
MIAX PEARL, LLC

RULES

AS OF AUGUST 31, 2018

Table of Contents

	<u>Page</u>
CHAPTER I. DEFINITIONS	1
Rule 100. Definitions.....	1
CHAPTER II. ACCESS	8
Rule 200. Trading Permits.....	8
Rule 201. Denial of and Conditions to Being a Member.....	9
Rule 202. Persons Associated with Member	10
Rule 203. Qualification and Registration of Members and Associated Persons	11
Rule 204. Members and Persons Associated with a Member Who Are or Become Subject to a Statutory Disqualification.....	14
Rule 205. Dissolution and Liquidation of Members.....	15
Rule 206. Obligations of Terminating Members	16
Rule 207. Responsible Person	16
Rule 208. MIAX PEARL Billing System.....	16
Rule 209. Letter of Guarantee	16
Rule 210. Sponsored Access to the Exchange.....	16
CHAPTER III. BUSINESS CONDUCT	19
CHAPTER IV. OPTION CONTRACTS TRADED ON THE EXCHANGE	20
Rule 400. Designation of Securities	20
Rule 401. Rights and Obligations of Holders and Writers	20
Rule 402. Criteria for Underlying Securities	20
Rule 403. Withdrawal of Approval of Underlying Securities (<i>See below for amended Rule 403 which became operative on March 23, 2018, however, its implementation date will be announced by the Exchange through a Regulatory Circular.</i>).....	27
<i>The following Rule became operative on March 23, 2018, however, its implementation date will be announced by the Exchange through a Regulatory Circular.</i>	29
Rule 403. <i>Withdrawal of Approval of Underlying Securities</i>	29
Rule 404. Series of Option Contracts Open for Trading	32
Rule 404A. Select Provisions of Options Listing Procedures Plan	38
Rule 405. Adjustments.....	39
Rule 406. Long-Term Option Contracts	39
CHAPTER V. DOING BUSINESS ON THE EXCHANGE.....	41
Rule 500. Access to and Conduct on the Exchange	41

Rule 501. Days and Hours of Business.....	41
Rule 502. Entry of Orders.....	42
Rule 503. Openings on the Exchange.....	42
Rule 504. Trading Halts.....	44
Rule 505. Member Electronic Connectivity	45
Rule 506. Collection and Dissemination of Quotations	45
Rule 507. Must Give Up Clearing Member.....	46
Rule 508. Unit of Trading.....	47
Rule 509. Meaning of Premium Bids and Offers	47
Rule 510. Minimum Price Variations and Minimum Trading Increments	47
Rule 511. Acceptance of Quotes and Orders.....	48
Rule 512. [Reserved]	48
Rule 513. Submission of Orders and Clearance of Transactions.....	48
Rule 514. Priority on the Exchange.....	48
Rule 515. Execution of Orders	49
Rule 516. Order Types.....	53
Rule 517A. Aggregate Risk Manager for EEMs (“ARM-E”).....	54
Rule 517B. Aggregate Risk Manager for Market Makers (“ARM-M”).....	55
Rule 518. [Reserved]	57
Rule 519. MIAX PEARL Order Monitor (“MOM”).....	57
Rule 519A. Risk Protection Monitor for Orders Entered via the FIX Interface (“RPM-FIX”)	58
Rule 519B. Risk Protection Monitor for Orders Entered via the MEO Interface (“RPM-MEO”).....	60
Rule 519C. Mass Cancellation of Trading Interest.....	61
Rule 520. Limitations on Orders	62
Rule 521. Nullification and Adjustment of Options Transactions Including Obvious Errors.....	63
Rule 522. Price Binding Despite Erroneous Report	71
Rule 523. Authority to Take Action Under Emergency Conditions.....	71
Rule 524. Reporting of Matched Trades to Clearing Corporation.....	72
Rule 525. Limitation on Dealings.....	72
Rule 526. Limitation on the Liability of Index Licensors for Options on Exchange-Traded Fund Shares	72
Rule 527. Exchange Liability	73
Rule 528. Legal Proceedings Against the Exchange and its Directors, Officers, Employees, Contractors or Agents.....	74

Rule 529. Order Routing to Other Exchanges	74
Rule 530. Limit Up-Limit Down	75
CHAPTER VI. MARKET MAKERS	80
Rule 600. Market Maker Registration	80
Rule 601. Obligations of Market Maker Authorized Traders.....	81
Rule 602. Continuing Market Maker Registration	82
Rule 603. Good Standing for Market Makers.....	82
Rule 605. Market Maker Quotations	83
Rule 606. Securities Accounts and Orders of Market Makers.....	84
Rule 607. Letters of Guarantee	85
Rule 608. Financial Requirements for Market Makers.....	85
CHAPTER VII. EXERCISES AND DELIVERIES	86
CHAPTER VIII. RECORDS, REPORTS AND AUDITS	87
CHAPTER IX. SUMMARY SUSPENSION	88
CHAPTER X. DISCIPLINE	89
Rule 1000. Disciplinary Jurisdiction	89
Rule 1001. Requirement to Furnish Information.....	89
Rule 1002. Investigation.....	90
Rule 1003. Letters of Consent	90
Rule 1004. Charges.....	90
Rule 1005. Answer	91
Rule 1006. Hearing.....	91
Rule 1007. Decision.....	93
Rule 1008. Summary Proceedings.....	93
Rule 1009. Offers of Settlement	93
Rule 1010. Review.....	94
Rule 1011. Judgment and Sanction	94
Rule 1012. Procedural Matters	95
Rule 1013. Reporting to the Central Registration Depository	95
Rule 1014. Imposition of Fines for Minor Rule Violations.....	95
Rule 1015. Disciplinary Functions	100
Rule 1016. Contracts of Suspended Members.....	100
Rule 1017. Failure to Pay Premium.....	101
Rule 1018. Expedited Suspension Proceeding	101
CHAPTER XI. HEARINGS, REVIEW AND ARBITRATION	104

CHAPTER XII. ORGANIZATION AND ADMINISTRATION.....	105
Rule 1200. Divisions of the Exchange.....	105
Rule 1201. Designees	105
Rule 1202. Membership Dues	105
Rule 1203. Other Fees and Charges.....	105
Rule 1204. Liability for Payment of Fees.....	106
Rule 1205. Exchange’s Costs of Defending Legal Proceedings.....	106
Rule 1206. Committees of the Exchange.....	106
Rule 1207. Sales Value Fee	107
CHAPTER XIII. DOING BUSINESS WITH THE PUBLIC.....	108
CHAPTER XIV. ORDER PROTECTION, LOCKED AND CROSSED MARKETS	109
CHAPTER XV. MARGINS	110
CHAPTER XVI. NET CAPITAL REQUIREMENTS.....	111
CHAPTER XVII. CONSOLIDATED AUDIT TRAIL COMPLIANCE RULE	112
CHAPTER XVIII. INDEX OPTIONS.....	113

CHAPTER I. DEFINITIONS

Rule 100. Definitions

ABBO or Away Best Bid or Offer

The term “**ABBO**” or “**Away Best Bid or Offer**” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA.

Affiliate or affiliated with

The term “**affiliate**” of or person “**affiliated with**” another person means a person who, directly, or indirectly, controls, is controlled by, or is under common control with, such other person.

Aggregate Exercise Price

The term “**aggregate exercise price**” means the exercise price of an option contract multiplied by the number of units of the underlying security covered by the option contract.

American-Style Option

The term “**American-style option**” means an option contract that, subject to the provisions of Rule 700 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date.

Associated Person or Person Associated with a Member

The term “**associated person**” or “**person associated with a Member**” means any partner, officer, director, or branch manager of a Member (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with a Member, or any employee of a Member.

Bid

The term “**bid**” means a limit order to buy one or more options contracts.

Board

The term “**Board**” means the Board of Directors of the Exchange.

Book

The term “**Book**” means the electronic book of buy and sell orders and quotes maintained by the System.

By-Laws

The term “**By-Laws**” means the By-Laws of the Exchange, as the same may be amended from time to time.

Call

The term “**call**” means an option contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the number of units of the underlying security covered by the option contract.

Class of Options or Option Class

The terms “**class of options**” or “**option class**” mean all option contracts covering the same underlying security.

Clearing Corporation

The term “**Clearing Corporation**” means The Options Clearing Corporation.

Clearing Member

The term “**Clearing Member**” means a Member that has been admitted to membership in the Clearing Corporation pursuant to the provisions of the Rules of the Clearing Corporation.

Closing Purchase Transaction

The term “**closing purchase transaction**” means an Exchange Transaction which will reduce or eliminate a short position in an option contract.

Closing Writing Transaction

The term “**closing writing transaction**” means an Exchange Transaction which will reduce or eliminate a long position in an option contract.

Control

The term “**control**” means the power to exercise a controlling influence over the management or policies of a person, unless such power is solely the result of an official position with such person. Any person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation which directly or through one or more affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation, shall be presumed to control such corporation.

Covered

The term “**covered**” in respect of a short position in a call option contract means that the writer's obligation is secured by a “specific deposit” or an “escrow deposit” meeting the conditions of Rule 610(f) or 610(h), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an option contract of the same class of options where the exercise price of the option contract in such long position is equal to or less than the exercise price of the option contract in such short position. The term “covered” in respect of a short position in a put option contract means that the writer holds in the same account as the short position, on a share-for-share basis, a long position in an option contract of the same type and class of options where the exercise price of the option contract in such long position is equal to or greater than the exercise price of the option contract in such short position.

Discretion

The term “**discretion**” means the authority of a broker or dealer to determine for a customer the type of option, the class or series of options, the number of contracts, or whether options are to be bought or sold.

Electronic Exchange Member

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.

European-Style Option

The term “**European-style option**” means an option contract that, subject to the provisions of Rule 700 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

Exchange

The term “**Exchange**” means the national securities exchange known as MIAX PEARL, LLC, MIAX PEARL or PEARL.

Exchange Act

The term “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

Exchange Transaction

The term “**Exchange Transaction**” means a transaction involving a security that is effected on the Exchange.

Exercise Price

The term “**exercise price**” means the specified price per unit at which time the underlying security may be purchased or sold upon the exercise of an option contract.

Federal Reserve Board

The term “**Federal Reserve Board**” means the Board of Governors of the Federal Reserve System.

FIX Interface

The term “**FIX Interface**” means the Financial Information Exchange interface used for submitting certain order types (as set forth in Rule 516) to the MIAX PEARL System.

Foreign Broker-Dealer

The term “**foreign broker-dealer**” means any person or entity that is registered, authorized or licensed by a foreign governmental agency or foreign regulatory organization (or is required to be so registered, authorized or licensed) to perform the function of a broker or dealer in securities, or both. For the purposes of this definition, the terms “broker” and “dealer” have the same meaning as provided in Section 3(a)(4) and 3(a)(5) of the Exchange Act, except that a “broker” or “dealer” may be a bank.

He, Him or His

The terms “**he**,” “**him**” or “**his**” shall be deemed to refer to persons of female as well as male gender, and to include organizations, as well as individuals, when the context so requires.

Help Desk

The term “**Help Desk**” means the Exchange’s control room consisting of Exchange staff authorized to make certain trading determinations on behalf of the Exchange. The Help Desk shall report to and be supervised by a senior executive officer of the Exchange.

Individual Option

The term “**individual option**” means an option contract that is either a put or a call, covering a specific underlying security and having a specific exercise price and expiration date.

Long Position

The term “**long position**” means a person’s interest as the holder of one or more units of trading of a given option contract.

Market Maker

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 these Rules.

Member

The term “**Member**” means an individual or organization that is registered with the Exchange pursuant to Chapter II of these Rules for purposes of trading on the Exchange as an “Electronic Exchange Member” or “Market Maker.” Members are deemed “members” under the Exchange Act.

Membership

The term “**Membership**” refers to the trading privileges held by a Member.

MEO Interface

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.

MIAX Options Exchange

The term “**MIAX Options Exchange**” means Miami International Securities Exchange, LLC.

MIAX PEARL

The term “**MIAX PEARL**” means the MIAX PEARL, LLC, the Exchange or PEARL.

MPID

The term “**MPID**” means unique market participant identifier.

NBBO

The term “**NBBO**” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA.

Non-Customer

The term “**Non-Customer**” means a person or entity that is a broker or dealer in securities.

Non-Customer Order

The term “**Non-Customer Order**” means an order for the account of a Non-Customer.

Offer

The term “**offer**” means a limit order to sell one or more options contracts.

Opening Purchase Transaction

The term “**opening purchase transaction**” means an Exchange Transaction which will create or increase a long position in an option contract.

Opening Writing Transaction

The term “**opening writing transaction**” means an Exchange Transaction which will create or increase a short position in an option contract.

OPRA

The term “**OPRA**” means the Options Price Reporting Authority, LLC.

Option Contract

The term “**option contract**” means a put or a call issued, or subject to issuance, by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.

Options Principal

The term “**Options Principal**” means a person engaged in the management and supervision of the Member’s business pertaining to option contracts that has responsibility for the overall oversight of the Member’s options related activities on the Exchange.

Order

The term “**order**” means a firm commitment to buy or sell option contracts.

Outstanding

The term “**outstanding**” in respect of an option contract means an option contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.

PBBO

The term “**PBBO**” means the best bid or offer on the PEARL Exchange.

PEARL

The term “**PEARL**” means MIAX PEARL.

Primary Market

The term “**primary market**” means the principal market in which an underlying security is traded.

Principal Shareholder

The term “**principal shareholder**” means any person beneficially owning, directly or indirectly, equity securities representing 5% of the voting power in elections of directors, or 5% of the net worth, or a 5% participation in the net profits, of a corporation.

Priority Customer

The term “**Priority Customer**” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). The number of orders shall be counted in accordance with the following Interpretation and Policy .01 hereto.

Interpretations and Policies:

.01 For purposes of counting the number of orders in listed options per day on average during a calendar month for its own beneficial account(s) for designation as Priority Customer under Rule 100:

(a) Except as noted below, each order of any type, regardless of the options exchange on which the order is entered or to which the order is routed, shall be counted as one (1) order toward the number of orders, except that Flexible Exchange Option (FLEX) orders shall not be counted.

(b) Complex orders comprised of eight (8) options legs or fewer shall be counted as a single order. For complex orders comprised of nine (9) options legs or more, each leg shall count as its own separate order. Stock orders shall not be counted toward the number of legs.

(c) A “parent” order placed for the beneficial account(s) of a person or entity not a broker or dealer that is broken into multiple subordinate “child” orders on the same side (buy/sell) and series as the parent order, by a broker or dealer or an algorithm housed at a broker or dealer or licensed from a broker dealer but housed with the customer, shall be counted as one (1) order, even if the orders are routed away. A “parent” order (including a strategy order) that is broken into multiple subordinate “child” orders on both sides (buy/sell) of a series and/or multiple series shall be counted as multiple orders, with each child order counted as a new and separate order per side and series.

(d) (1) An order that cancels and replaces a prior order shall be counted as a second order, or multiple new orders in the case of a complex order comprised of nine (9) options legs or more, including “single-strike algorithms.” A series of cancel and replace orders in an individual strike, which track the PBBO or NBBO, shall be counted as separate new orders. A cancel message is not an order.

(2) Except as noted in paragraph (d)(3) below, an order that cancels and replaces a subordinate “child” order on the same side and series as the “parent” order shall not be counted as a new order.

(3) An order that cancels and replaces a subordinate “child” order and results in multiple sides/series shall be counted as a new order per side and series. An order that cancels and replaces a subordinate “child” order pegged to the PBBO or NBBO, shall be counted as a new order each time a cancel/replace is used to follow the PBBO or NBBO.

Priority Customer Order

The term “**Priority Customer Order**” means an order for the account of a Priority Customer.

Public Customer

The term “**Public Customer**” means a person that is not a broker or dealer in securities.

Public Customer Order

The term “**Public Customer Order**” means an order for the account of a Public Customer.

Put

The term “**put**” means an option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the number of units of the underlying security covered by the option contract.

Quarterly Options Series

The term “**Quarterly Options Series**” is a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar quarter.

Quote or Quotation

The term “**quote**” or “**quotation**” means a bid or offer entered by a Market Maker as a firm order that updates the Market Maker’s previous bid or offer, if any. When the term order is used in these Rules and a bid or offer is entered by the Market Maker in the option series to which such Market Maker is registered, such order shall, as applicable, constitute a quote or quotation for purposes of these Rules.

Responsible Person

The term “**Responsible Person**” shall mean an individual designated by an organization that is the holder of a Trading Permit to represent the organization with respect to that Trading Permit in all matters relating to the Exchange. The Responsible Person must be a United States-based officer, director or management-level employee of the Trading Permit holder, who is responsible for the direct supervision and control of associated persons of that Trading Permit holder.

Rules

The term “**Rules**” means the Rules of the Exchange as the same may be in effect from time to time.

Rules of the Clearing Corporation

The term “**Rules of the Clearing Corporation**” means the Certificate of Incorporation, the By-Laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as the same may be in effect from time to time.

SEC or Commission

The term “**SEC**” or “**Commission**” means the United States Securities and Exchange Commission.

Series of Options

The term “**series of options**” means all option contracts of the same class having the same exercise price and expiration date.

Short Position

The term “**short position**” means a person’s interest as the writer of one or more units of trading of a given option contract.

Short Term Option Series

The term “**Short Term Option Series**” is a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

SRO

The term “**SRO**” means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.

System

The term “**System**” means the automated trading system used by the Exchange for the trading of securities.

Trading Permit

The term “**Trading Permit**” means a permit issued by the Exchange that confers the ability to transact on the Exchange.

Type of Option

The term “**type of option**” means the classification of an option contract as either a put or a call.

Uncovered

The term “**uncovered**” in respect of a short position in an option contract means that the short position is not covered.

Underlying Security

The term “**underlying security**” in respect of an option contract means the security which the Clearing Corporation shall be obligated to sell (in the case of a call option contract) or purchase (in the case of a put option contract) upon the valid exercise of the option contract.

Voluntary Professional

The term “**Voluntary Professional**” means any Public Customer that elects, in writing, to be treated in the same manner as a broker or dealer in securities for purposes of the Exchange’s schedule of fees.

[Adopted: December 13, 2016; amended February 6, 2017 (SR-PEARL-2017-03); amended April 3, 2017 (SR-PEARL-2017-11); amended June 5, 2017 (SR-PEARL-2017-21); amended February 12, 2018 (SR-PEARL-2018-03)]

CHAPTER II. ACCESS

Rule 200. Trading Permits

(a) **Issuance.** The Exchange shall issue Trading Permits that confer the ability to transact on the Exchange. There is no limit on the number of Trading Permits that may be issued by the Exchange; however the Exchange shall have the authority to limit or decrease the number of Trading Permits it has determined to issue. The Exchange shall announce in advance any limitation or decrease it plans to impose pursuant to this Rule. In the event the Exchange imposes a limitation or decrease pursuant to this Rule, the Exchange, in doing so, may not eliminate the ability of an existing Member to trade on the Exchange unless the Exchange is permitted to do so pursuant to a rule filing submitted to the Commission under Section 19(b) of the Exchange Act. In addition, in no event shall the Exchange act in a manner under this subparagraph that does not comply with the provisions of Section 6(c)(4) of the Exchange Act.

(b) **Qualification Requirements.** A Member must be registered as a broker-dealer pursuant to Section 15 of the Exchange Act. If a Member intends to transact business with the public, it must obtain approval to transact business with the public pursuant to Rule 1300 or be approved to transact business with the public by another national securities exchange as set forth in Rule 1300.

(c) **Application Process.**

(1) **Holders of MIAX Options Exchange trading permits.** A holder of a MIAX Options Exchange trading permit in good standing is eligible to receive one MIAX PEARL Trading Permit. A holder of a MIAX Options Exchange trading permit who wishes to apply to the Exchange is not required to complete and submit an Exchange application. Instead only Exchange forms concerning election to trade on the Exchange, submitting to Exchange jurisdiction, and operational matters need be completed and tendered.

(2) **Applicants Not Holding MIAX Options Exchange trading permits.** An applicant not holding a MIAX Options Exchange trading permit seeking to hold a MIAX PEARL Trading Permit (“Applicant”) must submit an application to the Exchange in accordance with such procedures as shall be established by the Exchange. In addition, the following shall apply:

(i) Each Applicant shall promptly update the application materials submitted to the Exchange if any of the information provided in these materials becomes inaccurate or incomplete after the date of submission of the application to the Exchange and prior to any approval of the application.

(ii) The Exchange shall investigate each Applicant applying to be a Member (with the exception of any Applicant that was a Member within 9 months prior to the date of receipt of that Applicant's application by the Exchange, and any Applicant that was investigated by the Exchange within 9 months prior to the date of receipt of that Applicant's application by the Exchange). The Exchange may investigate any Applicant that is not required to be investigated pursuant to this paragraph. In connection with an investigation conducted pursuant to this paragraph, the Exchange may (x) conduct a fingerprint based criminal records check of the Applicant and its Responsible Person; or (y) utilize the results of a fingerprint based criminal records check of the Applicant and its Responsible Person conducted by the Exchange or another self-regulatory organization within the prior year.

(iii) The Exchange may approve an application submitted pursuant to this Rule only if any investigation pursuant to paragraph (ii) above has been completed, and any applicable orientation and/or exam requirements established by the Exchange have been satisfied.

(iv) Each Applicant that submits an application pursuant to paragraph (c) of this Rule shall submit to the Exchange any additional information requested by the Exchange in connection with the Exchange's review of the application and may be required to appear before the Exchange for an in-person interview or interviews.

(v) Upon completion of the application process, the Exchange shall determine whether to approve or disapprove the application, unless there is just cause for delay. One such just cause for delay is when an Applicant is the subject of an inquiry, investigation, or proceeding conducted by a self-regulatory organization or governmental authority that involves the Applicant's fitness to be a Member. In such an instance, the Exchange need not act on any application submitted by that Applicant until the matter has been resolved.

(vi) Written notice of the action regarding an application to become a Member, specifying in the case of disapproval of an application the grounds thereof, shall be provided to the Applicant.

(d) **Membership in Another Registered Options Exchange.** Every Trading Permit holder must have and maintain membership in another registered options exchange other than the MIAX Options Exchange (that is not registered solely under Section 6(g) of the Exchange Act). If such other registered options exchange has not been designated by the Commission, pursuant to Rule 17d-1 under the Exchange Act, to examine Members for compliance with financial responsibility rules, then such Applicant must have and maintain a membership in FINRA.

(e) **Rights of Member.** No rights shall be conferred upon a Member except those set forth in the By-Laws or Rules as amended from time to time. A Trading Permit shall not convey any ownership interest in the Exchange. Trading Permits may not be leased and are not transferable except in the event of a change in control or corporate reorganization involving a Member. In such a case, Member status may be transferred to a qualified affiliate or successor upon written notice to the Exchange.

(f) **Fees and Charges for Trading Permits.** Trading Permits shall be subject to such fees and charges as are established by the Exchange from time to time pursuant to Rule 1202 and Rule 1203 and the Exchange Fee Schedule. An organization holding a Trading Permit in its name shall be responsible for paying all fees and charges for that Trading Permit. An individual holding a Trading Permit in his or her name shall be responsible for paying all fees and charges for that Trading Permit.

(g) **Exchange Jurisdiction over Trading Members.** Every Member shall be subject to the regulatory jurisdiction of the Exchange under the Exchange Act and the Rules, including without limitation the Exchange's disciplinary jurisdiction under Chapter X of the Rules.

[Adopted: December 13, 2016]

Rule 201. Denial of and Conditions to Being a Member

(a) The Exchange shall deny Membership where an Applicant (as defined in Rule 200(c)(2)) has failed a required Membership test.

(b) The Exchange may deny (or may condition) Membership or may prevent a person from becoming associated (or may condition an association) with a Member for the same reasons that the Commission may deny or revoke a broker-dealer registration and for those reasons required or allowed under the Exchange Act.

(c) The Exchange also may deny (or may condition) Membership or may prevent a person from becoming associated (or may condition an association) with a Member when the Applicant:

(1) is a broker-dealer and (i) has a net worth (excluding personal assets) below \$25,000 if the applicant is an individual, (ii) has a net worth (excluding personal assets) below \$50,000 if the applicant is an organization, (iii) has financial difficulties involving an amount that is more than 5% of the applicant's net worth, or (iv) has a pattern of failure to pay just debts;

(2) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Exchange, Commission, Clearing Corporation, and Federal Reserve Board policies, rules, and regulations, including those concerning record-keeping, reporting, finance, and trading procedures; or

(3) for such other cause as the Exchange reasonably may decide.

(d) The Exchange may determine not to permit a Member or a person associated with a Member to continue in Membership or association with a Member or may condition such continuance as a Member if the Member:

(1) fails to meet any of the qualification requirements for Membership or association after the Membership or association has been approved;

(2) fails to meet any condition placed by the Exchange on such Membership or association; or

(3) violates any agreement with the Exchange.

(e) Any decision made by the Exchange pursuant to paragraphs (a), (b) or (c) this Rule must be consistent with both the provisions of this Rule and the provisions of the Exchange Act.

(f) Any Applicant who has been denied Membership or association with a Member or granted only conditional Membership or association pursuant to paragraph (a), (b) or (c) of this Rule, and any Member or person associated with a Member who is not permitted to continue in Membership or association or whose continuance in Membership or association is conditioned pursuant to paragraph (d) of this Rule, may appeal the Exchange's decision under Chapter XI (Hearings, Review and Arbitration). No determination of the Exchange to discontinue or condition a person's Membership or association with a Member pursuant to paragraph (d) of this Rule shall take effect until the review procedures under Chapter XI (Hearings, Review and Arbitration) have been exhausted or the time for review has expired.

(g) Without prior Commission approval, the Exchange or any entity with which it is affiliated shall not directly or indirectly through one or more intermediaries acquire or maintain an ownership interest in an Exchange Member. In addition, without prior Commission approval, no Member shall be or become affiliated with (1) the Exchange; or (2) any affiliate of the Exchange. Nothing herein shall prohibit a Member from acquiring or holding an equity interest in (i) Miami International Holdings, Inc. that is permitted by the Certificate of Incorporation of Miami International Holdings, Inc. or (ii) MIAX PEARL that is permitted by the Amended and Restated Limited Liability Company Agreement of MIAX PEARL.

(h) Nothing in this Rule shall prohibit any Member from being or becoming an affiliate of the Exchange, or any facility of the Exchange, or an affiliate of any affiliate of the Exchange or any facility of the Exchange solely by reason of any officer, director or partner of such Member being or becoming a Director or Advisory Board member of Miami International Holdings, Inc. or MIAX PEARL.

[Adopted: December 13, 2016]

Rule 202. Persons Associated with Member

(a) Persons associated with Members shall be bound by the By-Laws and Rules of the Exchange and of the Clearing Corporation. The Exchange may bar a person from becoming or continuing to be associated with a Member if such person does not agree in writing, in a manner and form prescribed by the Exchange, to furnish the Exchange with information with respect to such person's relationship and dealings with the Member, and information reasonably related to such person's other securities business, as may be required by the Exchange, and to permit the examination of its books and records by the Exchange to verify the accuracy of any information so supplied.

(b) Each associated person of a Member that is required to be disclosed on Exchange Act Form BD as a direct owner or executive officer is required to submit to the Exchange pursuant to Rule 200 an application for approval to become associated with the Member in that capacity. No person may become associated with a Member in the capacity of a direct owner or executive that is required to be disclosed on Form BD unless and until the Exchange approves the association.

(c) A claim of any associated person required to be approved by the Exchange pursuant to paragraph (b) of this Rule against the Member with which that person is associated shall be subordinate in right of payment to customers and other Members.

[Adopted: December 13, 2016]

Rule 203. Qualification and Registration of Members and Associated Persons

(a) **Registration of Members and Associated Persons Engaged in the Securities Business.** Members that are individuals and associated persons of Members engaged or to be engaged in the securities business of a Member shall be registered with the Exchange in the category of registration appropriate to the function to be performed in a form and manner prescribed by the Exchange. Before the registration can become effective, the individual Member or individual associated person shall submit the appropriate application for registration, pass a qualification examination appropriate to the category of registration in a form and manner prescribed by the Exchange and submit any required registration and examination fees. A Member shall not maintain a registration with the Exchange for any person: (1) who is no longer active in the Member's securities business; (2) who is no longer functioning in the registered capacity; or (3) where the sole purpose is to avoid an examination requirement. A Member shall not make application for the registration of any person where there is no intent to employ that person in the Member's securities business. A Member may, however, maintain or make application for the registration of an individual who performs legal, compliance, internal audit, back-office operations, or similar responsibilities for the Member, or a person who performs administrative support functions for registered personnel, or a person engaged in the securities business of a foreign securities affiliate or subsidiary of the Member.

(b) **Persons Exempt from Registration.** The following individual Members and individual associated persons of Members are exempt from the registration requirements set forth in paragraph (a):

- (1) individual associated persons whose functions are solely and exclusively clerical or ministerial;
- (2) individual Members and individual associated persons who are not actively engaged in the securities business;
- (3) individual associated persons whose functions are related solely and exclusively to the Member's need for nominal corporate officers or for capital participation; or
- (4) Individual associated persons whose functions are related solely and exclusively to:
 - (i) transactions in commodities;
 - (ii) transactions in security futures; and/or
 - (iii) effecting transactions on the floor of another national securities exchange and who are registered as floor members with such exchange.

(c) **Securities Trader Principal.**

(1) Members that are individuals and associated persons of Members included within the definition of Options Principal in Rule 100 and who will have supervisory responsibility over the securities trading activities described in Rule 203(d) shall become qualified and registered as a Securities Trader Principal. To qualify for registration as a Securities Trader Principal, such person shall become qualified and registered as a Securities Trader under Rule 1302(e) and pass the General Securities Principal qualification examination (Series 24). A person who is qualified and registered as a Securities Trader Principal under this subparagraph (1) may only have supervisory responsibility over the activities specified in Rule 203(d), unless such person is separately qualified and registered in another appropriate principal registration category, such as the General Securities Principal registration category.

(2) A person who is registered as a General Securities Principal shall not be qualified to supervise the trading activities described in Rule 203(d), unless such person has also become qualified and registered as a Securities Trader under Rule 1302(e) and become registered as a Securities Trader Principal.

(d) Securities Trader.

(1) Members that are individuals and associated persons of Members must register with the Exchange as a Securities Trader if, with respect to transactions in equity, preferred or convertible debt securities, or foreign currency options on the Exchange, such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities, other than any person associated with a Member whose trading activities are conducted principally on behalf of an investment company that is registered with the Commission pursuant to the Investment Company Act of 1940 and that controls, is controlled by or is under common control, with the Member.

(2) Before registration as a Securities Trader as defined in subparagraph (1) hereof may become effective, an applicant must become qualified as a Securities Trader under Rule 1302(e).

(3) A person registered as a Securities Trader shall not be qualified to function in any other registration category, unless he or she is also qualified and registered in such other registration category.

