 2.1a (4/8/2024) available online at https://www.miaxglobal.com/miax_express_orders_meo_v2.1a.pdf.

Additionally, the Exchange believes that the proposed rule change should promote competition as it is designed to allow Members greater flexibility and control of their risk exposure. The Exchange does not believe the proposed rule change will impose a burden on intra-market competition as this risk protection feature is equally available to all Members of the Exchange.

For all the reasons stated, 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, and believes the proposed change will enhance competition.

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

Written comments were neither solicited nor received.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act[33] and Rule 19b-4(f)(6)[34] thereunder. 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 Section 19(b)(3)(A)(iii) of the Act[35] and subparagraph (f)(6) of Rule 19b-4 thereunder.[36]

A proposed rule change filed under Rule 19b-4(f)(6)[37] under the Act normally does not

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

[34]   17 CFR 240.19b-4(f)(6).

[35]   15 U.S.C. 78s(b)(3)(A)(iii).

[36]   17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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.

[37]   17 CFR 240.19b-4(f)(6).

become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b4(f)(6)(iii),[38] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Exchange states that Members may benefit from the proposed risk management tool by providing Members with an additional risk management tool which should encourage Members to provide greater liquidity with tighter spreads. The Exchange states that the waiver of the operative delay will promote a fair and orderly market and is consistent with the protection of investors and the public interest. For these reasons, and because the proposed rule change does not raise any novel regulatory issues, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.[39]

At any time within 60 days of the filing of this 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 will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV.   Solicitation of Comments

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[38]   17 CFR 240.19b-4(f)(6)(iii).

[39]   For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or

- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2025-47 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-2025-47. 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 filing 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-2025-47 and should be submitted on or before [INSERT 21 DAYS AFTER DATE OF PUBLICATION IN THE <u>FEDERAL REGISTER</u>].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[40]

Sherry R. Haywood,

Assistant Secretary.

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[40]   17 CFR 200.30-3(a)(12) and (59).