(e) **Financial/Operations Principal.** Each Member subject to Exchange Act Rule 15c3-1 shall designate a Financial/Operations Principal. The duties of a Financial/Operations Principal shall include taking appropriate actions to assure that the Member complies with applicable financial and operational requirements under the Rules and the Exchange Act, including but not limited to those requirements relating to the submission of financial reports and the maintenance of books and records. Each Financial/Operations Principal is required to have successfully completed the Financial and Operations Principal Examination (Series 27). Each Financial/Operations Principal designated by a Member shall be registered in that capacity with the Exchange in a form and manner prescribed by the Exchange. A Financial/Operations Principal of a Member may be a full-time employee, a part-time employee or independent contractor of the Member.

(f) **Chief Compliance Officer.** Each Member and Member organization that is a registered broker-dealer shall designate a Chief Compliance Officer on Schedule A of Form BD. An individual designated as a Chief Compliance Officer is required to register with the Exchange and pass the appropriate heightened qualification examination(s) as prescribed by the Exchange. A person who has been designated as a Chief Compliance Officer on Schedule A of Form BD for at least two years immediately prior to January 1, 2002, and who has not been subject within the last ten years to

(1) any statutory disqualification as defined in Section 3(a)(39) of the Exchange Act;

(2) a suspension;

(3) the imposition of a fine of \$5,000 or more for a violation of any provision of any securities law or regulation or any agreement with, rule or standard of conduct of any securities governmental agency, or securities self-regulatory organization; or

(4) the imposition of a fine of \$5,000 or more by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding;

shall be required to register in this heightened category of registration as prescribed by the Exchange, but shall be exempt from the requirement to pass the heightened qualification examination as prescribed by the Exchange.

(g) **Registration Required Under Chapter XIII.** Individual associated persons of a Member Organization that conducts a public customer business must also comply with the registration requirements set forth in Chapter XIII.

These additional registration categories include: (1) Registered Options Principal; and (2) Registered Representative.

(h) **Requirement for Examination on Lapse of Registration.** Any person whose registration has been revoked by the Exchange as a disciplinary sanction or whose most recent registration has been terminated for two or more years immediately preceding the date of receipt by the Exchange of a new application shall be required to pass a qualification examination appropriate to the category of registration as prescribed by the Exchange.

Interpretations and Policies:

.01 Each individual required to be registered under this Rule shall electronically file a Uniform Application for Securities Industry Registration (“Form U-4”) through the Central Registration Depository system operated by FINRA (“Web CRD”).

.02 Each individual required to be registered under this Rule shall, electronically submit to Web CRD any required amendments to Form U-4.

.03 Any Member or Member organization that discharges or terminates the employment or retention of an individual required to be registered under this Rule shall comply with the termination filing requirements set forth in Rules 1303(a) and 1303(b).

.04 Each individual required to be registered under this Rule is required to satisfy the continuing education requirements set forth in Rule 1304 as applicable and any other continuing education requirements as prescribed by the Exchange.

.05 The Exchange may, in exceptional cases and where good cause is shown, waive the applicable qualification examination and accept other standards as evidence of an applicant's qualifications for registration. Advanced age or physical infirmity will not individually of themselves constitute sufficient grounds to waive a qualification examination. Experience in fields ancillary to the securities business may constitute sufficient grounds to waive a qualification examination.

.06 For purposes of paragraph (a)(1) above, the Exchange shall consider an individual Member or an individual associated person to be engaged in the securities business of a Member or Member organization if:

(a) the individual Member or individual associated person engages in one or more of the following activities in the capacity of a Member or on behalf of the associated Member or Member organization:

(1) proprietary trading;

(2) market-making;

(3) effecting transactions on behalf of a broker-dealer;

(4) supervision or monitoring of proprietary trading, market making, or brokerage activities;

(5) supervision or training of those engaged in proprietary trading, market making or brokerage activities with respect to those activities; or

(b) the individual Member or individual associated Member engages in the management of one or more of the activities enumerated in subparagraphs (1) through (5) above as an officer, partner or a director.

.07 Each Member and Member organization must register with the Exchange in a heightened capacity each individual acting in any of the following capacities:

- (a) officer;
- (b) partner;
- (c) director;
- (d) supervisor of proprietary trading, market making or brokerage activities; and/or
- (e) supervisor of those engaged in proprietary trading, market making or brokerage activities with respect to those activities.

Each Member or Member organization must register with the Exchange at least two individuals acting in one or more of the capacities described in (a) through (e) above. The Exchange may waive this requirement if a Member or Member organization demonstrates conclusively that only one individual acting in one or more of the heightened capacities described in (a) through (e) above should be required to register. A Member or Member organization that conducts proprietary trading only and has 25 or fewer registered persons may be required to have one officer or partner who is registered in this capacity.

.08 For purposes of these Interpretation and Policies to Rule 203, a Member or Member organization shall be considered to conduct only proprietary trading if the Member or Member organization has the following characteristics:

- (a) The Member or Member organization is not required by Section 15(b)(8) of the Exchange Act to become a FINRA member but is a member of another registered securities exchange not registered solely under Section 6(g) of the Exchange Act;
- (b) All funds used or proposed to be used by the Member or Member organization are the Member's or Member organization's own capital, traded through the Member's or Member organization's own accounts;
- (c) The Member or Member organization does not, and will not, have customers; and
- (d) All persons registered on behalf of the Member or Member organization acting in the capacity of a trader must be owners of, employees of, or contractors of the Member or Member organization.

[Adopted: December 13, 2016]

Rule 204. Members and Persons Associated with a Member Who Are or Become Subject to a Statutory Disqualification

- (a) The Exchange may determine in accordance with the provisions of this Rule not to allow a Member or associated person of a Member to continue being a Member or associated with a Member, or to condition such continuance as a Member or associated person, if the Member or associated person is or becomes subject to a statutory disqualification under the Exchange Act.
- (b) If a Member or associated person of a Member who is or becomes subject to a statutory disqualification under the Exchange Act wants to continue being a Member or associated with a Member, the Member or associated person must, within 30 days of becoming subject to a statutory disqualification, submit an application to the Exchange, in a form and manner prescribed by the Exchange, seeking to continue being a Member or associated with a Member notwithstanding the statutory disqualification. The application shall be accompanied by copies of all documents that are contained in the record of the underlying proceeding that triggered the statutory

disqualification. Failure to timely file such an application is a factor that may be taken into consideration by the Exchange in making determinations pursuant to paragraph (c) of this Rule.

(c) Following the receipt of an application submitted pursuant to paragraph (b) of this Rule, or in the event the Exchange becomes aware that a Member or associated person of a Member is subject to a statutory disqualification and has failed to submit an application pursuant to paragraph (b) of this Rule within the required time period, the Exchange shall appoint a panel to conduct a hearing concerning the matter pursuant to the procedure set forth in Chapter XI (Hearings, Review and Arbitration).

(d) Subject to Chapter IX (Summary Suspension) of the Rules, any applicant whose application to become a Member is denied or conditioned, or any person whose association with a Member is denied or conditioned pursuant to paragraph (a), (b) or (c) of Rule 201, and any Member or person associated with a Member who is not permitted pursuant to this Rule to continue as a Member or to be associated with a Member or which continuance as a Member or association is conditioned, may appeal the Exchange's decision under Chapter XI (Hearings, Review and Arbitration) of the Rules.

(e) No determination to discontinue or condition a person as a Member or associated person pursuant to this Rule shall take effect until the review procedures under paragraph (d) of this Rule have been exhausted or the time for review has expired.

Interpretations and Policies:

.01 The Exchange may waive the provisions of this Rule when a proceeding is pending before another self-regulatory organization to determine whether to permit a Member or an associated person of a Member to continue being a Member or associated with the Member notwithstanding a statutory disqualification. In the event the Exchange determines to waive the provisions of this Rule with respect to a Member or associated person, the Exchange shall determine whether it will concur in any Exchange Act Rule 19h-1 filing made by another self-regulatory organization with respect to the Member or associated person.

.02 If a Member or an associated person of a Member is or becomes subject to a statutory disqualification under the Exchange Act, the Member shall immediately provide written notice to the Exchange of the name of the Member or associated person, the associated person's capacity with the Member, and the nature of the statutory disqualification.

.03 In those instances where Exchange Act Rule 19h-1(a)(2) does not require the Exchange to make a notice filing with the Commission to permit an associated person to continue in association with a Member, and where the Exchange intends to grant the associated person's application for continued association, the Exchange may waive the hearing provisions of paragraph (c) above with respect to that associated person.

[Adopted: December 13, 2016]

Rule 205. Dissolution and Liquidation of Members

Every Member shall promptly provide written notice to the Exchange of any adoption of a plan of liquidation or dissolution of the Member and of any actual liquidation or dissolution of the Member. Upon receipt of such a notice, the Member may be suspended in accordance with Chapter IX (Summary Suspension) of the Rules.

[Adopted: December 13, 2016]

Rule 206. Obligations of Terminating Members

Each terminating Member shall promptly (a) make any outstanding filings required under Exchange Rules, and (b) pay any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission, or the Securities Investor Protection Corporation. If a Member fails to make all such filings, or to pay all such dues, fees and charges, the Exchange may, notwithstanding the other applicable provisions of this Chapter, delay the effectiveness of the termination until such failures have been remedied.

[Adopted: December 13, 2016]

Rule 207. Responsible Person

Each Member must designate an individual as the Responsible Person (as defined in Rule 100) for the Member. The Responsible Person must be affiliated with the Member.

[Adopted: December 13, 2016]

Rule 208. MIAX PEARL Billing System

Every Member must designate a Clearing Member for the payment of the Member's Exchange invoices and vendor invoices for Exchange-related services assessed by the Exchange by means of the Exchange's MIAX PEARL Billing System ("PBS"). The designated Clearing Member shall pay to the Exchange on a timely basis the full amount of each monthly Exchange invoice. Such payments shall be drafted by the Exchange against the designated Clearing Member's account at the Clearing Corporation.

[Adopted: December 13, 2016]

Rule 209. Letter of Guarantee

Each Member shall provide a letter of guarantee for the Member's trading activities on the Exchange from a Clearing Member in a form and manner prescribed by the Exchange.

[Adopted: December 13, 2016]

Rule 210. Sponsored Access to the Exchange

(a) **General.** This Rule governs electronic access for the entry and execution of orders by Sponsored Users with authorized access to the System and the applicable requirements that Sponsored Users and Sponsoring Members are required to satisfy in order to engage in a Sponsoring Member/Sponsored User relationship. For purposes of this Rule, a "Sponsored User" is a person or entity that has entered into a sponsorship arrangement with a Sponsoring Member for purposes of receiving access to the System.

(b) **Sponsored User.** A Sponsored User may obtain and maintain authorized access to the System, only if such access is authorized in advance by one or more Sponsoring Members as follows:

(1) Sponsored Users must enter into a sponsorship arrangement with a "Sponsoring Member," which is defined as a Member that agrees to sponsor the Sponsored User's access to the System. The sponsorship arrangement consists of three separate components:

(i) The Sponsored User must enter into and maintain a customer agreement(s) with its Sponsoring Member(s), establishing a proper relationship(s) and account(s) through which the Sponsored User will be permitted to trade on the System.

(ii) For a Sponsored User to obtain and maintain authorized access to the System, the Sponsored User and its Sponsoring Member must enter into a written agreement that incorporates the following sponsorship provisions:

(A) The Sponsored User and its Sponsoring Member must have entered into and maintained a Sponsored User Agreement with the Exchange.

(B) The Sponsoring Member acknowledges and agrees that:

1. all orders entered by its Sponsored User, any person acting on behalf of such Sponsored User (e.g., employees or agents of the Sponsored User), or any person acting in the name of such Sponsored User (e.g., customers of the Sponsored User) and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member; and

2. the Sponsoring Member is responsible for any and all actions taken by such Sponsored User and any person acting on behalf of or in the name of such Sponsored User.

(C) The Sponsoring Member agrees that it will be bound by and comply with the Exchange's By-Laws, Rules and procedures, as well as any other equivalent documents pertaining to the System (collectively, the "Exchange Rules"), and the Sponsored User agrees that it will be bound by and comply with the Exchange Rules as if the Sponsored User were a Member.

(D) Both the Sponsoring Member and the Sponsored User will agree to comply with all applicable federal securities laws, rules and regulations in connection with the Sponsoring Member/Sponsored User relationship.

(E) The Sponsored User agrees that it will maintain, keep current and provide to the Sponsoring Member a list of persons who have been granted access to the System on behalf of the Sponsored User ("Authorized Traders").

(F) The Sponsored User agrees that it will familiarize its Authorized Traders with all of the Sponsored User's obligations under this Rule and will assure that they receive appropriate training prior to any use of or access to the System.

(G) The Sponsored User agrees that it will not permit anyone other than Authorized Traders to use or obtain access to the System.

(H) The Sponsored User agrees that it will take reasonable security precautions to prevent unauthorized use of or access to the System, including unauthorized entry of information into the System, or the information and data made available therein. The Sponsored User understands and agrees that it is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of the Sponsored User and any person acting on behalf of or in the name of such Sponsored User, and for the trading and other consequences thereof.

(I) The Sponsored User acknowledges its responsibility for establishing adequate procedures and controls that permit it to effectively monitor use of and access to the System by any person acting on behalf of or in the name of Sponsored User for compliance with the terms of these sponsorship provisions.

(J) The Sponsored User agrees that it will pay when due all amounts, if any, payable to the Sponsoring Member, the Exchange or any other third parties that arise from the Sponsored User's use of or access to the System. Such amounts include, but are not limited to, applicable Exchange and regulatory fees.

(iii) The Sponsored User and Sponsoring Member must provide the Exchange with a Sponsored User Agreement acknowledging and agreeing to the requirements of this Rule, including an acknowledgement by

the Sponsoring Member of its responsibility for the orders, executions and actions of its Sponsored User. To the extent the Sponsoring Member is not a clearing firm, the Sponsoring Member's clearing firm, which must be a Member, must provide the Exchange with a Letter of Authorization, which specifically accepts responsibility for the clearance of the Sponsored User's transactions. Upon approval by the Clearing Corporation, if applicable, and filing with the Exchange, an existing Letter of Authorization may be amended to include the Sponsoring Member/Sponsored User relationship. Sponsored User Agreements and Letters of Authorization filed with the Exchange will remain in effect until a written notice of revocation has been filed with the Exchange. If such a written notice of revocation has not been filed with the Exchange at least one hour prior to the opening of trading on the particular business day, such revocation shall not become effective until the close of trading on such day. A revocation shall in no way relieve the Sponsoring Member or, if applicable, the Sponsored Member's clearing firm of responsibility for transactions guaranteed prior to the effective date of the revocation.

(c) Sponsoring Member.

(1) Each Sponsoring Member must have an effective process for vetting and approving persons who may obtain access to the System on behalf of its Sponsored Users (*i.e.*, Authorized Traders);

(2) Each Sponsoring Member must maintain an up-to-date list of Authorized Traders and must provide that list to the Exchange upon request; and

(3) Each Sponsoring Member must have reasonable procedures to ensure that Sponsored User and all of its Sponsored Users' Authorized Traders: (i) maintain the physical security of the Exchange and the System, which includes, but is not limited to, the equipment for accessing the facilities of the Exchange and the System, to prevent the unauthorized use or access to the Exchange or the System, including the unauthorized entry of information into the Exchange or the System, or the information and data made available therein; and (ii) otherwise comply with the Exchange Rules and all applicable federal securities laws, rules and regulations.

(d) If the Exchange determines that a Sponsored User or an Authorized Trader has caused a Sponsoring Member to violate the Exchange Rules or Exchange Act Rule 15c3-5, the Exchange may direct the Sponsoring Member to suspend or withdraw the Sponsored User's status as a Sponsored User or the person's status as an Authorized Trader and, if so directed, the Sponsoring Member must suspend or withdraw such status.

[Adopted: December 13, 2016]

CHAPTER III. BUSINESS CONDUCT

The rules contained in MIAX Options Exchange Chapter III, as such rules may be in effect from time to time (the “Chapter III Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter III, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter III Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter III Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in the Chapter III Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in the Chapter III Rules shall be read to refer to the MIAX PEARL Rule; the defined term “Chapter” in the Chapter III Rules shall be read to refer to the MIAX PEARL Chapter; the defined term “Market Maker” in Chapter III Rules shall be read to refer to the MIAX PEARL Market Maker; and the defined term “Member” in the Chapter III Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: December 13, 2016; amended June 14, 2017 (SR-MIAX-2017-21); amended June 20, 2017 (SR-MIAX-2017-30); amended September 27, 2017 (SR-MIAX-2017-39); amended March 8, 2018 (SR-MIAX-2018-10); amended June 25, 2018 (SR-MIAX-2018-11)]

CHAPTER IV. OPTION CONTRACTS TRADED ON THE EXCHANGE

Rule 400. Designation of Securities

The Exchange trades option contracts, each of which is designated by reference to the issuer of the underlying security, expiration month or expiration date, exercise price and type (put or call).

[Adopted: December 13, 2016]

Rule 401. Rights and Obligations of Holders and Writers

The rights and obligations of holders and writers shall be set forth in the Rules of the Clearing Corporation.

[Adopted: December 13, 2016]

Rule 402. Criteria for Underlying Securities

(a) Underlying securities with respect to which put or call option contracts are approved for listing and trading on the Exchange must meet the following criteria:

(1) the security must be registered and be an “NMS stock” as defined in Rule 600 of Regulation NMS under the Exchange Act.

(2) the security shall be characterized by a substantial number of outstanding shares that are widely held and actively traded.

(b) In addition, the Exchange shall from time to time establish guidelines to be considered in evaluating potential underlying securities for Exchange options transactions. There are many relevant factors which must be considered in arriving at such a determination, and the fact that a particular security may meet the guidelines established by the Exchange does not necessarily mean that it will be selected as an underlying security. Further, in exceptional circumstances an underlying security may be selected by the Exchange even though it does not meet all of the guidelines. The Exchange may also give consideration to maintaining diversity among various industries and issuers in selecting underlying securities. Notwithstanding the forgoing, however, absent exceptional circumstances, an underlying security will not be selected unless:

(1) There are a minimum of seven (7) million shares of the underlying security which are owned by persons other than those required to report their stock holdings under Section 16(a) of the Exchange Act.

(2) There are a minimum of 2,000 holders of the underlying security.

(3) The issuer is in compliance with any applicable requirements of the Exchange Act.

(4) Trading volume (in all markets in which the underlying security is traded) has been at least 2,400,000 shares in the preceding twelve (12) months.

(5) Either:

(i) If the underlying security is a “covered security” as defined under Section 18(b)(1)(A) of the Securities Act of 1933 (the “Securities Act”), the market price per share of the underlying security has been at least \$3.00 for the previous three (3) consecutive business days preceding the date on which the Exchange submits a certificate to the Clearing Corporation for listing and trading, as measured by the closing price reported in the primary market in which the underlying security is traded; or

(ii) If the underlying security is not a “covered security,” the market price per share of the underlying security has been at least \$7.50 for the majority of business days during the three (3) calendar months preceding the date of selection, as measured by the lowest closing price reported in any market in which the underlying security traded on each of the subject days.

(6) Notwithstanding the requirements set forth in paragraphs (1), (2), (4) and (5) above, the Exchange may list and trade an option contract if:

(i) the underlying security meets the guidelines for continued approval in Rule 403.

(ii) options on such underlying security are traded on at least one other registered national securities exchange.

(c) Securities of Restructured Companies.

(1) **Definitions.** The following definitions shall apply to the provisions of this paragraph (c):

(i) “Restructuring Transaction” refers to a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction.

(ii) “Restructure Security” refers to an equity security that a company issues, or anticipates issuing, as the result of a Restructuring Transaction of the company.

(iii) “Original Equity Security” refers to a company’s equity security that is issued and outstanding prior to the effective date of a Restructuring Transaction of the company.

(iv) “Relevant Percentage” refers to either:

(A) twenty-five percent (25%), when the applicable measure determined with respect to the Original Equity Security or the business it represents includes the business represented by the Restructure Security; or

(B) thirty-three and one-third percent (33-1/3%), when the applicable measure determined with respect to the Original Equity Security or the business it represents excludes the business represented by the Restructure Security.

(2) **“Share” and “Number of Shareholder” Guidelines.** In determining whether a Restructure Security satisfies the share guideline set forth in Rule 402(b)(1) (the “Share Guideline”) or the number of holders guideline set forth in Rule 402(b)(2) (the “Number of Shareholders Guideline”), the Exchange may rely upon the facts and circumstances that it expects to exist on the option’s intended listing date, rather than on the date on which the Exchange selects for options trading the underlying Restructure Security.

(i) The Exchange may assume that:

(A) both the “Share” and “Number of Shareholders” Guidelines are satisfied if, on the option’s intended listing date, the Exchange expects no fewer than forty (40) million shares of the Restructure Security to be issued and outstanding.

(B) either such Guideline is satisfied if, on the option’s intended listing day, the Exchange expects the Restructure Security to be listed on an exchange or automatic quotation system that has, and is subject to, an initial listing requirement that is no less stringent than the Guideline in question.

(ii) The Exchange may not rely on any such assumption, however, if a reasonable Exchange investigation or that of another exchange demonstrates that either the Share Guideline or Number of Shareholders Guideline will not in fact be satisfied on an option's intended listing date.

(iii) In addition, in the case of a Restructuring Transaction in which the shares of a Restructure Security are issued or distributed to the holders of shares of an Original Equity Security, the Exchange may determine that either the Share Guideline or the Number of Shareholders Guideline is satisfied based upon the Exchange's knowledge of the outstanding shares or number of shareholders of the Original Equity Security.

(3) **“Trading Volume” Guideline.** In determining whether a Restructure Security that is issued or distributed to the holders of shares of an Original Equity Security (but not a Restructure Security that is issued pursuant to a public offering or rights distribution) satisfies the trading volume guideline set forth in Rule 402(b)(4) (the “Trading Volume Guideline”), the Exchange may consider the trading volume history of the Original Equity Security prior to the “ex-date” of the Restructuring Transaction if the Restructure Security satisfies the “Substantiality Test” set forth in subparagraph (c)(5) below.

(4) **“Market Price” Guideline.** In determining whether a Restructure Security satisfies the market price history guideline set forth in Rule 402(b)(5) (the “Market Price Guideline”), the Exchange may consider the market price history of the Original Equity Security prior to the “ex-date” of the Restructuring Transaction if:

(i) the Restructure Security satisfies the “Substantiality Test” set forth in subparagraph (c)(5) below.

(ii) in the case of the application of the Market Price Guideline to a Restructure Security that is distributed pursuant to a public offering or a rights distribution:

(A) the Restructure Security trades “regular way” on an exchange or automatic quotation system for at least the five (5) trading days immediately preceding the date of selection; and

(B) at the close of trading on each trading day on which the Restructure Security trades “regular way” prior to the date of selection, and the opening of trading on the date of selection, the market price of the Restructure Security was at least \$7.50, or, if the Restructure Security is a “covered security,” as defined in Rule 402(b)(5)(i), the market price of the Restructure Security was at least \$3.00.

(5) **The “Substantiality Test”.** A Restructure Security satisfies the “Substantiality Test” if:

(i) the Restructure Security has an aggregate market value of at least \$500 million; or

(ii) at least one of the following conditions is met:

(A) the aggregate market value of the Restructure Security equals or exceeds the Relevant Percentage of the aggregate market value of the Original Equity Security;

(B) the aggregate book value of the assets attributed to the business represented by the Restructure Security equals or exceeds both \$50 million and the Relevant Percentage of the aggregate book value of the assets attributed to the business represented by the Original Equity Security; or

(C) the revenues attributed to the business represented by the Restructure Security equals or exceeds both \$50 million and the Relevant Percentage of the revenues attributed to the business represented by the Original Equity Security.

(6) A Restructure Security's aggregate market value may be determined from “when issued” prices, if available.

(7) In calculating comparative aggregate market values for the purpose of assessing whether a Restructure Security qualifies to underlie an option, the Exchange shall use the Restructure Security's closing price on its primary market on the last business day prior to the selection date or the Restructure Security's opening price on its primary market on the selection date and shall use the corresponding closing or opening price of the related Original Equity Security.

(8) In calculating comparative asset values and revenues, the Exchange shall use (i) the issuer's latest annual financial statements or (ii) the issuer's most recently available interim financial statements (so long as such interim financial statements cover a period of not less than three months), whichever are more recent. Those financial statements may be audited or unaudited and may be pro forma.

(9) Except in the case of a Restructure Security that is distributed pursuant to a public offering or rights distribution, the Exchange may not rely upon the trading volume or market price history of an Original Equity Security as this paragraph (c) permits for any trading day unless it relies upon both of those measures for that trading day.

(10) Once the Exchange commences to rely upon a Restructure Security's trading volume and market price history for any trading day, the Exchange may not rely upon the trading volume and market price history of the security's related Original Equity Security for any trading day thereafter.

(11) **“When Issued” Trading Prohibited.** The Exchange shall not list for trading option contracts that overlie a Restructure Security that is not yet issued and outstanding, regardless of whether the Restructure Security is trading on a “when issued” basis or on another basis that is contingent upon the issuance or distribution of shares.

(d) In considering underlying securities, the Exchange shall ordinarily rely on information made publicly available by the issuer and/or the markets in which the security is traded.

(e) The word “security” shall be broadly interpreted to mean any equity security, as defined in Rule 3a11-1 under the Exchange Act, which is appropriate for options trading, and the word “shares” shall mean the unit of trading of such security.

(f) Securities deemed appropriate for options trading shall include nonconvertible preferred stock issues and American Depositary Receipts (“ADRs”) if they meet the criteria and guidelines set forth in this Rule 402 and if, in the case of ADRs:

(1) the Exchange has in place an effective surveillance sharing agreement with the primary exchange in the home country where the security underlying the ADR is traded; or

(2) the combined trading volume of the ADR and other related ADRs and securities (as defined below) occurring in the U.S. ADR market or in markets with which the Exchange has in place an effective surveillance sharing agreement represents (on a share equivalent basis) at least fifty percent (50%) of the combined worldwide trading volume in the ADR, the security underlying the ADR, other classes of common stock related to the underlying security, and ADRs overlying such other stock (together “other related ADRs and securities”) over the three month period preceding the date of selection of the ADR for options trading; or

(3) (i) the combined trading volume of the ADR and other related ADRs and securities occurring in the U.S. ADR market and in markets where the Exchange has in place an effective surveillance sharing agreement, represents (on a share equivalent basis) at least twenty percent (20%) of the combined worldwide trading volume in the ADR and in other related ADRs and securities over the three month period preceding the date of selection of the ADR for options trading, (ii) the average daily trading volume for the security in the U.S. markets over the three (3) months preceding the selection of the ADR for options trading is 100,000 or more shares, and (iii) the trading volume is at least 60,000 shares per day in U.S. markets on a majority of the trading days for the three (3) months preceding the date of selection of the ADR for options trading (“Daily Trading Volume Standard”); or

(4) the SEC otherwise authorizes the listing.

(g) Securities deemed appropriate for options trading shall include shares issued by registered closed-end management investment companies that invest in the securities of issuers based in one or more foreign countries (“International Funds”) if they meet the criteria and guidelines set forth in this Rule 402 and either:

(1) the Exchange has a market information sharing agreement with the primary home exchange for each of the securities held by the fund, or

(2) the International Fund is classified as a diversified company as that term is defined by section 5(b) of the Investment Company Act of 1940, as amended, and the securities held by the fund are issued by issuers based in five or more countries.

(h) A “market information sharing agreement” for purposes of this Rule is an agreement that would permit the Exchange to obtain trading information relating to the securities held by the fund including the identity of the member of the foreign exchange executing a trade. International Fund shares not meeting criteria of paragraph (i) shall be deemed appropriate for options trading if the SEC specifically authorizes the listing.

(i) Securities deemed appropriate for options trading shall include shares or other securities (“Exchange-Traded Fund Shares”) that are traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, and that:

(A) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments (“Funds”), including, but not limited to, stock index futures contracts, options on futures, options on securities and indices, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) comprising or otherwise based on or representing investments in broad-based indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments); or

(B) represent interests in a trust or similar entity that holds a specified non-U.S. currency or currencies deposited with the trust which when aggregated in some specified minimum number may be surrendered to the trust or similar entity by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust (“Currency Trust Shares”); or

(C) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency (“Commodity Pool ETFs”); or

(D) are issued by the SPDR® Gold Trust or the iShares COMEX Gold Trust or the iShares Silver Trust or the ETFS Silver Trust or the ETFS Gold Trust or the ETFS Palladium Trust or the ETFS Platinum Trust or the Sprott Physical Gold Trust; or

(E) represent an interest in a registered investment company (“Investment Company”) organized as an open-end management company or similar entity, that invests in a portfolio of securities selected by the Investment Company’s investment adviser consistent with the Investment Company’s investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value (“NAV”), and when aggregated in the same specified minimum number, may be redeemed at a holder’s request, which holder will be

paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV (“Managed Fund Share”); provided that all of the following conditions are met:

(1) the Exchange-Traded Fund Shares either:

(i) meet the criteria and guidelines set forth in paragraphs (a) and (b) above; or

(ii) the Exchange-Traded Fund Shares are available for creation or redemption each business day from or through the issuing trust, investment company, commodity pool or other entity in cash or in kind at a price related to net asset value, and the issuer is obligated to issue Exchange-Traded Fund Shares in a specified aggregate number even if some or all of the investment assets and/or cash required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investment assets has undertaken to deliver them as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer of the Exchange-Traded Fund Shares, all as described in the Exchange-Traded Fund Shares’ prospectus; and

(iii) For Commodity Pool ETFs that engage in holding and/or managing portfolios or baskets commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities, options on non-U.S. currency and/or securities, the Exchange has entered into a comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in such commodity futures contracts and/or options on commodity futures contracts on the specified commodities or non-U.S. currency, which are utilized by the national securities exchange where the underlying Commodity Pool ETFs are listed and traded.

(2) the Exchange-Traded Fund Shares meet the following criteria:

(i) are listed pursuant to generic listing standards for series of portfolio depositary receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required; or

(ii) (A) any non-U.S. component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based that are not subject to comprehensive surveillance agreements do not in the aggregate represent more than 50% of the weight of the index or portfolio;

(B) component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based for which the primary market is in any one country that is not subject to a comprehensive surveillance agreement do not represent 20% or more of the weight of the index;

(C) component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based for which the primary market is in any two countries that are not subject to comprehensive surveillance agreements do not represent 33% or more of the weight of the index; and

(D) For Currency Trust Shares, the Exchange has entered into an appropriate comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in derivatives (options or futures) on the specified non-U.S. currency or currencies, which are utilized by the national securities exchange where the underlying Currency Trust Shares are listed and traded.

(j) Securities deemed appropriate for options trading shall include shares or other securities (“Trust Issued Receipts”) that are principally traded on a national securities exchange or through the facilities of a national securities association and reported as a national market security, and that represent ownership of the specific deposited securities held by a trust, provided:

(1) the Trust Issued Receipts (i) meet the criteria and guidelines for underlying securities set forth in paragraph (b) to this Rule; or (ii) must be available for issuance or cancellation each business day from the Trust in exchange for the underlying deposited securities; and

(2) not more than 20% of the weight of the Trust Issued Receipt is represented by ADRs on securities for which the primary market is not subject to a comprehensive surveillance agreement.

(k) (1) Securities deemed appropriate for options trading shall include shares or other securities ("Equity Index-Linked Securities," "Commodity-Linked Securities," "Currency-Linked Securities," "Fixed Income Index-Linked Securities," "Futures-Linked Securities," and "Multifactor Index-Linked Securities," collectively known as "Index-Linked Securities") that are principally traded on a national securities exchange and an "NMS Stock" (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934), and represent ownership of a security that provides for the payment at maturity, as described below:

(i) Equity Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of an underlying index or indexes of equity securities ("Equity Reference Asset");

(ii) Commodity-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of one or more physical commodities or commodity futures, options on commodities, or other commodity derivatives or Commodity-Based Trust Shares or a basket or index of any of the foregoing ("Commodity Reference Asset");

(iii) Currency-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of one or more currencies, or options on currencies or currency futures or other currency derivatives or Currency Trust Shares (as defined in Rule 402(h)), or a basket or index of any of the foregoing ("Currency Reference Asset");

(iv) Fixed Income Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of one or more notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof or a basket or index of any of the foregoing ("Fixed Income Reference Asset");

(v) Futures-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of an index of (A) futures on Treasury Securities, GSE Securities, supranational debt and debt of a foreign country or a subdivision thereof, or options or other derivatives on any of the foregoing; (B) interest rate futures or options or derivatives on the foregoing in this subparagraph (B); or (C) CBOE Volatility Index (VIX) Futures ("Futures Reference Asset"); and

(vi) Multifactor Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance or the leveraged (multiple or inverse) performance of any combination of two or more Equity Reference Assets, Commodity Reference Assets, Currency Reference Assets, Fixed Income Reference Assets, or Futures Reference Assets ("Multifactor Reference Asset");

(2) For purposes of this Rule 402(k), Equity Reference Assets, Commodity Reference Asset, Currency Reference Assets, Fixed Income Reference Assets, Futures Reference Assets together with Multifactor Reference Assets, collectively will be referred to as "Reference Assets."

(3) (i) The Index-Linked Securities must meet the criteria and guidelines for underlying securities set forth in Rule 402(b); or

(ii) the Index-Linked Securities must be redeemable at the option of the holder at least on a weekly basis through the issuer at a price related to the applicable underlying Reference Asset. In addition, the issuing company is obligated to issue or repurchase the securities in aggregation units for cash, or cash equivalents, satisfactory to the issuer of Index-Linked Securities which underlie the option as described in the Index-Linked Securities prospectus.

(4) The Exchange will implement surveillance procedures for options on Index-Linked Securities, including adequate comprehensive surveillance sharing agreements with markets trading in non-U.S. components, as applicable.

[Adopted: December 13, 2016; amended February 22, 2018 (SR-PEARL-2018-04)]

Rule 403. Withdrawal of Approval of Underlying Securities *(See below for amended Rule 403 which became operative on March 23, 2018, however, its implementation date will be announced by the Exchange through a Regulatory Circular.)*

(a) Whenever the Exchange determines that an underlying security previously approved for Exchange options transactions does not meet the then current requirements for continuance of such approval or for any other reason should no longer be approved, the Exchange will not open for trading any additional series of options of the class covering that underlying security and may prohibit any opening purchase transactions in series of options of that class previously opened (except that opening transactions by Market Makers executed to accommodate closing transactions of other market participants may be permitted) to the extent it deems such action necessary or appropriate; provided, however, that where exceptional circumstances have caused an underlying security not to comply with the Exchange's current approval maintenance requirements regarding number of publicly held shares, number of shareholders, trading volume or market price, the Exchange may, in the interest of maintaining a fair and orderly market or for the protection of investors, determine to continue to open additional series of option contracts of the class covering that underlying security. When all option contracts with respect to any underlying security that is no longer approved have expired, the Exchange may make application to the SEC to strike from trading and listing all such option contracts.

(b) Absent exceptional circumstances, an underlying security will not be deemed to meet the Exchange's requirements for continued approval whenever any of the following occur:

(1) There are fewer than 6,300,000 shares of the underlying security held by persons other than those who are required to report their security holdings under Section 16(a) of the Exchange Act.

(2) There are fewer than 1,600 holders of the underlying security.

(3) The trading volume (in all markets in which the underlying security is traded) has been less than 1,800,000 shares in the preceding twelve (12) months.

(4) The underlying security ceases to be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Exchange Act.

(5) If an underlying security is approved for options listing and trading under the provisions of Rule 402(c), the trading volume of the Original Equity Security (as therein defined) prior to but not after the commencement of trading in the Restructure Security (as therein defined), including "when-issued" trading, may be taken into account in determining whether the trading volume requirement of subparagraph (3) is satisfied.

(c) In considering whether any of the events specified in paragraph (b) of this Rule have occurred with respect to an underlying security, the Exchange shall ordinarily rely on information made publicly available by the issuer and/or the markets in which such security is traded.

(d) If prior to the delisting of a class of option contracts covering an underlying security that has been found not to meet the Exchange's requirements for continued approval, the Exchange determines that the underlying security again meets the Exchange's requirements, the Exchange may open for trading additional series of options of that class and may lift any restriction on opening purchase transactions imposed by this Rule.

(e) Whenever the Exchange announces that approval of an underlying security has been withdrawn for any reason or that the Exchange has been informed that the issuer of an underlying security has ceased to be in compliance with SEC reporting requirements, each Member shall, prior to effecting any transaction in option contracts with respect to such underlying security for a customer, inform such customer of such fact and of the fact that the Exchange may prohibit further transactions in such option contracts to the extent it shall deem such action necessary and appropriate.

(f) If an ADR was initially deemed appropriate for options trading on the grounds that fifty percent (50%) or more of the worldwide trading volume (on a share equivalent basis) in the ADR and other related ADRs and securities takes place in U.S. markets or in markets with which the Exchange has in place an effective surveillance sharing agreement, or if an ADR was initially deemed appropriate for options trading based on the daily trading volume standard Rule 402(f)(3), the Exchange may not open for trading additional series of options on the ADR unless:

(1) The percentage of worldwide trading volume in the ADR and other related securities that takes place in the U.S. and in markets with which the Exchange has in place effective surveillance sharing agreements for any consecutive three (3) month period is either:

(i) at least thirty percent (30%) without regard to the average daily trading volume in the ADR, or

(ii) at least fifteen percent (15%) when the average U.S. daily trading volume in the ADR for the previous three (3) months is at least 70,000 shares;

(2) the Exchange then has in place an effective surveillance sharing agreement with the primary exchange in the home country where the security underlying the ADR is traded; or

(3) the SEC has otherwise authorized the listing.

(g) Exchange-Traded Fund Shares approved for options trading pursuant to Rule 402(i) will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Exchange-Traded Fund Shares if the Exchange-Traded Fund Shares are delisted from trading as provided in subparagraph (b)(4) of this Rule or the Exchange-Traded Fund Shares are halted or suspended from trading on their primary market. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Exchange-Traded Fund Shares in any of the following circumstances:

(1) In the case of options covering Exchange-Traded Fund Shares approved pursuant to Rule 402(i)(E)(1)(i), in accordance with the terms of subparagraphs (b)(1), (2) and (3) of this Rule 403;

(2) In the case of options covering Exchange-Traded Fund Shares approved pursuant to Rule 402(i)(E)(1)(ii), following the initial twelve-month period beginning upon the commencement of trading in the Exchange-Traded Fund Shares on a national securities exchange and are defined as an "NMS stock" under Rule 600 of Regulation NMS, there were fewer than 50 record and/or beneficial holders of such Exchange-Traded Fund Shares for 30 or more consecutive trading days;

(3) the value of the index or portfolio of securities or non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities and/or Financial Instruments and Money Market Instruments, on which the Exchange-Traded Fund Shares are based is no longer calculated or available; or

(4) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

(h) Absent exceptional circumstances, securities initially approved for options trading pursuant to paragraph (j) of Rule 402 (such securities are defined and referred to in that paragraph as “Trust Issued Receipts”) shall not be deemed to meet the Exchange’s requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Trust Issued Receipts, whenever the Trust Issued Receipts are delisted and trading in the Receipts is suspended on a national securities exchange, or the Trust Issued Receipts are no longer traded as national market securities through the facilities of a national securities association. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Trust Issued Receipts in any of the following circumstances:

(1) in accordance with the terms of paragraph (b) this Rule 403 in the case of options covering Trust Issued Receipts when such options were approved pursuant to subparagraph (j)(1)(i) under Rule 402;

(2) upon annual review, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days;

(3) the Trust has fewer than 50,000 receipts issued and outstanding;

(4) the market value of all receipts issued and outstanding is less than \$1,000,000; or

(5) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

(i) For Holding Company Depositary Receipts (HOLDRs), the Exchange will not open additional series of options overlying HOLDRs (without prior SEC approval) if:

(1) the proportion of securities underlying standardized equity options to all securities held in a HOLDRs trust is less than 80% (as measured by their relative weightings in the HOLDRs trust); or

(2) less than 80% of the total number of securities held in a HOLDRs trust underlie standardized equity options.

Interpretations and Policies:

.01 If an option series is listed but restricted to closing transactions on another national securities exchange, the Exchange may list such series (even if such series would not otherwise be eligible for listing under the Exchange’s Rules), which shall also be restricted to closing transactions on the Exchange.

[Adopted: December 13, 2016]

The following Rule became operative on March 23, 2018, however, its implementation date will be announced by the Exchange through a Regulatory Circular.

Rule 403. Withdrawal of Approval of Underlying Securities

(a) Whenever the Exchange determines that an underlying security previously approved for Exchange options transactions does not meet the then current requirements for continuance of such approval or for any other reason should no longer be approved, the Exchange will not open for trading any additional series of options of the class covering that underlying security and may prohibit any opening purchase transactions in series of options of that class previously opened (except that opening transactions by Market Makers executed to accommodate closing transactions of other market participants may be permitted) to the extent it deems such action necessary or appropriate; provided, however, that where exceptional circumstances have caused an underlying security not to

comply with the Exchange's current approval maintenance requirements regarding number of publicly held shares, number of shareholders, trading volume or market price, the Exchange may, in the interest of maintaining a fair and orderly market or for the protection of investors, determine to continue to open additional series of option contracts of the class covering that underlying security. When all option contracts with respect to any underlying security that is no longer approved have expired, the Exchange may make application to the SEC to strike from trading and listing all such option contracts.

(b) Absent exceptional circumstances, an underlying security will not be deemed to meet the Exchange's requirements for continued approval whenever any of the following occur:

(1) There are fewer than 6,300,000 shares of the underlying security held by persons other than those who are required to report their security holdings under Section 16(a) of the Exchange Act.

(2) There are fewer than 1,600 holders of the underlying security.

(3) The trading volume (in all markets in which the underlying security is traded) has been less than 1,800,000 shares in the preceding twelve (12) months.

(4) The underlying security ceases to be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Exchange Act.

(5) If an underlying security is approved for options listing and trading under the provisions of Rule 402(c), the trading volume of the Original Equity Security (as therein defined) prior to but not after the commencement of trading in the Restructure Security (as therein defined), including "when-issued" trading, may be taken into account in determining whether the trading volume requirement of subparagraph (3) is satisfied.

(c) In considering whether any of the events specified in paragraph (b) of this Rule have occurred with respect to an underlying security, the Exchange shall ordinarily rely on information made publicly available by the issuer and/or the markets in which such security is traded.

(d) If prior to the delisting of a class of option contracts covering an underlying security that has been found not to meet the Exchange's requirements for continued approval, the Exchange determines that the underlying security again meets the Exchange's requirements, the Exchange may open for trading additional series of options of that class and may lift any restriction on opening purchase transactions imposed by this Rule.

(e) Whenever the Exchange announces that approval of an underlying security has been withdrawn for any reason or that the Exchange has been informed that the issuer of an underlying security has ceased to be in compliance with SEC reporting requirements, each Member shall, prior to effecting any transaction in option contracts with respect to such underlying security for a customer, inform such customer of such fact and of the fact that the Exchange may prohibit further transactions in such option contracts to the extent it shall deem such action necessary and appropriate.

(f) If an ADR was initially deemed appropriate for options trading on the grounds that fifty percent (50%) or more of the worldwide trading volume (on a share equivalent basis) in the ADR and other related ADRs and securities takes place in U.S. markets or in markets with which the Exchange has in place an effective surveillance sharing agreement, or if an ADR was initially deemed appropriate for options trading based on the daily trading volume standard Rule 402(f)(3), the Exchange may not open for trading additional series of options on the ADR unless:

(1) The percentage of worldwide trading volume in the ADR and other related securities that takes place in the U.S. and in markets with which the Exchange has in place effective surveillance sharing agreements for any consecutive three (3) month period is either:

(i) at least thirty percent (30%) without regard to the average daily trading volume in the ADR, or

(ii) at least fifteen percent (15%) when the average U.S. daily trading volume in the ADR for the previous three (3) months is at least 70,000 shares;

(2) the Exchange then has in place an effective surveillance sharing agreement with the primary exchange in the home country where the security underlying the ADR is traded; or

(3) the SEC has otherwise authorized the listing.

(g) Exchange-Traded Fund Shares approved for options trading pursuant to Rule 402(i) will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Exchange-Traded Fund Shares if the Exchange-Traded Fund Shares are delisted from trading as provided in subparagraph (b)(4) of this Rule or the Exchange-Traded Fund Shares are halted or suspended from trading on their primary market. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Exchange-Traded Fund Shares in any of the following circumstances:

(1) In the case of options covering Exchange-Traded Fund Shares approved pursuant to Rule 402(i)(E)(1)(i), in accordance with the terms of subparagraphs (b)(1), (2) and (3) of this Rule 403;

(2) In the case of options covering Exchange-Traded Fund Shares approved pursuant to Rule 402(i)(E)(1)(ii), following the initial twelve-month period beginning upon the commencement of trading in the Exchange-Traded Fund Shares on a national securities exchange and are defined as an "NMS stock" under Rule 600 of Regulation NMS, there were fewer than 50 record and/or beneficial holders of such Exchange-Traded Fund Shares for 30 or more consecutive trading days;

(3) the value of the index or portfolio of securities or non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities and/or Financial Instruments and Money Market Instruments, on which the Exchange-Traded Fund Shares are based is no longer calculated or available; or

(4) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

(h) Absent exceptional circumstances, securities initially approved for options trading pursuant to paragraph (j) of Rule 402 (such securities are defined and referred to in that paragraph as "Trust Issued Receipts") shall not be deemed to meet the Exchange's requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Trust Issued Receipts, whenever the Trust Issued Receipts are delisted and trading in the Receipts is suspended on a national securities exchange, or the Trust Issued Receipts are no longer traded as national market securities through the facilities of a national securities association. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Trust Issued Receipts in any of the following circumstances:

(1) in accordance with the terms of paragraph (b) this Rule 403 in the case of options covering Trust Issued Receipts when such options were approved pursuant to subparagraph (j)(1)(i) under Rule 402;

(2) upon annual review, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days;

(3) the Trust has fewer than 50,000 receipts issued and outstanding;

(4) the market value of all receipts issued and outstanding is less than \$1,000,000; or

(5) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

(i) For Holding Company Depositary Receipts (HOLDRs), the Exchange will not open additional series of options overlying HOLDRs (without prior SEC approval) if:

(1) the proportion of securities underlying standardized equity options to all securities held in a HOLDRs trust is less than 80% (as measured by their relative weightings in the HOLDRs trust); or

(2) less than 80% of the total number of securities held in a HOLDRs trust underlie standardized equity options.

Interpretations and Policies:

.01 If an option series is listed but restricted to closing transactions on another national securities exchange, the Exchange may list such series (even if such series would not otherwise be eligible for listing under the Exchange's Rules), which shall also be restricted to closing transactions on the Exchange.

.02 If an option class is open for trading on another national securities exchange, the Exchange may delist such option class immediately. If an option class is open for trading solely on the Exchange, the Exchange may determine to not open for trading any additional series in that option class; may restrict series with open interest to closing transactions, provided that, opening transactions by Market Makers executed to accommodate closing transactions of other market participants may be permitted; and may delist the option class when all series within that class have expired. In all instances, delisting shall be preceded by a notice to members concerning the delisting.

[Adopted: December 13, 2016; amended March 23, 2018 (SR-PEARL-2018-05)]

Rule 404. Series of Option Contracts Open for Trading

(a) After a particular class of options has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that class. Only option contracts in series of options currently open for trading may be purchased or written on the Exchange. Prior to the opening of trading in a given series, the Exchange will fix the type of option, expiration month, year and exercise price of that series. Exercise-price setting parameters adopted as part of the Options Listing Procedures Plan ("OLPP") are set forth in Rule 404A. For Short Term Option Series, the Exchange will fix a specific expiration date and exercise price of that series, as provided in Interpretations and Policies .02. For Quarterly Options Series, the Exchange will fix a specific expiration date and exercise price of that series, as provided in Interpretations and Policies .03.

(b) Except as otherwise provided in this Rule 404 and Interpretations and Policies hereto, at the commencement of trading on the Exchange of a particular type of option of a class of options, the Exchange shall open a minimum of one expiration month and series for each class of options open for trading on the Exchange. The exercise price of each series will be fixed at a price per share, which is reasonably close to the price per share at which the underlying stock is traded in the primary market at about the time that class of options is first opened for trading on the Exchange.

(c) Additional series of options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. The opening of a new series of options shall not affect the series of options of the same class previously opened.

(d) Except as otherwise provided in this Rule 404 and the Interpretations and Policies hereto, the interval between strike prices of series of options on individual stocks will be:

- (1) \$2.50 or greater where the strike price is \$25.00 or less;
- (2) \$5.00 or greater where the strike price is greater than \$25.00; and

(3) \$10.00 or greater where the strike price is greater than \$200.00.

(e) New series of options on an individual stock may be added until the beginning of the month in which the option contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add new series of options on an individual stock until the close of trading on the second business day prior to expiration.

(f) The Exchange may select up to 60 options classes on individual stocks for which the interval of strike prices will be \$2.50 where the strike price is greater than \$25 but less than \$50 (the “\$2.50 Strike Price Program”). On any option class that has been selected as part of this \$2.50 Strike Price Program, \$2.50 strike prices between \$50 and \$100 may be listed, provided that \$2.50 strike prices between \$50 and \$100 are no more than \$10 from the closing price of the underlying stock in its primary market on the preceding day. For example, if an options class has been selected as part of the \$2.50 Strike Price Program, and the underlying stock closes at \$48.50 in its primary market, the Exchange may list the \$52.50 strike price and the \$57.50 strike price on the next business day. If an underlying security closes at \$54, the Exchange may list the \$52.50 strike price, the \$57.50 strike price and the \$62.50 strike price on the next business day. The Exchange may also list \$2.50 strike price series on any option classes that are selected by other securities exchanges that have a similar program under their respective rules.

(g) The interval between strike prices of series of options on Exchange-Traded Fund Shares approved for options trading pursuant to Rule 402(i) shall be fixed at a price per share which is reasonably close to the price per share at which the underlying security is traded in the primary market at or about the same time such series of options is first open for trading on the Exchange, or at such intervals as may have been established on another options exchange prior to the initiation of trading on the Exchange.

Interpretations and Policies:

.01 \$1 Strike Price Interval Program.

(a) The interval between strike prices of series of options on individual stocks may be \$1.00 or greater provided the strike price is \$50.00 or less, but not less than \$1. Except as provided in subparagraph (c) below, the listing of \$1 strike price intervals shall be limited to options classes overlying no more than 150 individual stocks (the “\$1 Strike Price Interval Program”) as specifically designated by the Exchange. The Exchange may list \$1 strike prices on any other options class if those classes are specifically designated by other securities exchanges that employ a \$1 Strike Price Interval Program under their respective rules. If a class participates in the \$1 Strike Price Interval Program, \$2.50 strike price intervals are not permitted between \$1 and \$50 for non-LEAPs and LEAPs.

(b) **Eligibility for the \$1 Strike Price Interval Program.** To be eligible for inclusion into the \$1 Strike Price Interval Program, an underlying stock must close below \$50 in its primary market on the previous trading day.

(c) **Strike Prices to be Added.** After a stock is added to the \$1 Strike Price Interval Program, the Exchange may list \$1 strike price intervals from \$1 to \$50 according to the following parameters:

(1) If the price of the underlying stock is equal to or less than \$20, the Exchange may list series with an exercise price up to 100% above and 100% below the price of the underlying stock. However, the foregoing restriction shall not prohibit the listing of at least five (5) strike prices above and below the price of the underlying stock per expiration month in an option class. For example, if the price of the underlying stock is \$2, the Exchange would be permitted to list the following series: \$1, \$2, \$3, \$4, \$5, \$6 and \$7.

(2) If the price of the underlying stock is greater than \$20, the Exchange may list series with an exercise price up to 50% above and 50% below the price of the underlying security up to \$50.

(3) For the purpose of adding strikes under the \$1 Strike Price Interval Program, the “price of the underlying stock” shall be measured in the same way as “the price of the underlying security” is as set forth in Rule 404A(b)(1).

(4) No additional series in \$1 strike price intervals may be listed if the underlying stock closes at or above \$50 in its primary market. Additional series in \$1 strike price intervals may not be added until the underlying stock closes again below \$50.

(d) Long-Term Option Series (“LEAPS®”)

(1) The Exchange may list \$1 strike prices up to \$5 in LEAPS in up to 200 classes on individual stocks. The Exchange may not list strike prices with \$1 intervals within \$0.50 of an existing \$2.50 strike price in the same series.

(2) For stocks in the \$1 Strike Price Interval Program, the Exchange may list one \$1 strike price interval between each standard \$5 strike interval, with the \$1 strike price interval being \$2 above the standard strike for each interval above the price of the underlying stock, and \$2 below the standard strike for each interval below the price of the underlying stock. For example, if the price of the underlying stock is \$24.50, the Exchange may list the following standard strikes in \$5 intervals: \$15, \$20, \$25, \$30 and \$35. Between these standard \$5 strikes, the Exchange may list the following \$2 wings: \$18, \$27 and \$32.

(3) In addition, the Exchange may list the \$1 strike price interval which is \$2 above the standard strike just below the underlying price at the time of listing. In the above example, since the standard strike just below the underlying price (\$24.50) is \$20, the Exchange may list a \$22 strike. The Exchange may add additional long-term options series strikes as the price of the underlying stock moves, consistent with the Options Listing Procedures Plan. Additional long-term option strikes may not be listed within \$1 of an existing strike until less than nine months to expiration.

(e) \$1 Strike Price Interval Program Delisting Policy.

(1) For options classes selected to participate in the \$1 Strike Price Interval Program, the Exchange will, on a monthly basis, review series that were originally listed under the \$1 Strike Price Interval Program with strike prices that are more than \$5 from the current value of an options class and delist those series with no open interest in both the put and the call series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(2) If the Exchange identifies series for delisting pursuant to this policy, the Exchange shall notify other options exchanges with similar delisting policies regarding eligible series for delisting, and shall work jointly with such other exchanges to develop a uniform list of series to be delisted so as to ensure uniform series delisting of multiply listed options classes.

(3) Notwithstanding the above delisting policy, Member requests to add strikes and/or maintain strikes in series of options classes traded pursuant to the \$1 Strike Price Interval Program that are eligible for delisting may be granted.

(f) A stock shall remain in the \$1 Strike Price Interval Program until otherwise designated by the Exchange.

.02 Short Term Option Series Program. After an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day (“Short Term Option Opening Date”) series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which monthly options series or Quarterly Options Series expire (“Short Term Option Expiration Dates”). The Exchange may have no more than a total of five Short Term Option Expiration Dates. Monday and Wednesday SPY Expirations (described in the paragraph below) are not included as part of this count. If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday.

The Exchange may open for trading on any Tuesday or Wednesday that is a business day (“Wednesday SPY Expiration Opening Date”) series of options on the SPDR S&P 500 ETF Trust (“SPY”) that expire at the close of business on each of the next five Wednesdays that are business days and are not Wednesdays on which Quarterly Options Series expire (“Wednesday SPY Expirations”). The Exchange may have no more than a total of five Wednesday SPY Expirations. Non-Wednesday SPY Expirations (described in the paragraph above) are not included as part of this count. If the Exchange is not open for business on the respective Tuesday or Wednesday, the Wednesday SPY Expiration Opening Date will be the first business day immediately prior to that respective Tuesday or Wednesday. Similarly, if the Exchange is not open for business on a Wednesday, the expiration date for a Wednesday SPY Expiration will be the first business day immediately prior to that Wednesday. References to “Short Term Option Series” below shall be read to include “Wednesday SPY Expirations,” except where indicated otherwise.

With respect to Wednesday SPY Expirations, the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on the SPDR S&P 500 ETF Trust (“SPY”) to expire on any Wednesday of the month that is a business day and is not a Wednesday in which Quarterly Options Series expire (“Wednesday SPY Expirations”). With respect to Monday SPY Expirations, the Exchange may open for trading on any Friday or Monday that is a business day series of options on SPY to expire on any Monday of the month that is a business day and is not a Monday in which Quarterly Options Series expire (“Monday SPY Expirations”), provided that Monday SPY Expirations that are listed on Friday must be listed at least one business week and one business day prior to the expiration. The Exchange may list up to five consecutive Wednesday SPY Expirations and five consecutive Monday SPY Expirations at one time; the Exchange may have no more than a total of five Wednesday SPY Expirations and a total of five Monday SPY Expirations. Monday and Wednesday SPY Expirations will be subject to the provisions of this Rule.

Regarding Short Term Option Series:

(a) **Classes.** The Exchange may select up to fifty (50) currently listed option classes in which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the 50 option class restriction, the Exchange may also list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar Pilot Program under their respective rules. For each option class eligible for participation in the Short Term Option Series Pilot Program, the Exchange may open up to thirty (30) Short Term Option Series for each expiration date in that class.

(b) **Expiration.** No Short Term Option Series (excluding Monday and Wednesday SPY Expirations) may expire in the same week in which monthly option series on the same class expires. In the case of Quarterly Options Series, no Short Term Option Series may expire on the same day as an expiration of Quarterly Options Series in the same class.

(c) **Initial Series.** The Exchange may open up to 30 initial series for each option class that participates in the Short Term Option Series Program. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices above and below the value of the underlying security at about the time that Short Term Option Series are initially opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security). Any strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security and within the following parameters: (i) if the price of the underlying security is less than or equal to \$20, strike prices shall be not more than one hundred percent (100%) above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than \$20, strike prices shall be not more than fifty percent (50%) above or below the price of the underlying security.

(d) **Additional Series.** If the Exchange opens less than thirty (30) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security and within the

following parameters: (i) if the price of the underlying security is less than or equal to \$20, strike prices shall be not more than one hundred percent (100%) above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than \$20, strike prices shall be not more than fifty percent (50%) above or below the price of the underlying security. The Exchange may also open additional strike prices on Short Term Option Series that are more than 50% above or below the current price of the underlying security (if the price is greater than \$20) provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market Makers trading for their own account shall not be considered when determining customer interest under this provision. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security, the Exchange will delist any series with no open interest in both the call and the put series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration week; and (ii) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration week. The opening of new Short Term Option Series shall not affect the series of options of the same class previously opened. Notwithstanding any other provisions in this Rule 404, Short Term Option Series may be added up to and including on the Short Term Option Expiration Date for that options series.

(e) **Strike Price Interval.** The strike price interval for Short Term Option Series may be \$0.50 or greater for option classes that trade in \$1 strike price intervals and are in the Short Term Option Series Program. If the class does not trade in \$1 strike price intervals, the strike price interval for Short Term Option Series may be \$0.50 or greater where the strike price is less than \$100 and \$1.00 or greater where the strike price is between \$100 and \$150, and \$2.50 or greater for strike prices greater than \$150. A non-Short Term Option series that is included in a class that has been selected to participate in the Short Term Option Series Program is referred to as a “Related non-Short Term Option.” Notwithstanding any other provision regarding strike prices in this Rule, Related non-Short Term Option series shall be opened during the month prior to expiration in the same manner as permitted in Rule 404, Interpretations and Policies .02, and in the same strike price intervals for the Short Term Option Series permitted in this Rule 404, Interpretations and Policies .02(e).

.03 Quarterly Options Series Program. The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter (“Quarterly Options Series”). The Exchange may list Quarterly Options Series for up to five (5) currently listed options classes that are options on exchange traded funds (“ETFs”). In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(a) The Exchange may list series that expire at the end of the next consecutive four (4) calendar quarters, as well as the fourth quarter of the next calendar year.

(b) The Exchange will not list a Short Term Option Series on an options class whose expiration coincides with that of a Quarterly Options Series on that same options class.

(c) **Initial Series.** The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two strike prices above and two strike prices below the approximate value of the underlying security at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange shall list strike prices for a Quarterly Options Series that are within \$5 from the closing price of the underlying on the preceding day.

(d) **Additional Series.** Additional Quarterly Options Series of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within thirty percent (30%) above or below the closing price of the underlying ETF or Exchange-Traded Fund Shares as defined in Rule 402(i) on the preceding day. The Exchange may also open additional strike prices of Quarterly Options Series in ETF options that are more than 30% above or below the current price of the underlying ETF provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market Makers trading for their own account shall not be considered when determining

customer interest under this provision. The opening of new Quarterly Options Series shall not affect the series of options of the same class previously opened.

(e) The interval between strike prices on Quarterly Options Series shall be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.

(f) **Delisting Policy.** With respect to Quarterly Options Series in ETF options added pursuant to the above paragraphs, the Exchange will, on a monthly basis, review series that are outside a range of five (5) strikes above and five (5) strikes below the current price of the underlying ETF, and delist series with no open interest in both the put and the call series having a: (1) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (2) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(g) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Quarterly Options Series in ETF options in series eligible for delisting shall be granted.

(h) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange shall notify other options exchanges with similar delisting policies regarding eligible series for delisting, and shall work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Quarterly Options Series in ETF options.

.04 \$0.50 Strike Program. The interval of strike prices of series of options on individual stocks may be \$0.50 or greater beginning at \$0.50 where the strike price is \$5.50 or less, but only for options classes whose underlying security closed at or below \$5.00 in its primary market on the previous trading day and which have national average daily volume that equals or exceeds 1,000 contracts per day as determined by The Options Clearing Corporation during the preceding three calendar months. The listing of \$0.50 strike prices shall be limited to options classes overlying no more than 20 individual stocks (the "\$0.50 Strike Program") as specifically designated by the Exchange. The Exchange may list \$0.50 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar \$0.50 Strike Program under their respective rules. A stock shall remain in the \$0.50 Strike Program until otherwise designated by the Exchange.

.05 Notwithstanding Interpretations and Policies .01 above, the interval between strike prices of series of options on Indexed-Linked Securities, as defined in Rule 402(k)(1), will be \$1 or greater when the strike price is \$200 or less and \$5 or greater when the strike price is greater than \$200.

.06 Notwithstanding Interpretations and Policies .01 above, the interval between strike prices of series of options on Trust Issued Receipts, including Holding Company Depository Receipts (HOLDRs), will be \$1 or greater where the strike price is \$200 or less and \$5 or greater where the strike price is greater than \$200.

.07 \$0.50 and \$1.00 Strike Price Intervals for Options Used to Calculate Volatility Indexes. Notwithstanding the requirements set forth in Rule 404(f) and Interpretations and Policies .01, .05 and .06 above, the Exchange may open for trading series at \$0.50 or greater strike price intervals where the strike price is less than \$75, and \$1.00 or greater strike price intervals where the strike price is between \$75 and \$150 for options that are used to calculate a volatility index.

.08 Mini Option Contracts.

(a) After an option class on a stock, exchange-traded fund (ETF) share, Trust Issued Receipt (TIR), and other Equity Index-Linked Security with a 100 share deliverable has been approved for listing and trading on the Exchange, series of option contracts with a 10 share deliverable on that stock, ETF share, TIR, and other Equity Index-Linked Security may be listed for all expirations opened for trading on the Exchange. Mini-option contracts may currently be listed on SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Alphabet, Inc. (GOOGL) and Amazon.com Inc. (AMZN).

(b) Strike prices for mini-options shall be set at the same level as for standard options. For example, a call series strike price to deliver 10 shares of stock at \$125 per share has a total deliverable value of \$1250, and the strike price will be set at 125.

(c) No additional series of mini-options may be added if the underlying security is trading at \$90 or less. The underlying security must trade above \$90 for five consecutive days prior to listing mini-option contracts in an additional expiration month.

(d) The minimum price variation for bids and offers for mini-options shall be the same as permitted for standard options on the same security. For example, if a security participates in the Penny Pilot Program, mini-options on the same underlying security may be quoted in the same minimum increments, e.g., \$0.01 for all quotations in series that are quoted at less than \$3 per contract and \$0.05 for all quotations in series that are quoted at \$3 per contract or greater, \$0.01 for all SPY option series, and mini-options do not separately need to qualify for the Penny Pilot Program.

.09 Notwithstanding any other provision regarding strike prices in this Rule, Related non-Short Term Option series shall be opened during the month prior to expiration in the same manner as permitted in Rule 404, Interpretations and Policies .02, and in the same strike price intervals for the Short Term Option Series permitted in this Rule 404, Interpretations and Policies .02(e).

.10 Notwithstanding any other provision regarding the interval of strike prices of series of options on Exchange-Traded Fund Shares in this Rule, the interval of strike prices on SPDR S&P 500 ETF ("SPY"), iShares S&P 500 Index ETF ("IVV"), and the SPDR Dow Jones Industrial Average ETF ("DIA") options will be \$1 or greater.

[Adopted: December 13, 2016; amended February 6, 2017 (SR-PEARL-2017-03); amended April 3, 2017 (SR-PEARL-2017-11); amended July 21, 2017 (SR-PEARL-2017-32); amended February 12, 2018 (SR-PEARL-2018-03)]

Rule 404A. Select Provisions of Options Listing Procedures Plan

(a) The provisions set forth in this Rule 404A were adopted by the Exchange as a quote mitigation strategy and are codified in the Options Listing Procedures Plan ("OLPP"). A complete copy of the current OLPP may be accessed at: http://www.optionsclearing.com/components/docs/clearing/services/options_listing_procedures_plan.pdf.

(b) The exercise price of each options series listed by the Exchange shall be fixed at a price per share which is reasonably close to the price of the underlying equity security, Exchange Traded Fund ("ETF" and referred to as Exchange Traded Fund Shares in Rule 402(i)) or Trust Issued Receipt ("TIR") at or about the time the Exchange determines to list such series. Additionally,

(1) Except as provided in subparagraphs (2) through (4) below, if the price of the underlying security is less than or equal to \$20, the Exchange shall not list new options series with an exercise price more than 100% above or below the price of the underlying security. However, the foregoing restriction shall not prohibit the listing of at least three exercise prices per expiration month in an options class. Except as provided in Interpretation and Policy .02(d) to Rule 404, if the price of the underlying security is greater than \$20, the Exchange shall not list new options series with an exercise price more than 50% above or below the price of the underlying security. The price of the underlying security is measured by:

(i) for intra-day add-on series and next-day series additions, the daily high and low of all prices reported by all national securities exchanges;

(ii) for new expiration months, the daily high and low of all prices reported by all national securities exchanges on the day the Exchange determines its preliminary notification of new series; and

(iii) for options series to be added as a result of pre-market trading, the most recent share price reported by all national securities exchanges between 8:45 a.m. and 9:30 a.m. Eastern Time.

(2) The series exercise price range limitations contained in subparagraph (i) above do not apply with regard to:

(i) the listing of \$1 strike prices in options classes participating in the \$1 Strike Program. Instead, the Exchange shall be permitted to list \$1 strike prices to the fullest extent as permitted under its rules for the \$1 Strike Program; or

(ii) the listing of series of Flexible Exchange Options.

(3) The Exchange may designate up to five options classes to which the series exercise price range may be up to 100% above and below the price of the underlying security (which underlying security price shall be determined in accordance with subparagraph (i) above). Such designations shall be made on an annual basis and shall not be removed during the calendar year unless the options class is delisted by the Exchange, in which case the Exchange may designate another options class to replace the delisted class. If a designated options class is delisted by the Exchange but continues to trade on at least one options exchange, the options class shall be subject to the limitations on listing new series set forth in subparagraph (i) above unless designated by another exchange.

(4) If the Exchange that has designated five options classes pursuant to subparagraph (3) above requests that one or more additional options classes be excepted from the limitations on listing new series set forth in subparagraph (1) above, the additional options class(es) shall be so designated upon the unanimous consent of all exchanges that trade the options class(es). Additionally, pursuant to the Exchange's request, the percentage range for the listing of new series may be increased to more than 100% above and below the price of the underlying security for an options class, by the unanimous consent of all exchanges that trade the designated options class. Exceptions for an additional class or for an increase of the exercise price range shall apply to all standard expiration months existing at the time of the vote, plus the next standard expiration month to be added, and also to any non-standard expirations that occur prior to the next standard monthly expiration.

(5) The provisions of this subparagraph (b) shall not permit the listing of series that are otherwise prohibited by the Rules of the Exchange or the OLPP. To the extent the Rules of the Exchange permit the listing of new series that are otherwise prohibited by the provisions of the OLPP, the provisions of the OLPP shall govern.

(6) The Exchange may list an options series that is listed by another options exchange, provided that at the time such series was listed it was not prohibited under the provisions of the OLPP or the rules of the exchange that initially listed the series.

[Adopted: December 13, 2016]

Rule 405. Adjustments

Option contracts shall be subject to adjustments in accordance with the Rules of the Clearing Corporation. When adjustments have been made, the Exchange will announce that fact, and such changes will be effective for all subsequent transactions in that series at the time specified in the announcement.

[Adopted: December 13, 2016]

Rule 406. Long-Term Option Contracts

(a) Notwithstanding conflicting language in Rule 404, the Exchange may list long-term option contracts that expire from twelve (12) to thirty-nine (39) months from the time they are listed ("long-term expiration months"). There may be up to six (6) long-term expiration months per option class. Strike price interval (Rule 404) and continuous

quoting (Rule 605(d)) Rules shall not apply to such options series until the time to expiration is less than nine (9) months.

(b) After a new long-term option contract series is listed, such series will be opened for trading either when there is buying or selling interest, or forty (40) minutes prior to the close, whichever occurs first. No quotations will be posted for such options series until they are opened for trading.

[Adopted: December 13, 2016; amended July 5, 2017 (SR-PEARL-2017-28)]

CHAPTER V. DOING BUSINESS ON THE EXCHANGE

Rule 500. Access to and Conduct on the Exchange

(a) **Access to Exchange.** Unless otherwise provided in the Rules, no one but a Member or a person associated with a Member shall effect any Exchange Transactions. The Exchange may share any Member-designated risk settings in the Exchange System with the Clearing Member that clears Exchange Transactions on behalf of the Member.

(b) **Exchange Conduct.** Members and persons employed by or associated with any Member, while using the facilities of the Exchange, shall not engage in conduct (1) inconsistent with the maintenance of a fair and orderly market; (2) apt to impair public confidence in the operations of the Exchange; or (3) inconsistent with the ordinary and efficient conduct of business. Activities that may violate the provisions of this paragraph (b) include, but are not limited to, the following:

(i) failure of a Market Maker to provide quotations in accordance with Rule 605.

(ii) failure of a Member to supervise a person employed by or associated with such Member adequately to ensure that person's compliance with this paragraph (b).

(iii) failure to abide by a determination of the Exchange.

(iv) refusal to provide information requested by the Exchange.

(v) failure to abide by the provisions of Rule 520.

[Adopted: December 13, 2016]

Rule 501. Days and Hours of Business

The Exchange will begin accepting orders at 7:30 a.m. Eastern Time. The hours during which option transactions may be made on the Exchange shall be from 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time except for option contracts on Exchange Traded Fund Shares, as defined in Rule 402(i), and Index-Linked Securities, as defined in Rule 402(k)(1), which may remain open for trading beyond 4:00 p.m. Eastern Time but in no case later than 4:15 p.m. Eastern Time, as designated by the Exchange.

Interpretations and Policies:

.01 The Board has resolved that, except under unusual conditions as may be determined by the Board or its designee, hours during which transactions in options on individual stocks may be made on the Exchange shall correspond to the normal hours for business set forth in the rules of the primary exchange listing the stocks underlying Exchange options.

.02 The Board has determined that the Exchange will not be open for business on New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day or Christmas Day. The Board has also determined that, in most circumstances when a holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday, and that when a holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the following Monday.

[Adopted: December 13, 2016]

Rule 502. Entry of Orders

Members can enter orders into the System, subject to the requirements and conditions set forth below and in these Rules:

- (a) Members shall be permitted to transmit to the System multiple orders at a single as well as multiple price levels.
- (b) The System shall time-stamp an order which shall determine the time ranking of the order for purposes of processing the order.

[Adopted: December 13, 2016]

Rule 503. Openings on the Exchange

(a) **Definitions.** For the purposes of this Rule the term:

(1) "**Opening Process**" shall mean the process for opening or resuming trading pursuant to this Rule and shall include the process for determining the price at which Eligible Interest shall be executed at the open of trading for the day, or the open of trading for a halted option, and the process for executing that Eligible Interest.

(2) "**Eligible Interest**" shall mean any quotation or any order that may be entered into the System before the opening. The order types that may participate in the Opening Process are set forth in Rule 516.

(3) "**Market for the Underlying Security**" shall mean either the primary listing market, the primary volume market (defined as the market with the most liquidity in that underlying security for the previous two calendar months), or the first market to open the underlying security, as determined by the Exchange on a class by class basis and announced to Members on the Exchange's website.

(4) "**Valid Width National Best Bid or Offer**" or "**Valid Width NBBO**" shall mean the combination of all away market quotes and any combination of MIAX PEARL Market Maker orders and quotes received from a minimum number of away markets and a minimum number of MIAX PEARL Market Makers within a specified bid/ask differential each as established and published by the Exchange on its website. The Valid Width NBBO will be configurable by the underlying, and tables with valid width differentials will be posted by MIAX PEARL on its website. Away markets that are crossed will void all Valid Width NBBO calculations. If any Market Maker orders or quotes on MIAX PEARL are crossed internally, then all such orders and quotes will be excluded from the Valid Width NBBO calculation. If any Market Maker orders or quotes on MIAX PEARL are locking or crossing the ABBO, the Market Maker's orders or quotes will be considered to be at the locked or crossed ABBO price for purposes of calculating the Valid Width NBBO.

(5) "**Away Best Bid or Offer**" or "**ABBO**" shall mean the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA.

(b) **Opening Process on the Exchange.** For the opening of trading of securities by the System, the Opening Process shall occur at or after 9:30 a.m. Eastern Time, if the dissemination of a regular market hours quote or trade (as determined by the Exchange) by the Market for the Underlying Security has occurred. Following the dissemination of a quote or trade in the Market for the Underlying Security (the "First Market Event") the System will pause for a period of time no longer than one-half second to allow the market place to absorb this information. Or, in the case of a trading halt, the Opening Process shall occur when trading resumes pursuant to Rule 504. Market hours trading shall commence or, in the case of a halted option, resume when the MIAX PEARL Opening Process concludes.

(1) **Criteria for the Opening.** The opening of trading or resumption of trading after a halt of securities by the System will be dependent on the following criteria, provided the ABBO is not crossed.

(i) If there is locking or crossing interest on MIAX PEARL or interest that locks or crosses the NBBO, a Valid Width NBBO must be present.

(ii) If there is no locking or crossing interest on MIAX PEARL and no interest that locks or crosses the NBBO, then the Exchange will open dependent upon one of the following:

(A) A Valid Width NBBO is present; or

(B) A certain number of other options exchanges (as determined by the Exchange and posted by MIAX PEARL on its website) have disseminated a firm quote on OPRA; or

(C) A certain period of time (as determined by the Exchange and posted by MIAX PEARL on its website) has elapsed.

(2) Opening Process Where There is Locking or Crossing Interest on MIAX PEARL or Interest that Locks or Crosses the NBBO.

(i) **Determining the Opening Price.** After the First Market Event has occurred and/or the trading halt has been lifted and the criteria for opening set forth in subsection (1)(i) above has been met, in each case where there are orders or quotes with internally locking or crossing prices, or orders that lock or cross the NBBO, for a particular option series the System will determine a single price at which such option series will be opened (the "Opening Price"). The Opening Price of a series will be the midpoint of the Valid Width NBBO, rounded up if necessary (the "NBBO Midpoint").

(ii) **Matching Orders and Quotes in the System.** After establishing an Opening Price, orders and quotes in the System that are priced equal to or more aggressively than the Opening Price will be matched based on price-time priority. Matches will occur until there is no remaining volume or there is an imbalance of orders. All orders and quotes or portions thereof that are matched pursuant to the Opening Process will be executed at the Opening Price.

(iii) **Regarding Unexecuted Contracts.** An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders will be handled at the conclusion of the Opening Process in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Book, cancelled, executed, managed in accordance with Rule 515, or routed in accordance with Rule 529.

(iv) **Execution and Reporting.** All Eligible Interest executed in the Opening Process shall be executed at the Opening Price, trade reported anonymously, and disseminated via a national market system plan.

(3) Opening Process Where There is No Locking or Crossing Interest on MIAX PEARL and no Interest that Locks or Crosses the NBBO. After the First Market Event has occurred and/or the trading halt has been lifted and the criteria for opening set forth in subsection (1)(ii) above has been met, and where there are no contracts in a particular series that would execute at any price the System shall open such options for trading without determining an Opening Price. The System will open such series by disseminating via a national market system plan the Exchange's best bid and offer among quotes and orders that exist in the System at that time. Orders in the System will be handled at the conclusion of the Opening Process in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Book, cancelled, executed, managed in accordance with Rule 515, or routed in accordance with Rule 529.

(c) **Deviation from Standard Opening Process.** The Exchange may deviate from the standard manner of the Opening Process, including adjusting the timing of the Opening Process in any option class, when it believes it is necessary in the interests of a fair and orderly market.

(d) **Certain Locking or Crossing Orders or Quotes.** If any order or quote entered by a Market Maker on MIAX PEARL via the MEO Interface or the FIX Interface using the same MPID is locking or crossing another order or quote entered by the same Market Maker using the same MPID via the MEO Interface or the FIX Interface during the Opening Process, then the System will cancel the oldest of the Market Maker's locking or crossing order or quote prior to execution.

[Adopted: December 13, 2016; amended May 18, 2017 (SR-PEARL-2017-22); amended May 6, 2018 (SR-PEARL-2018-10)]

Rule 504. Trading Halts

(a) **Halts.**

(1) The System may halt trading in the case of an option on a security, when trading in the underlying security has been halted or suspended in the primary market; and

(2) The Help Desk may halt trading in any security in the interests of a fair and orderly market for a period not in excess of two consecutive business days. The Help Desk, in consultation with a designated senior executive officer of the Exchange, may halt trading in any security in the interests of a fair and orderly market for a period exceeding two consecutive business days. Any trading halt that lasts more than two consecutive business days shall be reviewed by the President or his/her designee, who shall be authorized to determine whether, in the interests of a fair and orderly market, to terminate or modify any such trading halt that is then still in effect. Among the factors that may be considered in making the foregoing determinations are whether:

(i) in the case of an option on a security, trading in the underlying security has been halted or suspended in the primary market;

(ii) in the case of an option on a security, the opening of such underlying security has been delayed because of unusual circumstances;

(iii) the extent to which the Opening Process has been completed or other factors regarding the status of the Opening Process; or

(iv) other unusual conditions or circumstances are present.

(3) The Exchange shall disseminate through its trading facilities and over OPRA a symbol in respect of a security halted in accordance with (1) or (2) above indicating that trading has been halted. A record of the time and duration of the halt shall be made available to vendors.

(b) **Resumptions.** Trading in a security that has been the subject of a halt under paragraph (a) above may be resumed upon a determination by the Help Desk that the interests of a fair and orderly market are best served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions which led to the halt are no longer present. Trading shall resume according to the process set forth in Rule 503 of these Rules.

(c) **Trading Pauses.** Trading on the Exchange in any option contract shall be halted whenever trading in the underlying security has been paused by the primary market. Trading in such options contracts may be resumed upon a determination by the Exchange that the conditions that led to the pause are no longer present and that the interests of a fair and orderly market are best served by a resumption of trading, which in no circumstances will be before the Exchange has received notification that the underlying security has resumed trading on at least one exchange.

(d) **Post-Halt Notification.** After the Exchange has determined to end a trading halt, the System will broadcast to subscribers of the Exchange's data feeds a Post-Halt Notification.

(1) Regarding a halt pursuant to section (a) above, the Post-Halt Notification will be broadcast twenty seconds before trading will begin or resume.

(2) Regarding a halt initiated by the System due to a regulatory halt, trading pause or market-wide trading halt, a Post-Halt Notification will be broadcast between five and twenty seconds before trading will begin or resume. The Exchange will announce the duration of the Post-Halt Notification period through a Regulatory Circular.

The Post-Halt Notification will state the time at which trading in the option class or classes is expected to resume providing subscribers of the Exchange's data feeds with a brief notice period (twenty seconds for halts pursuant to section (a) above; between five and twenty seconds for a regulatory halt, trading pause or market-wide trading halt) to prepare for the beginning or resumption of trading after a trading system halt has ended.

Interpretations and Policies:

.01 No Member or person associated with a Member shall effect a trade on the Exchange in any option class in which trading has been suspended or halted under the provisions of this Rule and its Interpretation and Policies during the time in which the suspension or halt remains in effect.

.02 Generally, in the case of an option on a security, trading will be halted when a regulatory halt in the underlying security has occurred in the primary listing market for that security.

.03 The Exchange shall halt trading in all securities whenever a market-wide trading halt commonly known as a circuit breaker is initiated on the New York Stock Exchange in response to extraordinary market conditions.

.04 Trades on the Exchange will be nullified when: (i) the trade occurred during a trading halt in the affected option on the Exchange; (ii) respecting equity options (including options overlying ETFs), the trade occurred during a regulatory halt as declared by the primary market for the underlying security; or (iii) with respect to index options, the trade occurred during a regulatory halt as declared by the primary market in underlying securities representing more than 10 percent of the current index value for narrow-based stock index options, and 20 percent of the current index value for broad-based index options.

.05 Trading halts, resumptions, trading pauses and post-halt notifications involving index options are governed by Rules 1808(c)-(f).

[Adopted: December 13, 2016; amended May 3, 2017 (SR-PEARL-2017-16); amended September 1, 2017 (SR-PEARL-2017-33); amended April 12, 2018 (SR-PEARL-2018-02)]

Rule 505. Member Electronic Connectivity

The Exchange may limit the number of messages sent by Members accessing the Exchange electronically in order to protect the integrity of the System. In addition, the Exchange may impose restrictions on the use of a computer connected through an API if it believes such restrictions are necessary to ensure the proper performance of the System. Any such restrictions shall be objectively determined and submitted to the Commission for approval pursuant to a rule change filing under Section 19(b) of the Exchange Act.

[Adopted: December 13, 2016]

Rule 506. Collection and Dissemination of Quotations

(a) Each Market Maker shall communicate to the Exchange its bids and offers in accordance with the requirements of Rule 602 of Regulation NMS under the Exchange Act and the Rules.

(b) The Exchange will disseminate to quotation vendors the highest bid and the lowest offer, and the aggregate quotation size associated therewith that is available to Public Customer Orders, in accordance with the requirements of Rule 602 of Regulation NMS under the Exchange Act.

(1) The Exchange shall disseminate an updated bid and offer price, together with the size associated with such bid and offer when:

(i) the Exchange's disseminated bid or offer price increases or decreases;

(ii) the size associated with the Exchange's disseminated bid or offer decreases; or

(iii) the size associated with the Exchange's bid (offer) increases by an amount greater than or equal to a percentage of the size associated with the previously disseminated bid (offer). Such percentage, which shall never be less than 10% or greater than 20%, shall be determined on a class-by-class basis by the Exchange and announced to the Membership through a Regulatory Circular.

(2) Executions will decrease the size associated with the Exchange's disseminated bid or offer by the amount of the execution.

(c) In the event there are no Market Makers quoting on a particular option and there are no orders on the Book, the Exchange will disseminate a bid price of \$0.00, with a size of zero contracts and/or an offer price of \$0.00, with a size of zero contracts.

(d) Notification of Public Customer and Priority Customer Interest on the Book.

(i) The Exchange will make available to subscribers to its data feeds and to all market participants through OPRA an indication that there is Public Customer interest included in the PBBOs disseminated by the Exchange.

(ii) The Exchange will make available to subscribers to its Top of Market (ToM) data feed the quantity of Priority Customer contracts included in the PBBO disseminated by the Exchange.

(e) Unusual Market Conditions.

(1) An Exchange official designated by the Board shall have the power to determine that the level of trading activities or the existence of unusual market conditions is such that the Exchange is incapable of collecting, processing, and making available to quotation vendors the data for the option in a manner that accurately reflects the current state of the market on the Exchange. Upon making such a determination, the Exchange shall designate the market in such option to be "fast," and shall halt trading in the class or classes so affected.

(2) The Exchange will monitor the activity or conditions that caused a fast market to be declared, and a designated Exchange official shall review the condition of such market at least every thirty (30) minutes. Regular trading procedures shall be resumed by the Exchange when a designated Exchange official determines that the conditions supporting a fast market declaration no longer exist.

[Adopted: December 13, 2016]

Rule 507. Must Give Up Clearing Member

For each transaction in which it participates, a Member must immediately give up the name of the Clearing Member through whom the transaction will be cleared. If there is a subsequent change in identity of the Clearing Member through whom a transaction will be cleared, the Member must, as promptly as possible, report such change to the Exchange.

Interpretations and Policies:

.01 Nothing herein shall be deemed to preclude the clearance of Exchange Transactions by a non-Member pursuant to the Bylaws of the Clearing Corporation so long as a Clearing Member is also designated as having responsibility under these Rules for the clearance and comparison of such transactions.

[Adopted: December 13, 2016]

Rule 508. Unit of Trading

The unit of trading in each series of options traded on the Exchange shall be the unit of trading established for that series by the Clearing Corporation pursuant to the Rules of the Clearing Corporation and the agreements of the Exchange with the Clearing Corporation.

[Adopted: December 13, 2016]

Rule 509. Meaning of Premium Bids and Offers

(a) **General.** Except as provided in paragraph (b), bids and offers shall be expressed in terms of dollars per unit of the underlying security. (e.g., a bid of "7" shall represent a bid of \$700 for an option contract having a unit of trading consisting of 100 shares of an underlying security, or a bid of \$770 for an option contract having a unit of trading consisting of 110 shares of an underlying security.)

(b) **Special Cases.** Bids and offers for an option contract for which an adjusted unit of trading has been established in accordance with Rule 405 shall be expressed in terms of dollars per .01 part of the total securities and/or other property constituting such adjusted unit of trading. (e.g., an offer of "6" shall represent an offer of \$600 on an option contract having a unit of trading consisting of 100 shares of an underlying security plus 10 rights.)

(c) **Mini-options.** Bids and offers for an option contract overlying 10 shares shall be expressed in terms of dollars per 1/10th part of the total value of the contract. An offer of ".50" shall represent an offer of \$5.00 for an option contract having a unit of trading consisting of 10 shares.

[Adopted: December 13, 2016]

Rule 510. Minimum Price Variations and Minimum Trading Increments

(a) **Minimum Price Variations.** The Board may establish Minimum Price Variations ("MPV") for options traded on the Exchange. Until such time as the Board makes a change in the variations, the following principles shall apply:

(1) If the option contract is trading at less than \$3.00 per option, \$.05.

(2) If the option contract is trading at \$3.00 per option or higher, \$.10.

(b) **Minimum Trading Increments.** Minimum Trading Increments for dealings in option contracts will be the Minimum Price Variations specified in paragraph (a).

Interpretations and Policies:

.01 Notwithstanding any other provision of this Rule 510, the Exchange will operate a pilot program, scheduled to expire on December 31, 2018, to permit options classes to be quoted and traded in increments as low as \$.01. The Exchange will specify which options trade in such pilot, and in what increments, in Listings Alerts distributed to Members and posted on the Exchange's website. The Exchange may replace any pilot classes that have been delisted with the next most actively traded multiply listed options classes that are not yet included in the pilot

program, based on trading activity in the previous six months. The replacement classes may be added to the penny pilot on the second trading day following July 1, 2018.

.02 The minimum price variation for bids and offers for mini-options shall be determined in accordance with Interpretation and Policy .08(d) to Rule 404.

[Adopted: December 13, 2016; amended January 12, 2017 (SR-PEARL-2016-1); amended June 15, 2017 (SR-PEARL-2017-24); amended December 11, 2017 (SR-PEARL-2017-39); amended June 18, 2018 (SR-PEARL-2018-14)]

Rule 511. Acceptance of Quotes and Orders

All bids or offers made and accepted on the Exchange in accordance with the Rules shall constitute binding contracts, subject to applicable requirements of the Rules and the Rules of the Clearing Corporation.

[Adopted: December 13, 2016]

Rule 512. [Reserved]

Rule 513. Submission of Orders and Clearance of Transactions

(a) **Order Identification.** When entering orders on the Exchange, each Member shall submit trade information in such form as may be prescribed by the Exchange in order to allow the Exchange to properly prioritize and match bids and offers pursuant to Rule 514 and report resulting transactions to the Clearing Corporation.

(b) **Clearance of Transactions.**

(1) All transactions made on the Exchange shall be submitted for clearance to the Clearing Corporation, and all such transactions shall be subject to the Rules of the Clearing Corporation. Every Clearing Member shall be responsible for the clearance of the Exchange Transactions of such Clearing Member and of each Member who gives up such Clearing Member's name pursuant to a letter of authorization, letter of guarantee or other authorization given by such Clearing Member to such Member, which authorization must be submitted to the Exchange.

(2) On each business day at or prior to such time as may be prescribed by the Clearing Corporation, the Exchange shall furnish the Clearing Corporation a report of each Clearing Member's matched trades.

[Adopted: December 13, 2016]

Rule 514. Priority on the Exchange

(a) **General.** The highest bid and lowest offer shall have priority on the Exchange.

(b) **Price-Time Allocation.** The System shall execute trading interest within the System in price-time priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more orders at the best price, trading interest will be executed in time priority.

(c) **Self-Trade Protection.**

(1) Orders entered by a Market Maker via the MEO Interface or the FIX Interface will not be executed against orders entered on the opposite side of the market by (i) a Market Maker of the same firm, or alternatively, if selected by the Member, (ii) a Market Maker with the same MPID. In either case, the System will cancel the oldest of the orders back to the entering party prior to execution.

(2) If requested by an EEM, orders entered by an EEM via the MEO Interface using the same MPID will not be executed against orders entered on the opposite side of the market by the same EEM using the same MPID via the MEO Interface. In such a case, the System will cancel the oldest of the orders back to the entering party prior to execution.

[Adopted: December 13, 2016; amended August 31, 2018 (SR-PEARL-2018-15)]

Rule 515. Execution of Orders

(a) **General.** Incoming orders and orders reevaluated pursuant to Rule 515 that are executable against orders in the System will be executed by the System in accordance with the following provisions, provided such orders will not be executed at prices inferior to the NBBO (as defined in Rules 100 and 1400(j)). Orders that could not be executed because the executions would be at prices inferior to the NBBO will be handled in accordance with the Managed Interest Process described in paragraph (d) below.

Post-Only Orders (as defined in Rule 516(j)) are evaluated with respect to locking or crossing other orders as follows: (i) if a Post-Only Order would lock or cross the current opposite side PBBO where the PBBO is the NBBO (the Post-Only Order locks or crosses an order on the System), the order will be handled pursuant to the Post-Only Price Process under Rule 515(g); or (ii) if a Post-Only Order would not lock or cross an order on the System but would lock or cross the ABBO where the PBBO is inferior to the ABBO, the order will be handled pursuant to the Managed Interest Process under Rule 515(d)(2). The handling of a Post-Only Order may move from one process to the other (i.e., a Post-Only Order initially handled under the Post-Only Price Process may upon reevaluation be handled under the Managed Interest Process if the PBBO changes and the Post-Only Order no longer locks or crosses an order on the System but locks or crosses the ABBO).

(b) **Order Locks or Crosses the NBBO and the PBBO is at the NBBO.** If the PBBO is at the NBBO, upon receipt of an order which locks or crosses the NBBO (other than a Post-Only Order which is handled pursuant to the Post-Only Price Process under paragraph (g) below), the System will immediately execute the new incoming order against the PBBO at or better than the PBBO price for a size which is the lesser of (1) the new incoming order; or (2) the PBBO size.

(c) **Price Protection on Orders.** The System will apply the following price protection process to all orders. Price protection prevents an order from being executed beyond the price designated in the order's price protection instructions (the "price protection limit"). The price protection instructions will be expressed in units of MPV away from (1) the NBBO at the time of the order's receipt, or the PBBO if the ABBO is crossing the PBBO or (2) the Opening Price (as defined in Rule 503(b)(2)) in the event that a New Opening Order (defined below) not traded during the Opening Process (as defined in Rule 503(b)(1)) is priced through the Opening Price. A New Opening Order is an order received prior to the opening, excluding any order remaining from the prior day's close or from before a trading halt. Market participants may designate price protection instructions on an order by order basis within a minimum and maximum number of MPVs away from (1) the NBBO at the time of receipt, or the PBBO if the ABBO is crossing the PBBO, or (2) the Opening Price for New Opening Orders, as determined by the Exchange and announced to Members through a Regulatory Circular. The default price protection instruction will be within one (1) to five (5) MPVs away from (1) the NBBO at the time of receipt, or the PBBO if the ABBO is crossing the PBBO, or (2) the Opening Price for New Opening Orders, as determined by the Exchange and announced to Members through a Regulatory Circular. When triggered, the price protection process will cancel an order or the remaining contracts of an order. The System will not execute such orders at prices inferior to the current NBBO. The price protection process set forth in this subsection (c) will not apply to (i) orders received prior to the opening that are not priced through the Opening Price; or (ii) orders that remain on the Book from a prior trading session. Further, the price protection process set forth in this subsection (c) will not apply to Intermarket Sweep Orders ("ISOs") which will be handled in accordance with paragraph (f) below.

(d) **Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO Upon Receipt.** An incoming order that could not be executed or could not be executed in full at the original NBBO upon

receipt will be handled in accordance with the following provisions. In addition, orders that are reevaluated by the System for execution pursuant to an order's price protection instructions that could not be executed or could not be executed in full at the NBBO at the time of reevaluation will be handled in accordance with the following provisions. The following paragraphs will apply to orders both (i) upon receipt by the System, and (ii) upon reevaluation by the System for execution and according to the price protections designated on the order. The term "initiating order" will be used in the following paragraphs to refer to (i) the incoming order that could not be executed, (ii) the order reevaluated by the System for execution that could not be executed, or (iii) the remaining contracts of the incoming order or reevaluated order that could not be executed in full. The term "original NBBO" will be used in the following paragraphs to refer to the NBBO that existed at time of receipt of the initiating order or the NBBO at time of reevaluation of an order pursuant to Rule 515.

(1) **Orders Eligible for Routing.** The System will seek to trade the initiating order to the extent possible at MIAX PEARL and route an Eligible Order (as defined in Rule 529) to the ABBO until the first of: (i) the order is fully executed; (ii) the order has traded or routed to and including its price protection limit, at which time any remaining contracts will be canceled; or (iii) the order has traded or routed to and including its limit price, at which time the System will display and book the initiating order at its limit price and will reevaluate the order for execution pursuant to this Rule 515. The System will not execute such orders at prices inferior to the current NBBO. The System will handle any routing of the order in accordance with the order routing provisions set forth in Rule 529.

(2) **Managed Interest Process for Non-Routable Orders.**

(i) If the initiating order is non-routable (for example, the Public Customer order was marked "Do Not Route" or the order was a Post-Only Order being handled under this subsection (d)(2)) the order will never be routed outside of the Exchange regardless of prices displayed by away markets. A non-routable initiating order may execute on the Exchange at a price equal to or better than, but not inferior to, the ABBO. The System will not execute such orders at prices inferior to the current NBBO. The System will seek to trade an initiating order or a resting Post-Only Order until the first of: (A) the order is fully executed; (B) the order has traded to and including its price protection limit at which time any remaining contracts are canceled; or (C) the order has traded to and including its limit price at which time the System will attempt to display and book the initiating order at its limit price and will reevaluate the order for execution pursuant to this Rule 515.

(ii) If the limit price of an order locks or crosses the current opposite side NBBO and the PBBO is inferior to the NBBO, the System will display the order one MPV away from the current opposite side NBBO, and book the order at a price that will lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the order's Book price will continuously re-price to lock the new NBBO and the managed order's displayed price will continuously re-price one MPV away from the new NBBO until (A) the order has traded to and including its limit price, (B) the order has traded to and including its price protection limit at which time any remaining contracts are cancelled, (C) the order is fully executed or (D) the order is cancelled.

(iii) (A) If the Exchange receives a new order or quote on the opposite side of the market from the managed order that can be executed, the System will immediately execute the remaining contracts from the initiating order to the extent possible at the order's current Book price, provided that the execution price does not violate the current NBBO.

(B) If the Exchange receives a new Post-Only Order on the opposite side of the market from an order being managed under this subsection (d)(2) which is not a Post-Only Order and the new Post-Only Order locks or crosses the Book price of the resting order, the Exchange will reject the new Post-Only Order.

(C) If the Exchange receives a new Post-Only Order on the opposite side of the market from a Post-Only Order being managed under this subsection (d)(2) and the new Post-Only Order locks or crosses the Book price of the resting Post-Only Order, the Exchange will re-book the resting Post-Only Order at the same price as its displayed price and manage the resting Post-Only Order and the new Post-Only Order under the POP Process of subsection (g) of this Rule 515.

(D) If unexecuted contracts remain from the initiating order, the order's size will be revised and the PBBO disseminated to reflect the order's remaining contracts.

(iv) An order subject to the Managed Interest Process under this subsection (d)(2) will retain its original limit price irrespective of the prices at which such order is booked and displayed and will maintain its original timestamp, provided however each time the order is booked and displayed at a more aggressive Book price, the order will receive a new timestamp. All orders that are re-booked and re-displayed pursuant to the Managed Interest Process will retain their priority as compared to other orders subject to the Managed Interest Process, based upon the time such order was initially received by the Exchange. Following the initial booking and display of an order subject to the Managed Interest Process, an order will only be re-booked and re-displayed to the extent it achieves a more aggressive price, provided, however, that the Exchange will re-book an order at the same price as the displayed price in the event such order's displayed price is locked or crossed by the ABBO. Such event will not result in a change in priority for the order at its displayed price.

(v) The Booked and displayed prices of an order subject to the Managed Interest Process may be adjusted once or multiple times depending on changes to the prevailing ABBO.

(e) **Handling of Immediate-or-Cancel ("IOC") Orders.** As defined in Rule 516(e), an IOC order is a limit order that is to be executed in whole or in part upon receipt, with any portion not so executed cancelled. Market participants may designate price protection instructions on an order by order basis for IOC orders in the manner described in paragraph (c) above. If an IOC order is executable against orders in the System and MIAX PEARL is the only exchange at the NBBO when an IOC order is received by the System, the System will execute the IOC order at the NBBO price or better and if the IOC order could not be executed in full the System may also execute the IOC order's remaining contracts at multiple prices not to exceed the IOC order's limit price or the order's price protection limit, provided the execution does not trade at a price inferior to the current ABBO. If other exchanges in addition to MIAX PEARL are also at the NBBO when the IOC order is received, the System will execute the IOC order at the NBBO price and cancel any remaining unexecuted contracts from the IOC order. If the PBBO is not at the NBBO at the time the IOC order is received or the IOC order is not executable against any orders in the System, the IOC order will be immediately cancelled.

(f) **Handling of Intermarket Sweep Orders ("ISOs").** As defined in Rule 516(f), ISOs are immediately executable in the System and are not eligible for routing to another exchange. As noted above, ISOs will not be handled in accordance with the price protection processes set forth in paragraph (c) above. The System will execute an ISO at multiple prices until (i) the ISO has been exhausted or its order has been completely filled; or (ii) the executions have reached the ISO's limit order price, whichever occurs first. Unexecuted contracts remaining from an ISO will be immediately cancelled.

(g) **Post-Only Price Process.**

(1) **General.** Post-Only Orders are defined in Rule 516(j). The following paragraphs will apply to a Post-Only Order where the limit price of a Post-Only Order locks or crosses the current opposite side PBBO where the PBBO is the NBBO (the Post-Only Order locks or crosses an order on the System) both (i) upon receipt by the System, and (ii) upon reevaluation by the System. A Post-Only Order will never route to another exchange.

(2) **Price Protection for Post-Only Orders.** The System will apply price protection to all Post-Only Orders being handled under subsection (g) in accordance with subsection (c) above.

(3) **Post-Only Price Process.**

(i) A Post-Only Order subject to the process set forth in this subsection (g) (the "POP Process") may execute on the Exchange at a price equal to or better than, but not inferior to, the ABBO. The System will not execute a Post-Only Order at prices inferior to the current NBBO. The System will seek to trade the resting Post-Only Order until the first of: (A) the Post-Only Order is fully executed; (B) the Post-Only Order has traded to and

including its price protection limit at which time any remaining contracts are canceled; or (C) the Post-Only Order has traded to and including its limit price at which time the System will attempt to display and book the initiating order at its limit price and will reevaluate the order for execution pursuant to this Rule 515.

(ii) If the limit price of a Post-Only Order locks or crosses the current opposite side PBBO where the PBBO is the NBBO (the Post-Only Order locks or crosses an order on the System), the Order will be handled in accordance with the POP Process set forth in this subsection (g) and the System will display and book the Post-Only Order one MPV away from the current opposite side PBBO. Should the PBBO price change to an inferior price level, the Post-Only Order's Book price and displayed price will continuously re-price to one MPV away from new PBBO until (A) the Post-Only Order has traded to and including its limit price, (B) the Post-Only Order has traded to and including its price protection limit at which time any remaining contracts are cancelled, (C) the Post-Only Order is fully executed or (D) the Post-Only Order is cancelled.

(iii) (A) If the Exchange receives a new order or quote on the opposite side of the market from the Post-Only Order that can be executed, the System will immediately execute the remaining contracts from the resting Post-Only Order to the extent possible at the Post-Only Order's current Book price, provided that the execution price does not violate the current NBBO.

(B) If the Exchange receives a new Post-Only Order on the opposite side of the market from a Post-Only Order being managed under this subsection (g) which locks or crosses the Book price of the resting Post-Only Order, the Exchange will book and display the new Post-Only Order one MPV away from the current opposite side PBBO.

(C) If unexecuted contracts remain from the resting Post-Only Order, the Post-Only Order's size of the Post-Only Order will be revised and the PBBO disseminated to reflect the Post-Only Order's remaining contracts of the Post-Only Order.

(iv) A Post-Only Order subject to the POP Process under this subsection (g)(3) will retain its original limit price irrespective of the prices at which such Post-Only Order is booked and displayed and will maintain its original timestamp, provided however each time the order is booked and displayed at a more aggressive Book price, the order will receive a new timestamp. In the event the PBBO changes such that a Post-Only Order subject to the POP Process would be able to be booked and displayed at its actual limit price, the Post-Only Order will receive a new timestamp. All Post-Only Orders that are re-ranked and re-displayed pursuant to the POP Process will retain their priority as compared to other orders subject to the POP Process based upon the time such Post-Only Order was initially received by the Exchange. Following the initial ranking and display of a Post Only Order subject to the POP Process, a Post Only Order will only be re-ranked and re-displayed to the extent it achieves a more aggressive price, provided, however, that the Exchange will re-book a Post-Only Order at the same price as the displayed price in the event such order's displayed price is locked or crossed by the PBBO. Such event will not result in a change in priority for the Post-Only Order at its displayed price.

(v) The Booked and displayed prices of a Post-Only Order subject to the POP Process may be adjusted once or multiple times depending on changes to the prevailing PBBO.

Interpretations and Policies:

.01 In the course of the Managed Interest Process for Non-Routable Orders as provided in subparagraph (d)(2), if managed interest becomes tradable at multiple price points on the Exchange due to the ABBO transitioning from a crossed state to an uncrossed state, the initial trade price will be the midpoint of the PBBO, rounded up to the nearest MPV if necessary unless that price would be outside the ABBO, in which case the midpoint of the PBBO will be rounded to the nearest MPV at or inside the ABBO if necessary. An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders will be handled in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Book, cancelled, executed, or routed in accordance with Rule 529.

.02 Immediately following the commencement of a trading halt pursuant to Rule 504 and at the end of each trading session, the System will cancel an order which was managed under this Rule 515 where the order's price protection limit for a buy (sell) order is lower (higher) than the order's effective limit price. For purposes of this Rule 515, the effective limit price for: (i) a limit order will be the order's limit price (ii) a market order to buy will be the maximum price permitted by the Exchange's System; and (iii) a market order to sell will be the lowest MPV as established by Rule 510 (either \$.01 for option classes quoted and traded in increments as low as \$.01, or \$.05 for option classes quoted and traded in increments as low as \$.05).

[Adopted: December 13, 2016; amended February 6, 2017 (SR-PEARL-2017-05); amended April 3, 2017 (SR-PEARL-2017-11); amended May 18, 2017 (SR-PEARL-2017-22)]

Rule 516. Order Types

It should be noted that some of the order types defined below are valid only during certain portions of the trading day (e.g., after the opening). If a Member submits an order type during a time period when the order type is not valid, the System will reject the order. It should also be noted that not all of the order types listed and described in this Rule will be available for use on each of the MEO Interface and the FIX Interface. The Exchange will issue a Regulatory Circular listing which order types, among the order types set forth below, are available for delivery via the MEO Interface and which are available for delivery via the FIX Interface.

(a) **Market Order.** A market order is an order to buy or sell a stated number of option contracts at the best price available at the time of execution. A Market Maker may not submit a market order.

(b) **Limit Orders.** A limit order is an order to buy or sell a stated number of option contracts at a specified price or better.

(c) **Marketable Limit Orders.** A marketable limit order is a limit order to buy (sell) at or above (below) the best offer (bid) on the Exchange.

(d) **Cancel-Replacement Order.** A Cancel-replacement order is a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order with new terms and conditions. The replacement order will not retain the priority of the cancelled order except when the replacement order reduces the open size of the order and all other terms and conditions are retained.

(e) **Immediate-or-Cancel Orders.** An immediate-or-cancel order is an order that is to be executed in whole or in part upon receipt. Any portion not so executed is cancelled. An immediate-or-cancel order is not valid during the Opening Process described in Rule 503.

(f) **Intermarket Sweep Order.** An Intermarket Sweep Order or "ISO", as defined in Rule 1400(h), is a limit order that is designated by a Member as an ISO in the manner prescribed by the Exchange, and is executed within the System by Members without respect to Protected Quotations of other Eligible Exchanges as defined in Rule 1400(p) and (f). ISOs are immediately executable within the System and shall not be eligible for routing. ISOs that are not designated as immediate or cancel will be cancelled by the System if not executed upon receipt. Simultaneously with the routing of an ISO to the System, one or more additional limit orders, as necessary, are routed by the entering Member to execute against the full displayed size of any Protected Bid or Protected Offer (as defined in Rule 1400(o)) in the case of a limit order to sell or buy with a price that is superior to the limit price of the limit order identified as an ISO. These additional routed orders must be identified as ISOs. An ISO is not valid during the Opening Process described in Rule 503.

(g) **Do Not Route Order.** A Do Not Route or "DNR" order is an order that will never be routed outside of the Exchange regardless of the prices displayed by away markets. A DNR order may execute on the Exchange at a price equal to or better than, but not inferior to, the best away market price but, if that best away market remains, the DNR order will be handled in accordance with the Managed Interest Process described in Rule 515(d)(2).

(h) **Day Limit Order.** A Day Limit Order is an order to buy or sell which, if not executed, expires at the end of trading in the security on the day on which it was entered.

(i) **Good ‘til Cancelled Order.** A Good ‘til Cancelled or “GTC” Order is an order to buy or sell which remains in effect until it is either executed, cancelled or the underlying option expires.

(j) **“Post-Only Orders”** are orders that will not remove liquidity from the Book. Post-Only Orders are to be ranked and executed on the Exchange pursuant to Rule 514 (Priority on the Exchange), or handled pursuant to Rule 515, as appropriate, and will never route away to another trading center. Post-Only Orders are evaluated with respect to locking or crossing other orders as follows: (i) if a Post-Only Order would lock or cross an order on the System, the order will be handled pursuant to the Post-Only Price Process under Rule 515(g); or (ii) if a Post-Only Order would not lock or cross an order on the System but would lock or cross the ABBO where the PBBO is inferior to the ABBO, the order will be handled pursuant to the Managed Interest Process under Rule 515(d). The handling of a Post-Only Order may move from one process to the other (i.e., a Post-Only Order initially handled under the Post-Only Price Process may upon reevaluation be handled under the Managed Interest Process if the PBBO changes and the Post-Only Order no longer locks or crosses an order on the System but locks or crosses the ABBO). A Post-Only Order is valid during the Opening Process and will be processed in accordance with Rule 503. The Post-Only instruction will be ignored for Post-Only Orders that participate in the Opening Process. A Post-Only Order may not be a market order, Immediate-or-Cancel Order, an Intermarket Sweep Order or a Good ‘til Cancelled Order. Post-Only Orders received before the Opening Process or during a trading halt may participate in the next Opening Process. Post-Only Orders received after the market close will be rejected.

[Adopted: December 13, 2016; amended May 3, 2017 (SR-PEARL-2017-16)]

Rule 517A. Aggregate Risk Manager for EEMs (“ARM-E”)

(a) **EEM Counting Program.** The System will maintain a counting program (“EEM Counting Program”) for each participating EEM who has submitted an order in an EEM Specified Option Class using a specified MPID of the EEM and delivered via the MEO Interface as described herein (an “EEM ARM Eligible Order”). The EEM Counting Program will count 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”). An “EEM Specified Option Class” is a class in which the EEM has designated as a class to be protected via ARM-E. The EEM Specified Time Period cannot exceed 15 seconds. The EEM may also establish for each EEM Specified Option Class an EEM Allowable Engagement Percentage. When an execution of an EEM ARM Contract from an EEM ARM Eligible Order occurs, the System will look back over the EEM Specified Time Period to determine whether the sum of contract executions from such EEM ARM Eligible Order during such EEM Specified Time Period triggers the ARM-E.

(b) **EEM Risk Manager.** The System will engage the Aggregate Risk Manager for EEMs (“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 number of EEM ARM Contracts from an EEM ARM Eligible Order equal to or above their EEM Allowable Engagement Percentage. ARM-E will then, until the EEM sends a notification to the System of the intent to reengage and submits a new order in the EEM Specified Option Class: (i) automatically cancel the EEM ARM Eligible Orders in all series of that particular EEM Specified Option Class and (ii) reject new EEM ARM Eligible Orders by the EEM in all series of that particular EEM Specified Option Class submitted using the MEO Interface.

(c) **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 the ARM-E will cancel and reject the EEM ARM Eligible Orders in the EEM Specified Option Class as described above.

(d) All of an EEM’s orders in each EEM Specified Option Class will be considered firm until such time as the EEM Allowable Engagement Percentage threshold has been equaled or crossed and the EEM ARM Eligible Orders are cancelled by the ARM-E in all series of that EEM Specified Option Class as described herein. Any marketable orders that are executable against EEM's orders that are received prior to the time the ARM-E is engaged will be automatically executed at the disseminated price up to the EEM's disseminated size, regardless of whether such an execution results in executions in excess of the EEM Allowable Engagement Percentage.

Interpretations and Policies:

.01 Immediate-or-Cancel (“IOC”) orders submitted by an EEM using the MEO Interface are not EEM ARM Eligible Orders.

.02 **EEM Single Side Protection.** An EEM may determine to engage the EEM Single Side Protection (“SSP”) feature for orders delivered via the MEO Interface by MPID. If the full remaining size of an EEM’s order, in an individual option, is exhausted by a trade, the System will trigger the SSP. When triggered, the System will cancel all open orders and block all new inbound orders delivered via the MEO Interface, for that particular side of that individual option for that MPID. The System will provide a notification message to the EEM. The block will remain in effect until the EEM notifies the Exchange (in a manner required by the Exchange and communicated to EEMs by Regulatory Circular) to reset the SSP (“SSP Reset”). Intermarket Sweep Orders are not eligible for EEM Single Side Protection and are not canceled or blocked when the SSP is triggered.

[Adopted: December 13, 2016; amended April 5, 2017 (SR-PEARL-2017-12); amended December 29, 2017 (SR-PEARL-2017-37); amended February 6, 2018 (SR-PEARL-2018-01)]

Rule 517B. Aggregate Risk Manager for Market Makers (“ARM-M”)

(a) **Market Maker Counting Program.** The System will maintain 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 as described herein (an “MM ARM Eligible Order”). The MM Counting Program will count 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”). The MM Specified Time Period cannot exceed 15 seconds whether established by the Market Maker or as a default setting, as defined below. The Market Maker may also establish for each MM Option Class an MM Allowable Engagement Percentage. The Exchange will establish a default MM Specified Time Period and a default Allowable Engagement Percentage (“default settings”) on behalf of a Market Maker that has not established an MM Specified Time Period and/or an MM Allowable Engagement Percentage. The default MM Allowable Engagement Percentage shall not be less than 100%. The default settings will be determined by the Exchange on an Exchange-wide basis and announced to Members via Regulatory Circular. When an execution of an MM ARM Contract from an MM ARM Eligible Order occurs, the System will look back over the MM Specified Time Period to determine whether the sum of contract executions from such MM ARM Eligible Order during such MM Specified Time Period triggers the ARM-M.

(b) **Market Maker Risk Manager.** The System will engage the Aggregate Risk Manager for Market Makers (“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 number of MM ARM Contracts from an MM ARM Eligible Order equal to or above their MM Allowable Engagement Percentage. ARM-M will then, until the Market Maker sends a notification to the System of the intent to reengage and submits a new order in the MM Option

Class: (i) automatically cancel the MM ARM Eligible Orders in all series of that particular MM Option Class and (ii) reject new MM ARM Eligible Orders by the Market Maker in all series of that particular MM Option Class submitted using the MEO Interface.

(c) **Market Maker 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 the ARM-M will cancel and reject the MM ARM Eligible Orders in the MM Option Class as described above.

(d) All of a Market Maker's orders in each MM Option Class will be considered firm until such time as the MM Allowable Engagement Percentage threshold has been equaled or crossed and the MM ARM Eligible Orders are cancelled by the ARM-M in all series of that MM Option Class as described herein. Any marketable orders that are executable against Market Maker's orders that are received prior to the time the ARM-M is engaged will be automatically executed at the disseminated price up to the Market Maker's disseminated size, regardless of whether such an execution results in executions in excess of the MM Allowable Engagement Percentage.

Interpretations and Policies:

.01 **Enhanced Aggregate Risk Manager Protections.** Market Makers may determine to engage any of the following Enhanced Aggregate Risk Manager Protections in the System:

(a) **Protection for One Option Class ("ARM Class Protection").** A Market Maker may determine to engage the ARM Class Protection feature for a particular MM Option Class which has MM ARM Eligible Orders in a protected MPID (an "ARM Option Class"). When an ARM Option Class in a protected MPID has been equaled or exceeded a specified number of times (not less than three times and not more than 99 times) within a specified time period (for purposes of the ARM Class Protection, the "ARM Trigger Counting Period") (each as determined by the Market Maker), the ARM Class Protection feature will cancel and reject the MM ARM Eligible Orders in such ARM Option Class from the protected MPID as described above until the Market Maker instructs the Exchange (in a manner required by the Exchange and communicated to Market Makers by Regulatory Circular) to reset the ARM Class Protection feature. The ARM Trigger Counting Period may not be less than one second and may not exceed 24,300 seconds.

(b) **Protection for More Than One Option Class ("ARM Firm Protection").** A Market Maker may determine to engage the ARM Firm Protection feature for more than one class of options which has MM Eligible ARM Orders and are traded via the MEO Interface under all of the MPIDs of such Market Maker's firm (the "Firm Protected ARM Option Classes"). The System will aggregate the specified number of times that the MM Allowable Engagement Percentage has been equaled or exceeded in a specified number of such Firm Protected ARM Option Classes within the ARM Trigger Counting Period. When the MM Allowable Engagement Percentage has been equaled or exceeded within the ARM Trigger Counting Period (each as determined by the Market Maker) in the defined number of Firm Protected ARM Option Classes, the ARM Firm Protection feature will cancel and reject all of the Firm Protected ARM Option Classes until the Market Maker instructs the Exchange (in a manner required by the Exchange and communicated to Market Makers by Regulatory Circular) to reset the ARM Firm Protection feature. In the event that the MM Allowable Engagement Percentage in one option class is equaled or exceeded multiple times during the applicable ARM Trigger Counting Period, the System will consider such multiple events to be one single trigger for purposes of engagement of the ARM Firm Protection feature.

(c) **Market Maker Single Side Protection.** A Market Maker may determine to engage the Market Maker Single Side Protection (“SSP”) feature for orders delivered via the MEO Interface by MPID. If the full remaining size of a Market Maker’s order in an individual option, is exhausted by a trade, the System will trigger the SSP. When triggered, the System will cancel all open orders and block all new inbound orders delivered via the MEO Interface, for that particular side of that individual option for that MPID. The System will provide a notification message to the Market Maker. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Market Makers by Regulatory Circular) to reset the SSP (“SSP Reset”). Intermarket Sweep Orders are not eligible for Market Maker Single Side Protection and are not canceled or blocked when the SSP is triggered.

.02 Immediate-or-Cancel (“IOC”) orders submitted by a Market Maker using the MEO Interface are not MM ARM Eligible Orders.

[Adopted: December 13, 2016; amended April 5, 2017 (SR-PEARL-2017-12); amended December 29, 2017 (SR-PEARL-2017-37); amended February 6, 2018 (SR-PEARL-2018-01)]

Rule 518. [Reserved]

Rule 519. MIAX PEARL Order Monitor (“MOM”)

(a) **Order Price Protections.** In order to avoid the occurrence of potential obvious or catastrophic errors on the Exchange, the System will take the following steps in accordance with the MIAX PEARL Order Monitor, which will prevent certain orders from executing or being placed on the Book at prices outside pre-set standard limits. Beginning after the Opening Process is complete, the MIAX PEARL Order Monitor will be operational each trading day until the close of trading. The MIAX PEARL Order Monitor will not be operational during a trading halt.

(1) Market Orders to Sell.

(i) If the Exchange upon initial receipt or reevaluation evaluates a market order from an EEM to sell an option when the national best bid is zero and the Exchange’s disseminated offer is equal to or less than \$0.10, the System will convert the market order to sell to a limit order to sell with a limit price of one Minimum Trading Increment. In this case, such sell orders will automatically be placed on the Book in time priority and will be displayed at the appropriate Minimum Price Variation.

(ii) If the Exchange upon initial receipt or reevaluation evaluates a market order from an EEM to sell an option when the national best bid is zero and the national best offer is greater than \$0.10, the System will cancel the market order to sell.

(2) Market Orders to Buy or Sell.

(i) If the differential between the bid and the offer of the NBBO is equal to or greater than \$5.00, market orders from an EEM to buy or sell will be rejected by the System upon receipt.

(ii) Notwithstanding the foregoing, certain options classes may be designated by the Exchange as Extended Market Width classes and as such will be exempt from subparagraph (a)(2)(i) above. A list of Extended Market Width classes will be made available to Members through the issuance of a Regulatory Circular.

(3) **Limit Orders to Buy Or Sell.** The System will reject an incoming limit order from a Market Maker or an EEM that crosses the contra-side NBBO by at least (i) 50% of the opposite side NBBO where the minimum crossing price is \$0.25, or (ii) \$2.50, whichever is less. (A) The following examples illustrate those situations where lower priced limit orders are rejected because they cross the NBBO by at least 50%: (1) if the NBBO on the offer side is \$4.00, an order to buy options for \$6.00 or more will be rejected; and (2) if the NBBO on the bid side is \$4.00, an order to sell options for \$2.00 or less will be rejected. (B) The following are examples of those situations

where higher priced limit orders are rejected because they cross the NBBO by \$2.50 or more: (1) if the NBBO on the offer side is \$12.00, an order to buy options for \$14.50 or more will be rejected; and (2) if the NBBO on the bid side is \$12.00, an order to sell options for \$9.50 or less will be rejected. (C) The following examples illustrate the effect of the qualifier that the minimum crossing price of a limit order that crosses the NBBO by at least 50% must be at least \$0.25: (1) if the NBBO on the offer side is \$0.10, an order to buy options for \$0.15 will not be rejected because the minimum crossing price is not \$0.25 even though the order crosses the contra-side NBBO by 50%; and (2) if the NBBO on the offer side is \$0.50, an order to buy options for \$0.75 or more will be rejected because it crosses by 50% of the opposite side NBBO and it meets the minimum price of \$0.25.

(b) **Order Size Protections.** The System will prevent certain orders from executing or being placed on the Book if the size of the order exceeds the order size protection designated by an EEM. If the maximum size of orders is not designated by an EEM, the Exchange will set a maximum size of orders on behalf of an EEM by default. An EEM may designate the order size protection on a firm wide basis. The default maximum size of orders will be determined by the Exchange and announced to Members through a Regulatory Circular. The order size protections will apply separately to orders entered via the MEO Interface and the FIX Interface.

(c) **Open Order Protection.** The System will reject any orders that exceed the maximum number of open orders held in the System on behalf of a particular EEM, as designated by the EEM. EEMs may designate the open order protection on a firm wide basis. If the maximum number of open orders is not designated by the EEM, the Exchange will set a maximum number of open orders on behalf of the EEM by default. The default maximum number of open orders will be determined by the Exchange and announced to Members through a Regulatory Circular. The open order protections will apply separately to orders entered via the MEO Interface and the FIX Interface.

(d) **Open Contract Protection.** The System will reject any orders that exceed the maximum number of open contracts represented by orders held in the System on behalf of a particular EEM, as designated by the EEM. EEMs may designate the open contract protection on a firm wide basis. If the maximum number of open contracts is not designated by the EEM, the Exchange will set a maximum number of open contracts on behalf of the EEM by default. The default maximum number of open contracts will be determined by the Exchange and announced to Members through a Regulatory Circular. The open contract protections will apply separately to orders entered via the MEO Interface and the FIX Interface.

Interpretations and Policies:

.01 For purposes of this Rule, in singly listed series the PBBO shall be deemed to be the NBBO.

.02 The order price protections of the MIAX PEARL Order Monitor pursuant to section (a) will not apply to incoming orders marked as Intermarket Sweep Orders (ISO).

[Adopted: December 13, 2016]

Rule 519A. Risk Protection Monitor for Orders Entered via the FIX Interface (“RPM-FIX”)

(a) **Voluntary Risk Protection Functionality.** The System will maintain a counting program (“counting program”) for each participating Member that will count the number of orders entered and the number of contracts traded via an order entered by a Member on the Exchange via the FIX Interface within a specified time period that has been established by the Member (the “specified time period”). The maximum duration of the specified time period will be established by the Exchange and announced via a Regulatory Circular. The RPM-FIX Monitor maintains one or more Member-configurable FIX Interface Allowable Order Rate settings and FIX Interface Allowable Contract Execution Rate settings. When a Member’s order is entered or when an execution of a Member’s order occurs via the FIX Interface, the System will look back over the specified time period to determine if the Member has: (i) entered during the specified time period a number of orders exceeding their FIX Interface Allowable Order Rate setting(s), or (ii) executed during the specified time period a number of contracts exceeding their FIX Interface Allowable Contract Execution Rate setting(s). Once engaged, the RPM-FIX Monitor will then, as determined by

the Member: automatically either (A) prevent the System from receiving any new orders in all series in all classes from the Member via the FIX Interface; (B) prevent the System from receiving any new orders in all series in all classes from the Member and cancel all existing orders with a time-in-force of Day in all series in all classes from the Member via the FIX Interface; or (C) send a notification to the Member without any further preventative or cancellation action by the System. When engaged, the RPM-FIX Monitor will still allow the Member to interact with existing orders entered prior to exceeding the FIX Interface Allowable Order Rate setting or the FIX Interface Allowable Contract Execution Rate setting, including sending cancel order messages and receiving trade executions from those orders via the FIX Interface. The RPM-FIX Monitor shall remain engaged until the Member communicates with the Help Desk to enable the acceptance of new orders.

(b) **Mandatory Participation.** EEMs using the FIX Interface must establish at least one FIX Interface Allowable Order Rate setting, with a corresponding specified time period of not less than one second, and not to exceed ten seconds, as established by the Exchange and communicated to Members via Regulatory Circular (a “Corresponding Specified Time Period”) and at least one FIX Interface Allowable Contract Execution Rate setting (with a Corresponding Specified Time Period), both of which must be configured to perform the step set forth in either (A) or (B) of subparagraph (a) of this Rule above, upon engagement of the RPM-FIX Monitor. EEMs may establish additional FIX Interface Allowable Order Rate settings and additional FIX Interface Allowable Contract Execution Rate settings, and any such additional settings may be configured to perform the step set forth in either (A), (B), or (C) of subparagraph (a) of this Rule above, upon engagement of the RPM-FIX Monitor.

Interpretations and Policies:

.01 EEM Grouping.

(a) EEMs may elect to group with other EEMs to enable the RPM-FIX Monitor to apply collectively to the group. The EEMs in the group must designate a group owner. EEMs may elect to group provided that either: (i) there is at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A; or (ii) there is written authorization signed by all EEMs in the group and the group owner maintains exclusive control of all orders sent to the Exchange from each MPID within the group via the FIX Interface.

(b) An EEM may elect to group with the EEM’s clearing firm. A clearing firm may also elect to group several EEMs to enable the RPM-FIX Monitor to apply collectively to the group with the clearing firm designated as the group owner, provided that the clearing firm serves as the clearing firm for all the MPIDs of the group and there is written authorization signed by the clearing firm and each EEM of the group. A clearing firm that has grouped several EEMs may only receive warning messages pursuant to Interpretation and Policy .03 of this Rule, unless one EEM of the group maintains exclusive control of all orders sent to the Exchange from each MPID within the group via the FIX Interface.

(c) The RPM-FIX Monitor for groups will operate in the same manner as described in paragraphs (a) and (b) of Rule 519A, except that: (i) the counting program will count the number of orders entered and the number of contracts traded resulting from an order entered by all MPIDs in the group collectively via the FIX Interface; (ii) the System will trigger the RPM-FIX Monitor when the group collectively exceeds either the FIX Interface Allowable Order Rate or the FIX Interface Allowable Contract Execution Rate for the group; (iii) once engaged, the RPM-FIX Monitor will then either automatically prevent the System from receiving any new orders in all series in all classes from each MPID in the group via the FIX Interface, and, if designated by the group owner’s instructions, cancel all existing orders with a time-in-force of Day in all series in all classes from the group via the FIX Interface, or send a notification without any further preventative or cancellation action by the System; and (iv) only the designated group owner may request through the Help Desk to accept new orders for all the EEMs of the group.

.02 GTC Orders and any orders with a time-in-force other than Day received via the FIX Interface will not be cancelled by the RPM-FIX Monitor. However, the System does include such orders received via the FIX Interface in the counting program for purposes of this Rule. Once engaged, the RPM-FIX Monitor will block, but will not cancel any existing GTC orders and any other orders with a time-in-force other than Day. Such orders will remain in the System available for trading when the RPM-FIX Monitor is engaged.

.03 EEMs may elect to receive warning notifications indicating that a specific percentage of a FIX Interface Allowable Order Rate or a FIX Interface Allowable Contract Execution Rate has been met.

.04 At the request of an EEM or in order to maintain a fair and orderly market, the Exchange may pause and restart the specified time period used by the counting program or clear and reset any calculated FIX Interface Allowable Order Rate or FIX Interface Allowable Contract Execution Rate.

[Adopted: December 13, 2016; amended February 6, 2017 (SR-PEARL-2017-06)]

Rule 519B. Risk Protection Monitor for Orders Entered via the MEO Interface (“RPM-MEO”)

(a) **Voluntary Risk Protection Functionality.** The System will maintain a counting program (“counting program”) for each participating EEM that will count the number of orders entered and the number of contracts traded via an order entered by an EEM on the Exchange via the MEO Interface within a specified time period that has been established by the EEM (the “specified time period”). The maximum duration of the specified time period will be established by the Exchange and announced via a Regulatory Circular. The RPM-MEO Monitor maintains one or more EEM-configurable MEO Interface Allowable Order Rate settings and MEO Interface Allowable Contract Execution Rate settings. When an EEM’s order is entered or when an execution of an EEM’s order occurs via the MEO Interface, the System will look back over the specified time period to determine if the EEM has: (i) entered during the specified time period a number of orders exceeding their MEO Interface Allowable Order Rate setting(s), or (ii) executed during the specified time period a number of contracts exceeding their MEO Interface Allowable Contract Execution Rate setting(s). Once engaged, the RPM-MEO Monitor will then, as determined by the EEM: automatically either (A) prevent the System from receiving any new orders in all series in all classes from the EEM via the MEO Interface; (B) prevent the System from receiving any new orders in all series in all classes from the EEM and cancel all existing orders with a time-in-force of Day in all series in all classes from the EEM via the MEO Interface; or (C) send a notification to the EEM without any further preventative or cancellation action by the System. When engaged, the RPM-MEO Monitor will still allow the EEM to interact with existing orders entered prior to exceeding the MEO Interface Allowable Order Rate setting or the MEO Interface Allowable Contract Execution Rate setting, including sending cancel order messages and receiving trade executions from those orders via the MEO Interface. The RPM-MEO Monitor shall remain engaged until the EEM communicates with the Help Desk to enable the acceptance of new orders.

(b) **Mandatory Participation.** EEMs using the MEO Interface must establish at least one MEO Interface Allowable Order Rate setting, with a corresponding specified time period of not less than one second, and not to exceed ten seconds, as established by the Exchange and communicated to Members via Regulatory Circular (a “Corresponding Specified Time Period”) and at least one MEO Interface Allowable Contract Execution Rate setting (with a Corresponding Specified Time Period), both of which must be configured to perform the step set forth in either (A) or (B) of subparagraph (a) of this Rule above, upon engagement of the RPM-MEO Monitor. EEMs may establish additional MEO Interface Allowable Order Rate settings and additional MEO Interface Allowable Contract Execution Rate settings, and any such additional settings may be configured to perform the step set forth in either (A), (B), or (C) of subparagraph (a) of this Rule above, upon engagement of the RPM-MEO Monitor.

Interpretations and Policies:

.01 EEM Grouping.

(a) EEMs may elect to group with other EEMs to enable the RPM-MEO Monitor to apply collectively to the group. The EEMs in the group must designate a group owner. EEMs may elect to group provided that either: (i) there is at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A; or (ii) there is written authorization signed by all EEMs in the group and the group owner maintains exclusive control of all orders sent to the Exchange from each MPID within the group via the MEO Interface.

(b) An EEM may elect to group with the EEM's clearing firm. A clearing firm may also elect to group several EEMs to enable the RPM-MEO Monitor to apply collectively to the group with the clearing firm designated as the group owner, provided that the clearing firm serves as the clearing firm for all the MPIDs of the group and there is written authorization signed by the clearing firm and each EEM of the group. A clearing firm that has grouped several EEMs may only receive warning messages pursuant to Interpretation and Policy .03 of this Rule, unless one EEM of the group maintains exclusive control of all orders sent to the Exchange from each MPID within the group via the MEO Interface.

(c) The RPM-MEO Monitor for groups will operate in the same manner as described in paragraphs (a) and (b) of Rule 519A, except that: (i) the counting program will count the number of orders entered and the number of contracts traded resulting from an order entered by all MPIDs in the group collectively via the MEO Interface; (ii) the System will trigger the RPM-MEO Monitor when the group collectively exceeds either the MEO Interface Allowable Order Rate or MEO Interface Allowable Contract Execution Rate for the group; (iii) once engaged, the RPM-MEO Monitor will then either automatically prevent the System from receiving any new orders in all series in all classes from each MPID in the group via the MEO Interface, and, if designated by the group owner's instructions, cancel all existing orders with a time-in-force of Day in all series in all classes from the group via the MEO Interface, or send a notification without any further preventative or cancellation action by the System; and (iv) only the designated group owner may request the Help Desk to accept new orders for all the EEMs of the group.

.02 Any orders with a time-in-force other than Day received via the MEO Interface will not be cancelled by the RPM-MEO Monitor. However, the System does include such orders received via the MEO Interface in the counting program for purposes of this Rule. Once engaged, the RPM-MEO Monitor will block but will not cancel any orders with a time-in-force other than Day. Such orders will remain in the System available for trading when the RPM-MEO Monitor is engaged.

.03 EEMs may elect to receive warning notifications indicating that a specific percentage of an MEO Interface Allowable Order Rate or an MEO Interface Allowable Contract Execution Rate has been met.

.04 At the request of an EEM or in order to maintain a fair and orderly market, the Exchange may pause and restart the specified time period used by the counting program or clear and reset any calculated MEO Interface Allowable Order Rate or MEO Interface Allowable Contract Execution Rate.

[Adopted: December 13, 2016; amended February 6, 2017 (SR-PEARL-2017-06)]

Rule 519C. Mass Cancellation of Trading Interest

(a) **Cancel.** A Member may remove all of its quotations and/or cancel all or any subset of its orders in the System, by firm name or by Market Participant Identifier ("MPID"), by requesting the Exchange staff to effect such cancellations.

(b) **Cancel and Block.** A Member may request that the Exchange (i) remove all of its quotations and cancel all of its orders in the System and (ii) block all new inbound quotations and orders, by firm name or by MPID. A Member may also request that the Exchange cancel all of its MEO Day orders in the System and block all new inbound MEO Day orders by MPID. The block will remain in effect until the Member requests that the Exchange remove the block.

(c) Detection of Loss of Communication

(1) **MIAX Express Order Interface ("MEO").** When a Loss of Communication is detected on a MEO port during a certain time period ("xx" seconds), the System will close the session and automatically cancel quotes and orders, as configured by the Member, provided that when a Loss of Communication is detected on the last connected MEO port during a certain time period ("xx" seconds), the System will close the session and automatically cancel quotes and orders. The Exchange shall determine the appropriate period of ("xx" seconds) and

shall notify Members of the value of “xx” seconds via Regulatory Circular. In no event shall “xx” be less than one (1) second or greater than ten (10) seconds.

(2) **Financial Information eXchange (“FIX”) Protocol.** When a Loss of Communication is detected on a FIX port the System will logoff the Member’s session and (i) cancel all eligible orders for the FIX Session if instructed by the Member upon login, or (ii) cancel all eligible orders identified by the Member. Following a disconnection, a reconnection will not be permitted for a certain period of time (“yy” seconds). The Exchange shall determine the appropriate period of (“yy” seconds) and shall notify Members of the value of “yy” seconds via Regulatory Circular. In no event shall “yy” be less than one (1) second or greater than ten (10) seconds.

Interpretations and Policies:

.01 Good ‘Til Cancelled (“GTC”) orders, as defined in Rule 516, are not eligible for automatic cancellation under paragraph (c) above.

.02 For purposes of this Rule 519C:

(i) A “Heartbeat” message is a communication which acts as a virtual pulse between the Exchange System and the Member’s system. The Heartbeat message sent by the Member and received by the Exchange allows the Exchange to continually monitor its connection with the Member.

(ii) “Loss of Communication”

Is determined on an MEO port by (a) the lack of a certain number of Heartbeats and/or Heartbeat responses as determined by the Exchange and communicated to Members via Regulatory Circular, or (b) the lack of data transmission from the Member within “xx” seconds.

Is determined on a FIX port by the lack of a certain number of Heartbeats and/or Heartbeat responses as determined by the Exchange and communicated to Members via Regulatory Circular, within a certain time period as specified by the Member upon login.

[Adopted: December 13, 2016; amended February 6, 2017 (SR-PEARL-2017-03); amended June 5, 2017 (SR-PEARL-2017-21); amended January 16, 2018 (SR-PEARL-2017-38)]

Rule 520. Limitations on Orders

(a) [Reserved]

(b) **Principal Transactions.** Electronic Exchange Members may not execute as principal orders they represent as agent unless (i) agency orders are first exposed on the Exchange for at least one (1) second, or (ii) the Electronic Exchange Member has been bidding or offering on the Exchange for at least one (1) second prior to receiving an agency order that is executable against such bid or offer.

(c) **Solicitation Orders.** Electronic Exchange Members may not execute orders they represent as agent on the Exchange against orders solicited from Members and non-member broker-dealers to transact with such orders unless the unsolicited order is first exposed on the Exchange for at least one (1) second.

(d) **Orders for the Account of Another Member.** Electronic Exchange Members shall not cause the entry of orders for the account of a MIAX PEARL Market Maker that is exempt from the provisions of Regulation T of the Board of Governors of the Federal Reserve System pursuant to Section 7 of the Exchange Act unless such orders are identified as orders for the account of a MIAX PEARL Market Maker in the manner prescribed by the Exchange.

Interpretations and Policies:

.01 Rule 520(b) prevents an Electronic Exchange Member from executing agency orders to increase its economic gain from trading against the order without first giving other trading interest on the Exchange an opportunity to either trade with the agency order or to trade at the execution price when the Member was already bidding or offering on the Book. However, the Exchange recognizes that it may be possible for an Electronic Exchange Member to establish a relationship with a customer or other person (including affiliates) to deny agency orders the opportunity to interact on the Exchange and to realize similar economic benefits as it would achieve by executing agency orders as principal. It will be a violation of Rule 520(b) for an Electronic Exchange Member to be a party to any arrangement designed to circumvent Rule 520(b) by providing an opportunity for a customer or other person (including affiliates) to regularly execute against agency orders handled by the Electronic Exchange Member immediately upon their entry into the System.

.02 It will be a violation of Rule 520(c) for an Electronic Exchange Member to cause the execution of an order it represents as agent on the Exchange by orders it solicited from Members and non-member broker-dealers to transact with such orders, whether such solicited orders are entered into the System directly by the Electronic Exchange Member or by the solicited party (either directly or through another Member), if the Member fails to expose orders on the Exchange as required by Rule 520(c).

.03 For purposes of paragraphs (b) and (c) above, orders subject to the Managed Interest Process described in Rule 515(d) and Market Maker orders and quotes displayed at a price other than their limit price or quote price as described in Rule 515(d), and Post-Only Orders subject to the POP Process described in Rule 515(g) are not deemed “exposed” on the Exchange.

[Adopted: December 13, 2016]

Rule 521. Nullification and Adjustment of Options Transactions Including Obvious Errors

The Exchange may nullify a transaction or adjust the execution price of a transaction in accordance with this Rule. However, the determination as to whether a trade was executed at an erroneous price may be made by mutual agreement of the affected parties to a particular transaction. A trade may be nullified or adjusted on the terms that all parties to a particular transaction agree, provided, however, that such agreement to nullify or adjust must be conveyed to the Exchange in a manner prescribed by the Exchange prior to 8:30 a.m. Eastern Time on the first trading day following the execution. It is considered conduct inconsistent with just and equitable principles of trade for any Member to use the mutual adjustment process to circumvent any applicable Exchange Rule, the Exchange Act or any of the rules and regulations thereunder.

(a) Definitions.

(1) **Customer.** For purposes of this Rule, the term “Customer” means a Priority Customer as defined in Rule 100.

(2) **Erroneous Sell/Buy Transaction.** For purposes of this Rule, an “erroneous sell transaction” is one in which the price received by the person selling the option is erroneously low, and an “erroneous buy transaction” is one in which the price paid by the person purchasing the option is erroneously high.

(3) **Official.** For purposes of this Rule, an “Official” is an Officer of the Exchange or such other employee designee of the Exchange that is trained in the application of this Rule.

(4) **Size Adjustment Modifier.** For purposes of this Rule, the Size Adjustment Modifier will be applied to individual transactions as follows:

Number of Contracts per Execution	Adjustment – Theoretical Price Plus/Minus
1-50	N/A
51-250	2 times adjustment amount
251-1000	2.5 times adjustment amount
1001 or more	3 times adjustment amount

(b) **Theoretical Price.** Upon receipt of an obvious or catastrophic error notification (as described below) and prior to any review of a transaction execution price, the “Theoretical Price” for the option must be determined. For purposes of this Rule, if the applicable option series is traded on at least one other options exchange, then the Theoretical Price of an option series is the last NBB just prior to the trade in question with respect to an erroneous sell transaction or the last NBO just prior to the trade in question with respect to an erroneous buy transaction unless one of the exceptions in subparagraphs (b)(1) through (3) below exists. For purposes of this provision, when a single order received by the Exchange is executed at multiple price levels, the last NBB and last NBO just prior to the trade in question would be the last NBB and last NBO just prior to the Exchange’s receipt of the order. The Exchange will rely on this paragraph (b) and Interpretation and Policy .03 of this Rule when determining Theoretical Price.

(1) **Transactions at the Open.** For a transaction occurring as part of the Opening Process (as described in Rule 503) the Exchange will determine the Theoretical Price if there is no NBB or NBO for the affected series just prior to the erroneous transaction or if the bid/ask differential of the NBB and NBO just prior to the erroneous transaction is equal to or greater than the Minimum Amount set forth in the chart contained in subparagraph (b)(3) below. If the bid/ask differential is less than the Minimum Amount, the Theoretical Price is the NBB or NBO just prior to the erroneous transaction.

(2) **No Valid Quotes.** The Exchange will determine the Theoretical Price if there are no quotes or no valid quotes for comparison purposes. Quotes that are not valid are:

(A) all quotes in the applicable option series published at a time where the last NBB is higher than the last NBO in such series (a “crossed market”);

(B) quotes published by the Exchange that were submitted by either party to the transaction in question;

(C) quotes published by another options exchange if either party to the transaction in question submitted the quotes in the series representing such options exchange’s best bid or offer, provided that the Exchange will only consider quotes invalid on other options exchanges in up to twenty-five (25) total options series that the party identifies to the Exchange the quotes which were submitted by such party and published by other options exchanges; and

(D) quotes published by another options exchange against which the Exchange has declared self-help.

(3) **Wide Quotes.** The Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the erroneous transaction was equal to or greater than the Minimum Amount set forth below and there was a bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction. If there was no bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction then the Theoretical Price of an option series is the last NBB or NBO just prior to the transaction in question, as set forth in paragraph (b) above.

Bid Price at Time of Trade	Minimum Amount
Below \$2.00	\$0.75
\$2.00 to \$5.00	\$1.25
Above \$5.00 to \$10.00	\$1.50
Above \$10.00 to \$20.00	\$2.50
Above \$20.00 to \$50.00	\$3.00
Above \$50.00 to \$100.00	\$4.50
Above \$100.00	\$6.00

(c) **Obvious Errors.**

(1) **Definition.** For purposes of this Rule, an Obvious Error will be deemed to have occurred when the Exchange receives a properly submitted obvious or catastrophic error notification (as defined below) where the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the amount shown below:

Theoretical Price	Minimum Amount
Below \$2.00	\$0.25
\$2.00 to \$5.00	\$0.40
Above \$5.00 to \$10.00	\$0.50
Above \$10.00 to \$20.00	\$0.80
Above \$20.00 to \$50.00	\$1.00
Above \$50.00 to \$100.00	\$1.50
Above \$100.00	\$2.00

(2) **Time Deadline.** A party that believes that it participated in a transaction that was the result of an Obvious Error must submit a notification to MIAX PEARL Regulatory Control (“MRC”) (an “obvious error notification”) in the manner specified from time to time by the Exchange in a circular distributed to Members. The obvious error notification must be received by MRC within the timeframes specified below:

(A) **Customer Orders.** For an execution of a Customer order, an obvious error notification must be received by MRC within thirty (30) minutes of the execution, subject to subparagraph (C) below; and

(B) **“Non-Customer” Orders.** For an execution of any order other than a Customer order, an obvious error notification must be received by MRC within fifteen (15) minutes of the execution, subject to subparagraph (C) below.

(C) **Linkage Trades.** Any other options exchange will have a total of forty-five (45) minutes for Customer orders and thirty (30) minutes for non-Customer orders, measured from the time of execution on the Exchange, to submit an obvious error notification to MRC for review of transactions routed to the Exchange from that options exchange and executed on the Exchange pursuant to the Options Order Protection and Locked/Crossed Market Plan (“Linkage Trades”). This includes obvious error notifications on behalf of another options exchange submitted by a third-party routing broker if such third-party broker identifies the affected transactions as Linkage Trades. In order to facilitate timely reviews of Linkage Trades the Exchange will accept obvious error notifications from either the other options exchange or, if applicable, the third-party routing broker that routed the affected

order(s). The additional fifteen (15) minutes provided with respect to Linkage Trades shall only apply to the extent the options exchange that originally received and routed the order to the Exchange itself received a timely obvious error notification from the entering participant (i.e., within 30 minutes if a Customer order or 15 minutes if a non-Customer order).

(3) **Official Acting on Own Motion.** An Official may review a transaction believed to be erroneous on his/her own motion in the interest of maintaining a fair and orderly market and for the protection of investors. A transaction reviewed pursuant to this paragraph may be nullified or adjusted only if it is determined by the Official that the transaction is erroneous in accordance with the provisions of this Rule, provided that the time deadlines of subparagraph (c)(2) above shall not apply. The Official shall act as soon as possible after becoming aware of the transaction, and ordinarily would be expected to act on the same day that the transaction occurred. In no event shall the Official act later than 8:30 a.m. Eastern Time on the next trading day following the date of the affected transaction. A party affected by a determination to nullify or adjust a transaction pursuant to this provision may appeal such determination in accordance with paragraph (l) below; however, a determination by an Official not to review a transaction or a determination not to nullify or adjust a transaction for which a review was conducted on an Official's own motion is not appealable. If a transaction is reviewed and a determination is rendered pursuant to another provision of this Rule, no additional relief may be granted under this provision.

(4) **Adjust or Bust.** If it is determined that an Obvious Error has occurred, the Exchange shall take one of the actions listed below. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone.

(A) **Non-Customer Transactions.** Where neither party to the transaction is a Customer, the execution price of the transaction will be adjusted by the Official pursuant to the table below. Any non-Customer Obvious Error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in subparagraph (a)(4) above.

Theoretical Price (TP)	Buy Transaction Adjustment – TP Plus	Sell Transaction Adjustment – TP Minus
Below \$3.00	\$0.15	\$0.15
At or above \$3.00	\$0.30	\$0.30

(B) **Customer Transactions.** Where at least one party to the Obvious Error is a Customer, the trade will be nullified, subject to subparagraph (C) below.

(C) If any Member submits an obvious error notification pursuant to this Rule, and in the aggregate that Member has 200 or more Customer transactions under review concurrently and the orders resulting in such transactions were submitted during the course of 2 minutes or less, where at least one party to the Obvious Error is a non-Customer, the Exchange will apply the non-Customer adjustment criteria set forth in subparagraph (A) above to such transactions.

(d) **Catastrophic Errors.**

(1) **Definition.** For purposes of this Rule, a Catastrophic Error will be deemed to have occurred when the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the amount shown below:

Theoretical Price	Minimum Amount
Below \$2.00	\$0.50
\$2.00 to \$5.00	\$1.00
Above \$5.00 to \$10.00	\$1.50
Above \$10.00 to \$20.00	\$2.00
Above \$20.00 to \$50.00	\$2.50
Above \$50.00 to \$100.00	\$3.00
Above \$100.00	\$4.00

(2) **Time Deadline.** A party that believes that it participated in a transaction that was the result of a Catastrophic Error must submit a notification (a “catastrophic error notification”) to MRC in the manner specified from time to time on the Exchange’s website. Such catastrophic error notification must be received by MRC by 8:30 a.m. Eastern Time on the first trading day following the execution. For transactions in an expiring options series that take place on an expiration day, a party must submit a catastrophic error notification to MRC within 45 minutes after the close of trading that same day.

(3) **Adjust or Bust.** If it is determined that a Catastrophic Error has occurred, the Exchange shall take action as set forth below. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone. In the event of a Catastrophic Error, the execution price of the affected transaction will be adjusted by the Official pursuant to the table below. Any Customer order subject to this subparagraph will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer’s limit price.

Theoretical Price (TP)	Buy Transaction Adjustment – TP Plus	Sell Transaction Adjustment – TP Minus
Below \$2.00	\$0.50	\$0.50
\$2.00 to \$5.00	\$1.00	\$1.00
Above \$5.00 to \$10.00	\$1.50	\$1.50
Above \$10.00 to \$20.00	\$2.00	\$2.00
Above \$20.00 to \$50.00	\$2.50	\$2.50
Above \$50.00 to \$100.00	\$3.00	\$3.00
Above \$100.00	\$4.00	\$4.00

(e) **Significant Market Events.**

(1) **Definition.** For purposes of this Rule, a Significant Market Event will be deemed to have occurred when: criterion (A) below is met or exceeded, or the sum of all applicable event statistics, where each is expressed as a percentage of the relevant threshold in criteria (A) through (D) below, is greater than or equal to 150% and 75% or more of at least one category is reached, provided that no single category can contribute more than 100% to the sum and any category contributing more than 100% will be rounded down to 100%. All criteria set forth below will be measured in aggregate across all exchanges.

(A) Transactions that are potentially erroneous would result in a total Worst-Case Adjustment Penalty of \$30,000,000, where the Worst-Case Adjustment Penalty is computed as the sum across all potentially erroneous trades, of:

- below); times
- (i) \$0.30 (i.e., the largest Transaction Adjustment value listed in subparagraph (e)(3)(A) below); times
 - (ii) the contract multiplier for each traded contract; times
 - (iii) the number of contracts for each trade; times
 - (iv) the appropriate Size Adjustment Modifier for each trade, if any, as defined in subparagraph (e)(3)(A) below.

(B) Transactions involving 500,000 options contracts are potentially erroneous;

(C) Transactions with a notional value (i.e., number of contracts traded multiplied by the option premium multiplied by the contract multiplier) of \$100,000,000 are potentially erroneous;

(D) 10,000 transactions are potentially erroneous.

(2) **Coordination with Other Options Exchanges.** To ensure consistent application across options exchanges, in the event of a suspected Significant Market Event, the Exchange shall initiate a coordinated review of potentially erroneous transactions with all other affected options exchanges to determine the full scope of the event. When this paragraph is invoked, the Exchange will promptly coordinate with the other options exchanges to determine the appropriate review period as well as select one or more specific points in time prior to the transactions in question and use one or more specific points in time to determine Theoretical Price. Other than the selected points in time, if applicable, the Exchange will determine Theoretical Price in accordance with paragraph (b) above.

(3) **Adjust or Bust.** If it is determined that a Significant Market Event has occurred then, using the parameters agreed as set forth in subparagraph (e)(2) above, if applicable, an Official will determine whether any or all transactions under review qualify as Obvious Errors. The Exchange shall take one of the actions listed below with respect to all transactions that qualify as Obvious Errors pursuant to subparagraph (c)(1) above. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone.

(A) The execution price of each affected transaction will be adjusted by an Official to the price provided below unless both parties agree to adjust the transaction to a different price or agree to nullify the transaction. In the context of a Significant Market Event, any error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in subparagraph (a)(4) above.

Theoretical Price (TP)	Buy Transaction Adjustment – TP Plus	Sell Transaction Adjustment – TP Minus
Below \$3.00	\$0.15	\$0.15
At or above \$3.00	\$0.30	\$0.30

(B) Where at least one party to the transaction is a Customer, the trade will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price.

(4) **Nullification of Transactions.** If the Exchange, in consultation with other options exchanges, determines that timely adjustment is not feasible due to the extraordinary nature of the situation, then the Exchange will nullify some or all transactions arising out of the Significant Market Event during the review period selected by the Exchange and other options exchanges consistent with this paragraph. To the extent the Exchange, in consultation with other options exchanges, determines to nullify less than all transactions arising out of the Significant Market Event, those transactions subject to nullification will be selected based upon objective criteria with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.

(5) **Final Rulings.** With respect to rulings made pursuant to this paragraph, the number of affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. Accordingly, rulings by the Exchange pursuant to this paragraph are non-appealable.

(f) **Trading Halts.** The Exchange shall nullify any transaction that occurs during a trading halt in the affected option on the Exchange or, respecting equity options (including options overlying ETFs), when the trade occurred during a regulatory halt as declared by the primary market for the underlying security pursuant to Exchange Rule 504.

(g) **Erroneous Print in Underlying.** A trade resulting from an erroneous print(s) disseminated by the underlying market that is later nullified by that underlying market shall be adjusted or nullified as set forth in subparagraph (c)(4) of this Rule, provided a party submits an obvious or catastrophic error notification to MRC in a timely manner as set forth below. For purposes of this paragraph, a trade resulting from an erroneous print(s) shall mean any options trade executed during a period of time for which one or more executions in the underlying security are nullified, and for one second thereafter. If a party believes that it participated in an erroneous transaction resulting from an erroneous print(s) pursuant to this paragraph it must submit an obvious error notification to MRC within the timeframes set forth in subparagraph (c)(2) above, with the allowed notification timeframe commencing at the time of notification by the underlying market(s) of nullification of transactions in the underlying security. If multiple underlying markets nullify trades in the underlying security, the allowed notification timeframe will commence at the time of the first market's notification.

(h) **Erroneous Quote in Underlying.** A trade resulting from an erroneous quote(s) in the underlying security shall be adjusted or nullified as set forth in subparagraph (c)(4) of this Rule, provided a party submits an obvious or catastrophic error notification to MRC in a timely manner as set forth below. An erroneous quote occurs when the underlying security has a bid/ask differential of at least \$1.00 and has a bid/ask differential at least five times greater than the average bid/ask differential for such underlying security during the time period encompassing two minutes before and after the dissemination of such quote. For purposes of this paragraph, the average bid/ask differential shall be determined by adding the bid/ask differentials of sample quotes at regular 15-second intervals during the four-minute time period referenced above (excluding the quote(s) in question) and dividing by the number of quotes during such time period (excluding the quote(s) in question). If a party believes that it participated in an erroneous transaction resulting from an erroneous quote(s) pursuant to this paragraph it must notify MRC in accordance with subparagraph (c)(2) above.

(i) **Stop (and Stop-Limit) Order Trades Elected by Erroneous Trades.** Transactions resulting from the election of a stop or stop-limit order by an erroneous trade in an option contract shall be nullified by the Exchange, provided a party submits an obvious or catastrophic error notification to MRC within the timeframes required by this Rule. If a party believes that it participated in an erroneous transaction pursuant to this paragraph it must submit an obvious or catastrophic error notification to MRC within the timeframes set forth in subparagraph (c)(2) above. The notification timeframe will commence at the time of the Exchange's receipt of notification of the nullification of transaction(s) that elected the stop or stop-limit order.

(j) **Linkage Trades.** If the Exchange routes an order pursuant to the Options Order Protection and Locked/Crossed Market Plan (as defined in Exchange Rule 1400(n)) that results in a Linkage Trade on another options exchange and such options exchange subsequently nullifies or adjusts the Linkage Trade pursuant to its rules, the Exchange will perform all actions necessary to complete the nullification or adjustment of the Linkage Trade.

(k) **Verifiable Disruptions or Malfunctions of Exchange Systems.** Absent mutual agreement, parties to a trade may have a trade nullified or its price adjusted if any such party makes a documented request within the time specified in subparagraph (c)(2) above, and one of the conditions below is met:

(1) The trade resulted from a verifiable disruption or malfunction of an Exchange execution, dissemination, or communication system that caused a quote/order to trade in excess of its disseminated size (e.g. a quote/order

that is frozen, because of an Exchange System error, and repeatedly traded) in which case trades in excess of the disseminated size may be nullified; or

(2) The trade resulted from a verifiable disruption or malfunction of an Exchange dissemination or communication system that prevented a Member from updating or canceling a quote/order for which the Member is responsible where there is Exchange documentation providing that the Member sought to update or cancel the quote/order.

(1) **Appeal.** If an affected party appeals an Official decision under this Rule (an “appeal”) within the time permitted, the Chief Regulatory Officer (“CRO”) or his/her designee will review such decision. An appeal under this Rule must be submitted in writing via email or other electronic means (as specified from time to time by the Exchange via Regulatory Circular) within thirty minutes after a party receives official notification of a final determination made by an Official under this Rule. The CRO or his/her designee shall review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. Decisions respecting appeals that are received after 3:00 p.m. Eastern Time will be rendered as soon as practicable, but in no event later than the trading day following the date of the execution under review.

(1) **Absence of the CRO.** In the absence of the CRO, a designee of the CRO will be appointed to act in this capacity.

(2) **Appeal Fee.** A Member that submits an appeal seeking the review of an Official ruling shall be assessed a fee of \$500.00 for each Official ruling to be reviewed that is sustained and not overturned or modified by the CRO or his/her designee. In addition, in instances where the Exchange, on behalf of a Member, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant Member.

(3) **Authority of the CRO.** Decisions of the CRO or his/her designee concerning

(i) the review on appeal of Official rulings relating to the nullification or adjustment of transactions, and

(ii) initial requests for relief,

shall be final and may not be appealed to the Exchange’s Board.

(4) Any determination by an Officer or by the CRO or his/her designee shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

Interpretations and Policies:

.01 **Limit Up-Limit Down State.** During a pilot period to coincide with the pilot period for the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934 (the “Limit Up-Limit Down Plan”), including any extensions to the pilot period for the Limit Up-Limit Down Plan, an execution will not be subject to review as an Obvious Error or Catastrophic Error pursuant to paragraph (c) or (d) of this Rule if it occurred while the underlying security was in a “Limit State” or “Straddle State,” as defined in the Limit Up-Limit Down Plan. Nothing in this provision shall prevent such execution from being reviewed on an Official’s own motion pursuant to subparagraph (c)(3) of this Rule, or a bust or adjust pursuant to paragraphs (e) through (k) of this Rule.

.02 For purposes of this Rule, to the extent the provisions of this Rule would result in the Exchange applying an adjustment of an erroneous sell transaction to a price lower than the execution price or an erroneous buy transaction to a price higher than the execution price, the Exchange will not adjust or nullify the transaction, but rather, the execution price will stand.

.03 Exchange Determining Theoretical Price. For purposes of this Rule, when the Exchange must determine Theoretical Price pursuant to sub-paragraphs (b)(1)-(3) of this Rule (i.e., at the open, when there are no valid quotes or when there is a wide quote), then the Exchange will determine Theoretical Price as follows.

(a) The Exchange will request Theoretical Price from the third party vendor defined in paragraph (d) below (“TP Provider”) to which the Exchange and all other options exchanges have subscribed. The Exchange will apply the Theoretical Price provided by the TP Provider, except as otherwise described below.

(b) To the extent an Official of the Exchange believes that the Theoretical Price provided by the TP Provider is fundamentally incorrect and cannot be used consistent with the maintenance of a fair and orderly market, the Official shall contact the TP Provider to notify the TP Provider of the reason the Official believes such Theoretical Price is inaccurate and to request a review and correction of the calculated Theoretical Price. The Exchange shall also promptly provide electronic notice to other options exchanges that the TP Provider has been contacted consistent with this paragraph and include a brief explanation of the reason for the request.

(c) An Official of the Exchange may determine the Theoretical Price if the TP Provider has experienced a systems issue that has rendered its services unavailable to accurately calculate Theoretical Price and such issue cannot be corrected in a timely manner.

(d) The current TP Provider to which the Exchange and all other options exchanges have subscribed is: CBOE Livevol, LLC. Neither the Exchange, the TP Provider, nor any affiliate of the TP Provider (the TP Provider and its affiliates are referred to collectively as the “TP Provider”), makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of the TP Provider pursuant to this Interpretation .03. The TP Provider does not guarantee the accuracy or completeness of the calculated Theoretical Price. The TP Provider disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to such Theoretical Price. Neither the Exchange nor the TP Provider shall have any liability for any damages, claims, losses (including any indirect or consequential losses), expenses, or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the use of such Theoretical Price or arising out of any errors or delays in calculating such Theoretical Price.

[Adopted: December 13, 2016; amended September 1, 2017 (SR-PEARL-2017-33)]

Rule 522. Price Binding Despite Erroneous Report

The price at which an order is executed shall be binding notwithstanding that an erroneous report in respect thereto may have been rendered, or no report rendered. A report shall not be binding if an order was not actually executed but was reported to have been executed.

[Adopted: December 13, 2016]

Rule 523. Authority to Take Action Under Emergency Conditions

(a) The Chairman of the Board, the President or such other person or persons as may be designated by the Board shall have the power to halt or suspend trading in some or all securities traded on the Exchange, to close some or all Exchange facilities, to determine the duration of any such halt, suspension or closing, to take one or more of the actions permitted to be taken by any person or body of the Exchange under Exchange Rules, or to take any other action deemed to be necessary or appropriate for the maintenance of a fair and orderly market or the protection of investors, or otherwise in the public interest, due to emergency conditions or extraordinary circumstances, such as (1) actual or threatened physical danger, severe climatic conditions, natural disaster, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by the Exchange, or (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event.

(b) The person taking the action shall notify the Board of actions taken pursuant to this Rule, except for a period of mourning or recognition for a person or event, as soon thereafter as is feasible.

[Adopted: December 13, 2016]

Rule 524. Reporting of Matched Trades to Clearing Corporation

On each business day at or prior to such time as may be prescribed by the Clearing Corporation, the Exchange shall furnish the Clearing Corporation a report of each Clearing Member's matched trades based on the trade information filed with the Exchange on that day. Only trades which have been matched in accordance with the provisions of these Rules shall be furnished by the Exchange to the Clearing Corporation, and the Exchange shall assume no responsibility with respect to any unmatched trade or for any delays or errors in the reporting to it of trade information. The Exchange may delegate its responsibility in respect of trade matching to the Clearing Corporation or other facility, in which case Clearing Members shall abide by the procedures established by the Clearing Corporation or other facility in the filing of trade information, the reconciliation of unmatched trades, and other actions pertinent to trade comparison.

Interpretations and Policies:

.01 Post-trade adjustments that do not affect the contractual terms of a trade are to be performed by the Member via an Exchange approved electronic interface communicated to Members via Regulatory Circular.

[Adopted: December 13, 2016; amended July 28, 2017 (SR-PEARL-2017-31)]

Rule 525. Limitation on Dealings

No Member shall bid, offer, purchase or write (sell) on the Exchange any security other than an option contract that is currently open for trading in accordance with the provisions of Chapter IV.

[Adopted: December 13, 2016]

Rule 526. Limitation on the Liability of Index Licensors for Options on Exchange-Traded Fund Shares

(a) The term "index licensor" as used in this Rule refers to any entity that grants the Exchange a license to use one or more indexes or portfolios in connection with the trading of options on Exchange-Traded Fund Shares (as defined in Rule 402(i)).

(b) No index licensor with respect to any index or portfolio underlying an option on Exchange-Traded Fund Shares traded on the Exchange makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of such index or portfolio, any opening, intra-day or closing value therefor, or any data included therein or relating thereto, in connection with the trading of any option contract on Exchange-Traded Fund Shares based thereon or for any other purpose. The index licensor shall obtain information for inclusion in, or for use in the calculation of, such index or portfolio from sources it believes to be reliable, but the index licensor does not guarantee the accuracy or completeness of such index or portfolio, any opening, intra-day or closing value therefor, or any data included therein or related thereto. The index licensor hereby disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any such index or portfolio, any opening, intra-day or closing value therefor, any data included therein or relating thereto, or any option contract on Exchange-Traded Fund Shares based thereon. The index licensor shall have no liability for any damages, claims, losses (including any indirect or consequential losses), expenses or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the person's use of such index or portfolio, any opening, intra-day or closing value therefor, any data included therein or relating thereto, or any option contract on Exchange-Traded Fund Shares based thereon, or arising out of any errors or delays in calculating or disseminating such index or portfolio.

[Adopted: December 13, 2016]

Rule 527. Exchange Liability

(a) Except to the extent provided in paragraph (b) of this Rule, and except as otherwise expressly provided in the Rules, neither the Exchange nor its directors, officers, committee members, limited liability company members, employees or agents shall be liable to Members or to persons associated therewith for any loss, expense, damages or claims that arise out of the use or enjoyment of the facilities or services afforded by the Exchange, any interruption in or failure or unavailability of any such facilities or services, or any action taken or omitted to be taken in respect to the business of the Exchange except to the extent such loss, expense, damages or claims are attributable to the willful misconduct, gross negligence, bad faith or fraudulent or criminal acts of the Exchange or its officers, employees or agents acting within the scope of their authority. Without limiting the generality of the foregoing and subject to the same exception, the Exchange shall have no liability to any person for any loss, expense, damages or claims that result from any error, omission or delay in calculating or disseminating any current or closing index value, any current or closing value of interest rate options, or any reports of transactions in or quotations for options or other securities, including underlying securities. The Exchange makes no warranty, express or implied, as to results to be obtained by any person or entity from the use of any data transmitted or disseminated by or on behalf of the Exchange or any reporting authority designated by the Exchange, including but not limited to reports of transactions in or quotations for securities traded on the Exchange or underlying securities, or reports of interest rate measures or index values or related data, and the Exchange makes no express or implied warranties of merchantability or fitness for a particular purpose or use with respect to any such data. The foregoing limitations of liability and disclaimers shall be in addition to, and not in limitation of, the provisions of the Exchange's By-Laws.

(b) Whenever custody of an unexecuted order or quote is transmitted by a Member to or through the Exchange's System or to any other automated facility of the Exchange whereby the Exchange assumes responsibility for the transmission or execution of the order or quote, provided that the Exchange has acknowledged receipt of such order or quote, the Exchange's liability for the negligent acts or omissions of its employees or for the failure of its Systems or facilities shall not exceed the limits provided in this paragraph (b), and no assets of the Exchange shall be applied or shall be subject to such liability in excess of the following limits:

(1) As to any one or more claims made by a single Member growing out of the use or enjoyment of the facilities afforded by the Exchange on a single trading day, the Exchange shall not be liable in excess of the larger of \$100,000 or the amount of any recovery obtained by the Exchange under any applicable insurance maintained by the Exchange;

(2) As to the aggregate of all claims made by all Members growing out of the use or enjoyment of the facilities afforded by the Exchange on a single trading day, the Exchange shall not be liable in excess of the larger of \$250,000 or the amount of the recovery obtained by the Exchange under any applicable insurance maintained by the Exchange;

(3) As to the aggregate of all claims made by all Members growing out of the use or enjoyment of the facilities afforded by the Exchange during a single calendar month, the Exchange shall not be liable in excess of the larger of \$500,000 or the amount of the recovery obtained by the Exchange under any applicable insurance maintained by the Exchange.

(c) If all of the claims arising out of the use or enjoyment of the facilities afforded by the Exchange cannot be fully satisfied because in the aggregate they exceed the applicable maximum amount of liability provided for in paragraph (b) above, then such maximum amount shall be allocated among all such claims arising on a single trading day or during a single calendar month, as applicable, written notice of which has been given to the Exchange no later than the opening of trading on the next business day following the day on which the use or enjoyment of Exchange facilities giving rise to the claim occurred, based upon the proportion that each such claim bears to the sum of all such claims

[Adopted: December 13, 2016]

Rule 528. Legal Proceedings Against the Exchange and its Directors, Officers, Employees, Contractors or Agents

No Member or person associated with a Member shall institute a lawsuit or other legal proceeding against the Exchange or any director, officer, limited liability company member, employee, contractor, agent or other official of the Exchange or any subsidiary of the Exchange, for actions taken or omitted to be taken in connection with the official business of the Exchange or any subsidiary, except to the extent such actions or omissions constitute violations of the federal securities laws for which a private right of action exists. This provision shall not apply to appeals of disciplinary actions or other actions by the Exchange as provided for in the Rules.

[Adopted: December 13, 2016]

Rule 529. Order Routing to Other Exchanges

The Exchange may automatically route orders to other exchanges under certain circumstances as described below and elsewhere in these Rules (“Routing Services”). In connection with such services, the following shall apply:

(a) Routing Services will be provided in conjunction with one or more routing brokers that are not affiliated with the Exchange. For each routing broker used by the Exchange, an agreement will be in place between the Exchange and the routing broker that will, among other things, restrict the use of any confidential and proprietary information that the routing broker receives to legitimate business purposes necessary for routing orders at the direction of the Exchange.

(1) The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and the routing broker, and any other entity, including any affiliate of the routing broker, and, if the routing broker or any of its affiliates engages in any other business activities other than providing routing services to the Exchange, between the segment of the routing broker or affiliate that provides the other business activities and the segment of the routing broker that provides the Routing Services.

(2) The Exchange may not use a routing broker for which the Exchange or any affiliate of the Exchange is the designated examining authority.

(3) The Exchange will provide its Routing Services in compliance with the provisions of the Exchange Act and the rules thereunder, including, but not limited to, the requirements in Section 6(b)(4) and (5) of the Exchange Act that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities, and not be designed to permit unfair discrimination between customers, issuers, brokers or dealers.

(4) For all Routing Services, the Exchange will determine the logic that provides when, how, and where orders are routed away to other exchanges.

(5) The routing broker will receive routing instructions from the Exchange, to route orders to other exchanges and report such executions back to the Exchange. The routing broker cannot change the terms of an order or the routing instructions, nor does the routing broker have any discretion about where to route an order.

(6) Any bid or offer entered on the Exchange routed to another exchange through a routing broker that results in an execution shall be binding on the Member that entered such bid/offer.

(b) Route Mechanism.

(1) **General.** The Route Mechanism described in this Section (b) will be used after the Exchange’s Opening Process under Rule 503 has been completed. Routing will be used when an Eligible Order is received

and/or reevaluated that is both routable and marketable against the opposite side ABBO upon receipt and the Exchange's disseminated market is not equal to the opposite side ABBO, or is equal to the opposite side ABBO and of insufficient size to satisfy the order. The term Eligible Order will be used in the following paragraphs to refer to the Eligible Order being handled by the Route Mechanism. Eligible Orders are defined as: all Public Customer Orders received via the FIX Interface other than Intermarket Sweep Order ("ISO"), as defined in Rule 516(f), Do Not Route ("DNR") orders as defined in Rule 516(g) and Post-Only Orders as defined in Rule 516(j), all of which are not eligible to be routed. Orders received via the MEO Interface will not be routed and will be handled as set forth in Rule 515. Eligible Orders resting on the Book may be routed with an incoming Eligible Order that has initiated a Route Mechanism.

(2) Routing Mechanism.

(i) An Eligible Order may be routed if the displayed NBBO was locked or crossed upon receipt of the Eligible Order. If at the time of receipt of the Eligible Order, the opposite side ABBO is also locking or crossing the same side PBBO, the System will immediately route the Eligible Order, together with any routable interest resting on the same side PBBO, to the opposite side ABBO. The Eligible Order and any routable resting interest will be processed in the order in which they were received.

(ii) The System will route ISOs representing Eligible Orders to away markets disseminating prices better than the Exchange's disseminated market. The routed order will be priced at the ABBO with a size equal to each ABBO exchange's disseminated size. If there are still additional contracts to be executed from the Eligible Order after the order has been routed to all away markets disseminating the ABBO for the away markets' full size, the System will handle remaining contracts from the Eligible Order in accordance with the provisions of Exchange Rule 515.

[Adopted: December 13, 2016; amended April 3, 2017 (SR-PEARL-2017-11)]

Rule 530. Limit Up-Limit Down

Paragraphs (a)-(j) of this Rule shall be in effect during a pilot period to coincide with the pilot period for the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS, as it may be amended from time to time ("the Plan"), including any extensions to the pilot period for the Plan. The Exchange will provide the Commission with data and analysis during the duration of this pilot as requested. This Rule establishes procedures to address extraordinary volatility in NMS Stocks (as defined below) and outlines MIAx PEARL's Limit Up-Limit Down processing.

(a) **Definitions.** The capitalized terms in this Rule 530(a) and throughout the MIAx PEARL Rules shall have the same meaning as provided for in the Plan.

"Eligible Reported Transactions" shall have the meaning prescribed by the Operating Committee of the Plan (as defined below) and shall generally mean transactions that are eligible to update the last sale price of an NMS Stock.

"Limit State" shall have the meaning provided in Section VI of the Plan. When a National Best Bid is below the Lower Price Band calculated by the Processor (as defined below) for an NMS Stock or a National Best Offer is above the Upper Price Band calculated by the Processor for an NMS Stock, the Processor will disseminate such National Best Bid or National Best Offer with an appropriate flag identifying it as non-executable. When a National Best Offer is equal to the Lower Price Band or a National Best Bid is equal to the Upper Price Band for an NMS Stock, the Processor will distribute such National Best Bid or National Best Offer with an appropriate flag identifying it as a "Limit State Quotation."

"LULD Functionality" shall mean the specific processing logic applied by the Exchange System to options traded on the Exchange when the underlying NMS Stock has entered into a Limit State or Straddle State. LULD Functionality remains in effect for the duration that the underlying NMS Stock is in a Limit State or a Straddle State.

“**Market Data Plan**” shall mean the effective national market system plans through which the Participants act jointly to disseminate consolidated information in compliance with Rule 603(b) of Regulation NMS under the Exchange Act.

“**Plan**” shall mean the Plan to Address Extraordinary Market Volatility Submitted to the SEC pursuant to Rule 608 of Regulation NMS under the Exchange Act, as amended from time to time in accordance with its provisions.

“**Primary Listing Exchange**” shall mean the Participant on which an NMS Stock is listed. If an NMS Stock is listed on more than one Participant, the Participant on which the NMS Stock has been listed the longest shall be the Primary Listing Exchange.

“**Processor**” shall mean the single plan processor responsible for the consolidation of information for an NMS Stock pursuant to Rule 603(b) of Regulation NMS under the Exchange Act.

“**Participant**” shall mean a party to the Plan.

“**Regular Trading Hours**” shall have the meaning provided in Rule 600(b)(64) of Regulation NMS under the Exchange Act. For purposes of the Plan, Regular Trading Hours can end earlier than 4:00 p.m. Eastern Time in the case of an early scheduled close.

“**Regulatory Halt**” shall have the meaning specified in the Market Data Plans.

“**Straddle State**” shall have the meaning provided in Section VII(A)(2) of the Plan. An NMS Stock is in a Straddle State when the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS Stock is not in a Limit State, and trading in that NMS Stock deviates from normal trading characteristics such that declaring a Trading Pause would support the Plan’s goal to address extraordinary market volatility.

“**Trading Pause**” shall have the meaning provided in Section VII of the Plan. If trading for an NMS Stock does not exit a Limit State within 15 seconds of entry during Regular Trading Hours, then the Primary Listing Exchange will declare a Trading Pause for such NMS Stock and shall notify the Processor. The Primary Listing Exchange may also declare a Trading Pause for an NMS Stock when an NMS Stock is in a Straddle State.

(b) **General.** LULD Functionality becomes effective for an option traded on the Exchange when the underlying NMS Stock has entered into a Limit State or Straddle State. LULD Functionality remains in effect for the duration that the underlying NMS Stock is in a Limit State or a Straddle State. LULD Functionality modifies the normal operation of the Exchange System in ways identified by this Rule. LULD Functionality ends when the underlying NMS Stock is no longer in a Limit State or a Straddle State, or when a Trading Pause is declared by the Primary Listing Exchange.

(c) **Determining Straddle States and Limit States.** The Exchange shall use the SIP feed (CQS for Tape A and Tape B securities and UQDF for Tape C securities) to determine when an NMS Stock is in a Limit State or a Straddle State, and when such Limit State or Straddle State no longer exists.

(d) **Handling of Orders During Limit States and Straddle States.** Once an NMS Stock has entered either a Straddle State or Limit State:

- (1) The Exchange will not open an affected option.
- (2) After the opening, the Exchange will:
 - (i) reject all incoming market orders submitted into the Exchange System.

(ii) cancel all unexecuted market orders existing within the Exchange System, except that market orders to sell an option received when the national best bid is zero and the Exchange's disseminated offer is equal to or less than \$0.10 that have been converted to limit orders to sell pursuant to Rule 519(a)(1) will not be cancelled by the Exchange's System.

(e) **Market-Wide Trading Halts.** The Exchange shall halt trading in all options whenever the equities markets initiate a market-wide trading halt commonly known as a circuit breaker in response to extraordinary market conditions.

(f) **Quoting Obligations During Limit States and Straddle States**

(1) Once an NMS Stock has entered either a Limit or Straddle State, the Exchange shall relieve Exchange Market Makers from the following quotation obligations for options on the affected underlying NMS Stock:

- (i) the minimum size requirement set forth in Exchange Rule 605(a);
- (ii) the requirement to submit two-sided quotes set forth in Exchange Rule 605(b); and
- (iii) the continuous quoting obligation set forth in Exchange Rule 605(d).

(2) The relief described in subparagraphs (f)(1)(i)-(iii) above shall terminate when the Limit or Straddle State no longer exists in the affected NMS Stock.

(3) The provisions of Exchange Rule 514 concerning priority on the Exchange shall remain unchanged during periods of relief from quoting obligations pursuant to this Rule 530(f).

(g) **Systemic Changes During Limit States and Straddle States.** Once an NMS Stock has entered a Limit or Straddle State, the Exchange shall apply the following LULD Functionality for options on the affected underlying NMS Stock during the Opening Process.

(1) The Exchange's Opening Process (as described in Rule 503) shall be delayed for options overlying an NMS Stock that is in a Limit or Straddle State prior to the opening of trading such overlying options. The Opening Process shall begin in the affected overlying options when such Limit or Straddle State has ended and there is not a halt or Trading Pause in effect.

(2) Respecting options that are engaged in the Opening Process but for which trading has not begun, the Opening Process shall be terminated when the underlying NMS Stock is in a Limit or Straddle State. The Opening Process shall begin anew in the affected overlying options when such Limit or Straddle State has ended and there is not a halt or Trading Pause in effect.

(h) **Trading Pauses.** When an underlying NMS Stock is subject to a Trading Pause, the Exchange System will halt trading in options overlying the affected NMS Stock pursuant to Rule 504(c).

(i) **Opening after a Trading Pause.** After a Trading Pause, the Exchange System will open trading in the affected option pursuant to Rule 503. If trading has not resumed on the Primary Listing Exchange for the affected NMS Stock within ten minutes of receipt of the Trading Pause message by the Exchange, the Exchange may resume trading in options overlying such NMS Stock if at least one exchange has resumed trading in such NMS Stock.

(j) **Review of Erroneous Transactions Occurring During Limit States and Straddle States.** Once an NMS Stock has entered a Limit or Straddle State, the Exchange shall nullify a transaction in an option overlying such an NMS Stock as provided in this Rule.

(1) Absent Mutual Agreement as provided in paragraph (j)(2)(iii) below, parties to a trade may have a trade nullified if:

(i) any such party makes a documented request within the time specified in Rule 530(j)(2)(i)(A);
and

(ii) one of the conditions below is met:

(A) The trade resulted from a verifiable disruption or malfunction of an Exchange execution, dissemination, or communication system that caused a quote/order to trade in excess of its disseminated size (e.g. a quote/order that is frozen, because of an Exchange System error, and repeatedly traded) in which case trades in excess of the disseminated size may be nullified; or

(B) The trade resulted from a verifiable disruption or malfunction of an Exchange dissemination or communication system that prevented a Member from updating or canceling a quote/order for which the Member is responsible where there is Exchange documentation providing that the Member sought to update or cancel the quote/order; or

(C) The trade resulted from an erroneous print disseminated by the underlying market which is later cancelled or corrected by the underlying market where such erroneous print resulted in a trade higher or lower than the average trade in the underlying security during the time period encompassing two minutes before and after the erroneous print, by an amount at least five times greater than the average quote width for such underlying security during the time period encompassing two minutes before and after the erroneous print. For purposes of this Rule, the average trade in the underlying security shall be determined by adding the prices of each trade during the four minute time period referenced above (excluding the trade in question) and dividing by the number of trades during such time period (excluding the trade in question); or

(D) The trade resulted from an erroneous quote in the primary market for the underlying security that has a width of at least \$1.00 and that width is at least five times greater than the average quote width for such underlying security during the time period encompassing two minutes before and after the dissemination of such quote. For the purposes of this Rule, the average quote width shall be determined by adding the quote widths of sample quotations at regular 15-second intervals during the four minute time period referenced above (excluding the quote in question) and dividing by the number of quotes during such time period (excluding the quote in question);

(iii) **Mutual Agreement.** The determination as to whether a trade was automatically executed at an erroneous price may be made by mutual agreement of the affected parties to a particular transaction within the time periods specified in subparagraphs (j)(2)(i) or (j)(3) below. A trade may be nullified on the terms that all parties to a particular transaction agree. In the absence of mutual agreement by the parties, a particular trade may only be nullified as provided in this Rule.

(iv) **Trading Halts.** Trades on the Exchange will be nullified when:

(A) The trade occurred during a trading halt in the affected option on the Exchange; or

(B) Respecting equity options (including options overlying ETFs), the trade occurred during a trading halt on the primary market for the underlying security.

(v) **Transactions During Opening Purchase Prohibitions or Restrictions.** Trades on the Exchange will be nullified when such a trade represents an opening transaction prohibited pursuant to Rule 403.

(2) **Review Procedure.** MIAX PEARL Regulatory Control (“MRC”) shall administer the application of this Rule as follows:

(i) (A) **Notification.** If a Market Maker on the Exchange believes that he/she participated in a transaction that can be nullified pursuant to section (j) of this Rule, he/she must notify MRC within fifteen minutes of the transaction. If a Member that initiated the order believes a transaction on the Exchange can be nullified pursuant to section (j) of this Rule, such Member must notify MRC within twenty minutes of the execution. Absent unusual circumstances, MRC will not grant relief under this Rule unless notification is made within the prescribed time period. Notwithstanding the foregoing, respecting transactions that occur as part of the Exchange's automated Opening Process, after the twenty minute notification period as described above and until 4:30 p.m. Eastern Time on the subject trade date, where parties to the transaction are a non-broker-dealer customer and an Exchange Market Maker, the non-broker-dealer customer may request review of the subject transaction, and the transaction will nullified by an Exchange Official.

(B) **Procedures for Reviewing Trades on Exchange Motion.** In the interest of maintaining a fair and orderly market for the protection of investors, the Chief Regulatory Officer or designee thereof, who is an officer of the Exchange (collectively "Exchange Officer") may, on his or her own motion or upon request, determine to review any transaction occurring on the Exchange that is believed to be erroneous. A transaction reviewed pursuant to this provision may be nullified in accordance with section (j) of this Rule. The Exchange Officer may be assisted by an Exchange Official in reviewing a transaction.

The Exchange Officer shall act as soon as possible after receiving notification of the transaction, and ordinarily would be expected to act on the same day as the transaction occurred. In no event shall the Exchange Officer act later than 9:30 a.m. Eastern Time on the next trading day following the date of the transaction in question. A party affected by a determination to nullify a transaction pursuant to this provision may appeal such determination in accordance with Rule 530; however, a determination by an Exchange Officer not to review a transaction, or a determination not to nullify a transaction for which a review was requested or conducted, is not appealable. If a transaction is reviewed and a determination is rendered pursuant to another provision of Rule 530, no additional relief may be granted under this provision.

(ii) **Bust.** An Exchange Official will determine whether there is a trade that qualifies to be nullified as defined in this Rule.

(3) **Request for Review.** If a party affected by a determination made under this Rule so requests within the time permitted, the CRO will review decisions made under this Rule. A request for review under this paragraph must be made within thirty minutes after a party receives official notification of a final determination by the Exchange Official under this Rule, except that if such notification is made after 3:30 p.m. Eastern Time, either party has until 9:30 a.m. Eastern Time on the next trading day to request a review. Such a request for review must be in writing or otherwise documented. The CRO shall review the facts and render a decision on the day of the transaction, or the next trade day in the case where a request is properly made after 3:30 p.m. Eastern Time on the day of the transaction or where the request is properly made the next trade day.

(i) **Absence of the CRO.** In the absence of the CRO, the deputy CRO or designee of the CRO will be appointed to act in this capacity.

(ii) **Appeal Fee.** A Member seeking the CRO's review of an Exchange Official ruling shall be assessed a fee of \$250.00 for each Exchange Official ruling to be reviewed that is sustained and not overturned or modified by the CRO.

(iii) **Authority of the CRO.** Decisions of the CRO concerning (i) the review of Exchange Official rulings relating to the nullification of transactions, and (ii) initial requests for relief shall be final and may not be appealed to the Exchange's Board.

[Adopted: December 13, 2016]

CHAPTER VI. MARKET MAKERS

Rule 600. Market Maker Registration

Members registered as Market Makers have certain rights and bear certain responsibilities beyond those of other Members. All Market Makers are designated as specialists on the Exchange for all purposes under the Exchange Act or Rules thereunder.

(a) To register as a Market Maker, a Member must file an application in writing on such forms as the Exchange may prescribe. The Exchange reviews applications and considers an applicant's market making ability and such other factors as the Exchange deems appropriate in determining whether to approve an applicant's registration as a Market Maker.

(b) The registration of any Member as a Market Maker may be suspended or terminated by the Exchange upon a determination that such Member has failed to properly perform as a Market Maker.

(c) These Rules place no limit on the number of qualifying entities that may become Market Makers.

(d) Applications shall be reviewed by the Exchange, which shall consider such factors including, but not limited to capital, operations, personnel, technical resources, and disciplinary history. Each Market Maker must have and maintain minimum net capital of at least the amount required under Rule 15c3-1 of the Exchange Act.

(e) An applicant's registration as a Market Maker shall become effective upon receipt by the Member of notice of an approval of registration by the Exchange.

(f) The registration of a Market Maker may be suspended or terminated by the Exchange if the Exchange determines that:

(1) The Market Maker has substantially or continually failed to engage in dealings in accordance with Rule 604 (Obligations of Market Makers) or elsewhere in these Rules;

(2) The Market Maker has failed to meet the minimum net capital conditions set forth under paragraph (d) above;

(3) The Market Maker has failed to maintain fair and orderly markets; or

(4) The Market Maker does not have at least one registered MMAT (as defined in Rule 601(a)(1)) qualified to perform market making activities as set forth in Rule 601(b)(5). A MMAT whose registration is suspended pursuant to this paragraph (f) shall not be deemed qualified within the meaning of this subsection.

(g) Any registered Market Maker may withdraw its registration by giving written notice to the Exchange. The Exchange may require a certain minimum prior notice period for withdrawal, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interests of maintaining fair and orderly markets.

(h) Any person aggrieved by any determination under this Rule 600 or Rule 601 below may seek review under Chapter XI of these Rules governing adverse action.

(i) Market Makers are designated as dealers on the Exchange for all purposes under the Exchange Act and the rules and regulations thereunder.

[Adopted: December 13, 2016]

Rule 601. Obligations of Market Maker Authorized Traders

(a) General.

(1) A “Market Maker Authorized Trader” or “MMAT” is a person who is permitted to perform market making activities pursuant to Chapter VI on behalf of a Market Maker.

(2) MMATs are permitted to enter orders only for the account of the Market Maker for which they are registered.

(b) Registration of Market Maker Authorized Traders. The Exchange may, upon receiving an application in writing from a Market Maker on a form prescribed by the Exchange, register a person as an MMAT.

(1) MMATs may be officers, partners, employees or other associated persons of Members that are registered with the Exchange as Market Makers.

(2) To be eligible for registration as an MMAT, a person must successfully complete proficiency examinations and continuing education requirements applicable to individual Members and individual associated persons of Members, as set forth in Interpretation and Policy .04 to Rule 203, and any other training and/or certification programs as may be required by the Exchange.

(3) The Exchange may require a Market Maker to provide any and all additional information the Exchange deems necessary to establish whether registration should be granted.

(4) The Exchange may grant a person conditional registration as an MMAT subject to any conditions it considers appropriate in the interests of maintaining a fair and orderly market.

(5) A Market Maker must ensure that an MMAT is properly qualified to perform market making activities, including but not limited to ensuring the MMAT has met the requirements set forth in paragraph (b)(2) of this Rule.

(c) Suspension or Withdrawal of Registration.

(1) The Exchange may suspend or withdraw the registration previously given to a person to be an MMAT if the Exchange determines that:

(i) the person has caused the Market Maker to fail to comply with the securities laws, rules and regulations or the By-Laws, Rules and procedures of the Exchange;

(ii) the person is not properly performing the responsibilities of an MMAT;

(iii) the person has failed to meet the conditions set forth under paragraph (b) above; or

(iv) the MMAT has failed to maintain fair and orderly markets.

(2) If the Exchange suspends the registration of a person as an MMAT, the Market Maker must not allow the person to submit orders into the System.

(3) The registration of an MMAT will be withdrawn upon the written request of the Member for which the MMAT is registered. Such written request shall be submitted on the form prescribed by the Exchange.

[Adopted: December 13, 2016; amended April 3, 2017 (SR-PEARL-2017-11)]

Rule 602. Continuing Market Maker Registration

- (a) A Member that has qualified as a Market Maker may register to make markets in individual series of options.
- (b) A Market Maker may become registered in a series by entering a registration request via (i) the MEO interface, which requires series registration to be submitted prior to 9:00 a.m. Eastern Time of the current trading day, which registration request shall be submitted for every requested trading day, or (ii) an Exchange approved electronic interface, which requires series registration to be submitted prior to 6:00 p.m. Eastern Time of the business day immediately preceding the next trading day, which registration request shall persist until it is withdrawn. Registration shall become effective on the day the registration request is entered.

[Adopted: December 13, 2016; amended May 14, 2018 (SR-PEARL-2018-11)]

Rule 603. Good Standing for Market Makers

- (a) To remain in good standing as a Market Maker, the Market Maker must:
- (1) Continue to meet the requirements established in SEC Rule 15c3-1, and the general Membership requirements set forth in the Chapter II of these Exchange Rules and the requirements for Market Makers as set forth in Rule 600 (Market Maker Registration);
 - (2) continue to satisfy the Market Maker qualification requirements specified by the Exchange, as amended from time to time by the Exchange;
 - (3) comply with the Exchange Rules as well as the Rules of the OCC and the Federal Reserve Board; and
 - (4) pay on a timely basis such Membership, transaction and other fees as the Exchange shall prescribe.
- (b) The good standing of a Market Maker may be suspended, terminated or otherwise withdrawn, as provided in the Exchange Rules, if any of said conditions for approval cease to be maintained or the Market Maker violates any of its agreements with the Exchange or any of the provisions of the Exchange Rules.

[Adopted: December 13, 2016]

Rule 604. Obligations of Market Makers

- (a) In registering as a Market Maker, a Member commits himself to various obligations. Transactions of a Market Maker in its market making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Ordinarily, Market Makers are expected to:
- (1) During trading hours, a Market Maker must maintain a two-sided market, pursuant to Rule 605(d)(1), in those option series in which the Market Maker is registered to trade, in a manner that enhances the depth, liquidity and competitiveness of the market.
 - (2) Engage, to a reasonable degree under the existing circumstances, in dealings for their own accounts when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of (or demand for) a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class.
 - (3) Compete with other Market Makers in all series in which the Market Maker is registered to trade.
 - (4) Make markets that will be honored for the number of contracts entered into the Exchange's System in all series of options in which the Market Maker is registered to trade.

(5) Update quotations in response to changed market conditions in all series of options in which the Market Maker is registered to trade.

(6) Maintain active markets in all series in which the Market Maker is registered.

(b) Market Makers should not effect purchases or sales on the Exchange except in a reasonable and orderly manner.

(c) If the Exchange finds any substantial or continued failure by a Market Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, such Market Maker will be subject to disciplinary action or suspension or revocation of registration in one or more of the securities in which the Market Maker is registered. Nothing in this Rule will limit any other power of the Board under these Rules, or procedures of the Exchange with respect to the registration of a Market Maker or in respect of any violation by a Market Maker of the provisions of this Rule.

[Adopted: December 13, 2016]

Rule 605. Market Maker Quotations

(a) **Size Associated with Quotes.** A Market Maker's bid and offer for a series of options contracts shall be accompanied by the number of contracts at that price the Market Maker is willing to buy or sell. The best bid and best offer entered by a Market Maker must have a size of at least one (1) contract.

(b) **Two-Sided Quotes.** A Market Maker that enters a bid (offer) in a series in which he is registered on the Exchange must enter an offer (bid).

(c) **Firm Quotes.**

(1) All quotes and orders entered into the System are firm under this Rule and Rule 602 of Regulation NMS under the Exchange Act ("Rule 602") for the number of contracts specified and according to the requirements of paragraph (a) above.

(2) Market Maker bids and offers are not firm under this Rule and Rule 602 if any of the circumstances provided in paragraph (b)(3) or (c)(4) of Rule 602 exist.

(d) **Continuous Quotes.** A Market Maker must enter continuous bids and offers for the options series to which it is registered, as follows:

(1) On a daily basis, a Market Maker must make markets consistent with the applicable quoting requirements specified in these Rules, on a continuous basis in at least seventy-five percent (75%) of the options series in which the Market Maker is registered.

(2) A Market Maker may be called upon by the Exchange to submit a single bid or offer or maintain continuous bids and offers in one or more of the series to which the Market Maker is registered whenever, in the judgment of the Exchange, it is necessary to do so in the interest of fair and orderly markets.

(3) A Market Maker shall be deemed to have fulfilled the "continuous" quoting requirement if the Market Maker provides two-sided quotes for 90% of the time that the Market Maker is required to provide quotes in an appointed option series on a given trading day, or such higher percentage as the Exchange may announce in advance. These obligations will apply to all of the Market Maker's appointed issues collectively, rather than on an issue-by-issue basis. Compliance with this obligation will be determined on a monthly basis. However, determining compliance with the continuous quoting requirement on a monthly basis does not relieve the Market Maker of the obligation to provide continuous two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet the continuous quoting obligation each trading day.

(4) If a technical failure or limitation of a System of the Exchange prevents the Market Maker from maintaining or communicating to the Exchange timely and accurate quotes in an options series, the duration of such failure shall not be considered in determining whether the Market Maker has satisfied the quoting standard with respect to that option series.

(5) The continuous quoting obligations set forth above: (i) shall be suspended during a trading halt, suspension, or pause in an option pursuant to Rule 504, and shall not re-commence until after the first regular way transaction on the primary market in the underlying security following such halt, suspension, or pause in the underlying security, as reported by the responsible single plan processor and trading has resumed in the halted option pursuant to Rule 503, and (ii) shall be suspended for the duration that an underlying NMS stock is in a Limit State or a Straddle State.

(6) Market Makers shall not be required to make two-sided markets pursuant to this Rule in any Quarterly Option Series, any adjusted option series, and any option series until the time to expiration for such series is less than nine months. Accordingly, the continuous quotation obligations set forth in this Rule shall not apply to Market Makers respecting Quarterly Option Series, adjusted option series, and series with an expiration of nine months or greater. For purposes of this subsection, an adjusted option series is an option series wherein, as a result of a corporate action by the issuer of the underlying security, one option contract in the series represents the delivery of other than 100 shares of underlying stock or Exchange-Traded Fund Shares.

(7) The Exchange may consider other exceptions to this continuous quoting obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(e) **Options Series Other Than Those in Which Registered.** The total number of contracts executed by a Market Maker in series in which it is not registered as a Market Maker shall not exceed twenty-five percent (25%) of the total number of all contracts executed by the Market Maker in any calendar quarter.

Interpretations and Policies:

.01 IOC orders from Market Makers will not be counted for the continuous quoting obligations set forth in paragraph (d) of this Rule 605.

[Adopted: December 13, 2016]

Rule 606. Securities Accounts and Orders of Market Makers

(a) **Identification of Accounts.** In a manner prescribed by the Exchange, each Market Maker shall file with the Exchange and keep current a list identifying all accounts for stock, options and related securities trading in which the Market Maker may, directly or indirectly, engage in trading activities or over which it exercises investment discretion. No Market Maker shall engage in stock, options or related securities trading in an account which has not been reported pursuant to this Rule.

(b) **Reports of Orders.** Each Market Maker shall, upon request and in the prescribed form, report to the Exchange every order entered by the Market Maker for the purchase or sale of (1) a security underlying options traded on the Exchange, or (2) a security convertible into or exchangeable for such underlying security, as well as opening and closing positions in all such securities held in each account reported pursuant to paragraph (a) of this Rule. The report pertaining to orders must include the terms of each order, identification of the brokerage firms through which the orders were entered, the times of entry or cancellation, the times report of execution were received and, if all or part of the order was executed, the quantity and execution price.

(c) **Joint Accounts.** No Market Maker shall, directly or indirectly, hold any interest or participate in any joint account for buying or selling any options contract unless each participant in such joint account is a Member and unless such account is reported to, and not disapproved by, the Exchange. Such reports in a form prescribed by the

Exchange shall be filed with the Exchange before any transaction is effected on the Exchange for such joint account. A participant in a joint account must:

- (1) Be either a Market Maker or a Clearing Member that carries the joint account.
- (2) File and keep current a completed application on such form as is prescribed by the Exchange.
- (3) Be jointly and severally responsible for assuring that the account complies with all Exchange Rules.

(4) Not be a Market Maker registered to the same options classes to which the joint account holder is also registered as a Market Maker.

Interpretations and Policies:

.01 Reports of accounts and transactions required to be filed with the Exchange pursuant to this Rule relate only to accounts in which a Market Maker, as an individual, directly or indirectly controls trading activities or has a direct interest in the profits or losses of such account. Such reports would be required for accounts over which a Market Maker exercises investment discretion as well as a Market Maker's proprietary accounts.

[Adopted: December 13, 2016]

Rule 607. Letters of Guarantee

(a) **Required of Each Member.** No Member shall make any transactions on the Exchange unless a Letter of Guarantee has been issued for such Member by a Clearing Member and filed with the Exchange, and unless such Letter of Guarantee has not been revoked pursuant to paragraph (c) of this Rule.

(b) **Terms of Letter of Guarantee.** A Letter of Guarantee shall provide that the issuing Clearing Member accepts financial responsibilities for all the Exchange Transactions made by the guaranteed Member.

(c) **Revocation of Letter of Guarantee.** A Letter of Guarantee filed with the Exchange shall remain in effect until a written notice of revocation has been filed with the Exchange by the Guarantor Clearing Member. A revocation shall in no way relieve a Clearing Member of responsibility for transactions guaranteed prior to the effective date of such revocation.

[Adopted: December 13, 2016]

Rule 608. Financial Requirements for Market Makers

(a) Each Market Maker shall maintain (i) net liquidating equity in its Market Maker account of not less than \$200,000, and in conformity with such guidelines as the Board may establish from time to time, and (ii) net capital sufficient to comply with the requirements of Exchange Act Rule 15c3-1. Each Market Maker which is a Clearing Member shall also maintain net capital sufficient to comply with the requirements of the Clearing Corporation. This equity requirement, as well as all other provisions of the section (including capital maintenance requirements), applies to each Market Maker account, without regard to the number of Market Maker accounts per firm. The term "net liquidating equity" means the sum of positive cash balances and long securities positions less negative cash balances and short securities positions.

(b) Each Market Maker that makes an arrangement to finance his transactions as a Market Maker must identify in writing to the Exchange the source of the financing and its terms. The Exchange must be informed immediately of the intention of any party to terminate or change any such arrangement.

[Adopted: December 13, 2016]

CHAPTER VII. EXERCISES AND DELIVERIES

The rules contained in MIAX Options Exchange Chapter VII, as such rules may be in effect from time to time (the “Chapter VII Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter VII, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter VII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter VII Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in the Chapter VII Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in Chapter VII shall be read to refer to the MIAX PEARL Rule; the defined term “Clearing Member” in the Chapter VII Rules shall be read to refer the MIAX PEARL Clearing Member; and the defined term “Member” in the Chapter VII Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: December 13, 2016; amended September 27, 2017 (SR-MIAX-2017-39); amended November 15, 2017 (SR-MIAX-2017-43); amended February 2, 2018 (SR-MIAX-2018-01)]

CHAPTER VIII. RECORDS, REPORTS AND AUDITS

The rules contained MIAX Options Exchange Chapter VIII, as such rules may be in effect from time to time (the “Chapter VIII Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter VIII, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter VIII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter VIII Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or exhaustion: the defined term “Exchange” in the Chapter VIII Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in the Chapter VIII Rules shall be read to refer to the MIAX PEARL Rule; the defined term “Market Maker” in the Chapter VIII Rules shall be read to refer to the MIAX PEARL Market Maker; and the defined term “Member” in the Chapter VIII Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: December 13, 2016; amended April 3, 2017 (SR-PEARL-2017-11); amended August 18, 2017 (SR-MIAX-2017-35)]

CHAPTER IX. SUMMARY SUSPENSION

The rules contained in MIAX Options Exchange Chapter IX, as such rules may be in effect from time to time (the “Chapter IX Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter IX, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter IX Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter IX Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange in the Chapter IX Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in Chapter IX Rules shall be read to refer to the MIAX PEARL Rule; the defined term “Board” in the Chapter IX Rules shall be read to refer to the MIAX PEARL Board; and the defined term “Member” in the Chapter IX Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: December 13, 2016]

CHAPTER X. DISCIPLINE

Rule 1000. Disciplinary Jurisdiction

(a) A Member or a person associated with a Member who is alleged to have violated or aided and abetted a violation of any provision of the Exchange Act, the rules and regulations promulgated thereunder, or any provision of the Rules or any interpretation thereof or resolution of the Board of the Exchange regulating the conduct of business on the Exchange, shall be subject to the disciplinary jurisdiction of the Exchange under this Chapter, and after notice and opportunity for a hearing may be appropriately disciplined by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a Member or any other fitting sanction, in accordance with provisions of this Chapter.

(b) Persons associated with a Member may be charged with any violation committed by employees under his supervision or by the Member as though such violation were his own. A Member may be charged with any violation committed by its employees or other person who is associated with such Member, as though such violation were its own.

(c) Any Member or person associated with a Member shall continue to be subject to the disciplinary jurisdiction of the Exchange following such Member's termination or the person's termination of association with a Member with respect to matters that occurred prior to such termination; provided that written notice of the commencement of an inquiry into such matters is given by the Exchange to such former Member or former associated person within one (1) year of receipt by the Exchange, or such other exchange or association recognized for purposes of Rule 1302, of the latest written notice of the termination of such person's status as a Member or person associated with a Member. The foregoing notice requirement does not apply to a person who at any time after a termination again subjects himself to the disciplinary jurisdiction of the Exchange by becoming a Member or a person associated with a Member.

[Adopted: December 13, 2016]

Rule 1001. Requirement to Furnish Information

(a) Each Member and person associated with a Member shall be obligated upon request by the Exchange (including by another SRO acting on behalf of the Exchange pursuant to Rule 1015) to appear and testify, and to respond in writing to interrogatories and furnish documentary materials and other information requested in connection with (i) an investigation initiated pursuant to Rule 1002, (ii) a hearing or appeal conducted pursuant to this Chapter or preparation by the Exchange in anticipation of such a hearing or appeal, or (iii) an Exchange inquiry resulting from an agreement entered into by the Exchange pursuant to Rule 805.

(b) A Member or person associated with a Member is entitled to be represented by counsel during any such Exchange investigation, proceeding or inquiry.

(c) No Member or person associated with a Member shall impede or delay an Exchange investigation or proceeding conducted pursuant to this Chapter, or an Exchange inquiry pursuant to Rule 805, nor refuse to comply with a request made by the Exchange pursuant to this paragraph.

(d) Failure to furnish testimony, documentary evidence or other information requested by the Exchange in the course of an Exchange inquiry, investigation, hearing or appeal conducted pursuant to this Chapter, or in the course of preparation by the Exchange in anticipation of such a hearing or appeal, on the date or within the time period the Exchange specifies shall be deemed to be a violation of this Rule.

[Adopted: December 13, 2016]

Rule 1002. Investigation

The Exchange's regulatory staff (including regulatory staff of another SRO acting on the Exchange's behalf pursuant to Rule 1015), which is obligated to act independently from the economic interests of the Members regulated by the Exchange, has sole discretion to investigate possible violations within the disciplinary jurisdiction of the Exchange on its own initiative or based upon a complaint alleging possible violations submitted by any person, Exchange committee or the Board. All complaints shall be in writing signed by the complainant and shall specify in reasonable detail the facts constituting the violation, including the specific statutes, rules, interpretations or resolutions allegedly violated.

[Adopted: December 13, 2016]

Rule 1003. Letters of Consent

In lieu of the procedures set forth in Rules 1004 through 1006 (Charges, Answer and Hearing), a matter may be disposed of through a letter of consent.

(a) A matter can only be disposed of through a letter of consent if regulatory staff and the Member or person(s) who is the subject of the investigation (the "Subject") are able to agree upon terms of a letter of consent. Such letter must be signed by the Subject and must set forth a stipulation of facts and findings concerning the Member's conduct, the violation(s) committed by the Member and the sanction(s) therefor.

(b) In the event that the Subject and the regulatory staff are able to agree upon a letter of consent, the staff shall submit the letter to the Chief Regulatory Officer. If the letter of consent is acceptable to the Chief Regulatory Officer, it shall be submitted to the Business Conduct Committee. In the event that the Member and the regulatory staff are unable to agree upon a letter of consent or if a proposed letter is not acceptable to the Chief Regulatory Officer, the staff may institute an action according to the procedures contained in Rule 1004. The Chief Regulatory Officer's decision to reject a letter of consent shall be final, and a Subject may not seek review thereof.

(c) If a letter of consent is submitted to and accepted by the Business Conduct Committee, the Exchange shall take no further action against the Subject respecting the matters that are the subject of the letter. If the letter of consent is rejected by the Business Conduct Committee, the matter shall proceed as though the letter had not been submitted. The Business Conduct Committee's decision to accept or reject a letter of consent shall be final, and a Subject may not seek review thereof.

[Adopted: December 13, 2016]

Rule 1004. Charges

(a) **Initiation of Charges.** Whenever it shall appear that there is probable cause for finding a violation within the disciplinary jurisdiction of the Exchange and that further proceedings are warranted, the regulatory staff shall prepare a statement of charges against the Member or associated person alleged to have committed a violation (the "Respondent") specifying the acts in which the Respondent is charged to have engaged and setting forth the specific provisions of the Exchange Act, rules and regulations promulgated thereunder, provisions of the Rules, or interpretations or resolutions of which such acts are in violation. If the statement of charges is approved by the Chief Regulatory Officer, a copy of the charges shall be served upon the Respondent in accordance with Rule 1012. The complainant, if any, shall be notified if further proceedings are warranted.

(b) **Access to Documents.** Provided that a Respondent has made a written request for access to documents described hereunder with sixty (60) calendar days after a statement of charges has been served upon the Respondent in accordance with Rule 1012, the Respondent shall have access to all documents concerning the case that are in the investigative file of the Exchange except for regulatory staff investigation and examination reports and any other

materials prepared by the Exchange staff in connection with such reports or in anticipation of a disciplinary hearing. In providing such documents, the Exchange may protect the identity of a complainant.

[Adopted: December 13, 2016]

Rule 1005. Answer

(a) The Respondent shall have twenty-five (25) calendar days after service of the charges to file with the Secretary of the Exchange a written answer thereto. The answer shall specifically admit or deny each allegation contained in the charges, and the Respondent shall be deemed to have admitted any allegation not specifically denied. The answer may also contain any defense that the Respondent wishes to submit and may be accompanied by documents in support of his answer or defense. In the event the Respondent fails to file an answer, the charges shall be considered to be admitted.

(b) Upon review of the Respondent's answer, the Chief Regulatory Officer may modify the statement of charges, and a copy of the modified charges shall be served upon the Respondent in accordance with Rule 1012. If such modification asserts any new or materially different charges from those contained in the initial statement, Respondent shall have an additional twenty-five (25) calendar days after service of the modified statement of charges to file a written answer thereto in accordance with paragraph (a) above.

[Adopted: December 13, 2016]

Rule 1006. Hearing

(a) **Appointment of Hearing Panel.** Subject to Rule 1008 (Summary Proceedings), a hearing on the charges shall be held before a professional hearing officer and two members of the Business Conduct Committee (the "Panel"). The professional hearing officer shall serve as the chairman of the Panel (the "Panel Chairman").

(1) Promptly after the Respondent files a written answer to the statement of charges, the Chairman of the Business Conduct Committee shall select from among the persons on the Business Conduct Committee two (2) persons to serve on the Panel. In making such selection, the Chairman of the Business Conduct Committee shall, to the extent practicable, choose individuals whose background, experience and training qualify them to consider and make determinations regarding the subject matter to be presented to the Panel. He shall also consider such factors as the availability of individuals, the extent of their prior service on Panels and any relationship between an individual and the Respondent that might make it inappropriate for such person to serve on the Panel.

(2) If in the opinion of the Chairman of the Business Conduct Committee, there are not a sufficient number of persons on the Business Conduct Committee from which to select persons having the appropriate background, experience and training to consider and make determinations regarding the subject matter to be presented to that particular Panel, he shall request that the President temporarily appoint additional persons to the Business Conduct Committee from whom he may select for that Panel.

(3) If at any time a person serving on a Panel has a conflict of interest or bias or circumstances otherwise exist where his fairness might reasonably be questioned, the person must withdraw from the Panel. In the event that a person selected from the Business Conduct Committee withdraws, is incapacitated, or otherwise is unable to continue service after being selected, the Panel Chairman may, in the exercise of discretion, request that the Chairman of the Business Conduct Committee select a replacement. In the event that both persons selected from the Business Conduct Committee withdraw, are incapacitated, or otherwise are unable to continue service, the Chairman of the Business Conduct Committee shall select two replacements.

(b) **Parties.** The Exchange and the Respondent shall be the parties to the hearing. Where a Member is a party, it shall be represented at the hearing by an associated person.

(c) **Notice and List of Documents.** Parties shall be given at least twenty-eight (28) calendar days' notice of the time and place of the hearing. Not less than ten (10) calendar days in advance of the scheduled hearing date, each party shall furnish to the Panel and to the other parties, copies of all documentary evidence such party intends to present at the hearing. Where time and the nature of the proceeding permit, the parties shall meet with the Panel Chairman in a pre-hearing conference for the purpose of clarifying and simplifying issues and otherwise expediting the proceeding. At such pre-hearing conference, the parties shall attempt to reach agreement respecting authenticity of documents, facts not in dispute, and any other items that will serve to expedite the hearing of the matter.

(d) **Intervention.** Any person not otherwise a party may intervene as a party to the hearing upon demonstrating to the satisfaction of the Panel Chairman that he has an interest in the subject of the hearing and that the disposition of the matter may, as a practical matter, impair or impede his ability to protect that interest. Also, the Panel Chairman may in his discretion permit a person to intervene as a party to the hearing when the person's claim or defense and the main action have questions of law or fact in common. Any person wishing to intervene as a party to a hearing shall file with the Panel Chairman a notice requesting the right to intervene, stating the grounds therefor, and setting forth the claim or defense for which intervention is sought. The Panel Chairman, in exercising his discretion concerning intervention shall take into consideration whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties.

(e) **Conduct of Hearing.** The Panel Chairman shall determine the time and place of all meetings, and shall make all determinations with regard to procedural or evidentiary matters, as well as prescribe the time within which all documents, exhibits, briefs, stipulations, notices or other written materials must be filed where such is not specified in this Chapter. The Panel Chairman shall generally regulate the course of the hearing, and shall have the authority to, among other things, order the parties to present oral arguments, reopen a hearing prior to the issuance of a decision by the Panel, create and maintain the official record of proceeding, and draft a decision that represents the views of the majority of the Panel. Formal rules of evidence shall not apply to hearings conducted by the Panel. The charges shall be presented by a representative of the Exchange who, along with Respondent and any other party, may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Panel and the other parties. The Panel may request the production of documentary evidence and witnesses. No Member or person associated with a Member shall refuse to furnish relevant testimony, documentary materials or other information requested by the Panel during the course of the hearing. The Respondent and intervening parties are entitled to be represented by counsel who may participate fully in the hearing. A transcript of the hearing shall be made and shall become part of the record. Interlocutory Board review of any decision made by the Panel prior to completion of the hearing is generally prohibited. Such interlocutory review shall be permitted only if the Panel agrees to such review after determining that the issue is a controlling issue of rule or policy and that immediate Board review would materially advance the ultimate resolution of the case.

(f) **Ex Parte Communication.** No Member or person associated with a Member shall make or knowingly cause to be made an ex parte communication with any member of the Panel, Business Conduct Committee or Board concerning the merits of any matter pending under this Chapter. No member of the Panel, Business Conduct Committee or Board shall make or knowingly cause to be made an ex parte communication with any Member or any person associated with a Member concerning the merits of any matter pending under this Chapter.

(1) "Ex parte communication" means an oral or written communication made without notice to all parties, that is, regulatory staff and Subjects of investigations or Respondents in proceedings.

(2) A written communication is ex parte unless a copy has been previously or simultaneously delivered to all interested parties. An oral communication is ex parte unless it is made in the presence of all parties except those who, on adequate prior notice, declined to be present.

[Adopted: December 13, 2016]

Rule 1007. Decision

(a) Following a hearing conducted pursuant to Rule 1006, the Panel shall by majority opinion, issue a decision in writing, based solely on the record, determining whether the Respondent has committed a violation and imposing the sanction, if any, therefor.

(b) The decision shall include a statement of findings and conclusions, with the reasons therefor, upon all material issues presented on the record. Where a sanction is imposed, the decision shall include a statement specifying the acts or practices in which the Respondent has been found to have engaged and setting forth the specific provisions of the Exchange Act, rules and regulations promulgated thereunder, provisions of the Rules, interpretations or resolutions of the Exchange of which the acts are deemed to be in violation.

(c) The Respondent shall be sent a copy of the decision promptly after it is rendered.

[Adopted: December 13, 2016]

Rule 1008. Summary Proceedings

Notwithstanding the provision of Rule 1006 (Hearing), a Panel may make a determination without a hearing and may impose a penalty as to violations that the Respondent has admitted or has failed to answer or that otherwise do not appear to be in dispute.

(a) Notice of such summary determination, specifying the violations and penalty, shall be served upon the Respondent, who shall have ten (10) calendar days from the date of service to notify the Panel Chairman that he desires a hearing upon all or a portion of any charges not previously admitted or upon the penalty. Failure to so notify the Panel Chairman shall constitute admission of the violations and acceptance of the penalty as determined by the Panel and a waiver of all rights of review.

(b) If the Respondent requests a hearing, the matters that are the subject of the hearing shall be handled as if the summary determination had not been made.

[Adopted: December 13, 2016]

Rule 1009. Offers of Settlement

(a) **Submission of Offer.** At any time during a period not to exceed 120 calendar days immediately following the date of service of a statement of charges upon the Respondent in accordance with Rule 1012, the Respondent may submit to the Panel, if one has been formed, a written offer of settlement, signed by him, which shall contain a proposed stipulation of facts and consent to a specified sanction. The Respondent may submit a written statement in support of the offer. If a Panel has not yet been appointed, a written offer of settlement may be submitted to the Chief Regulatory Officer.

(1) A Respondent shall be entitled to submit a maximum of two (2) written offers of settlement in connection with the statement of charges issued to that Respondent pursuant to Rule 1004, unless a Panel, in its discretion, permits a Respondent to submit additional offers of settlement.

(2) The 120-day period shall be tolled for the number of days in excess of seven (7) calendar days that it takes the Exchange regulatory staff to respond to a Respondent's request for access to documents provided that the request for access is made pursuant to the provisions and within the time frame provided in Rule 1004(b).

(b) **Acceptance or Rejection of Offer.** Where the Panel or Chief Regulatory Officer accepts an offer of settlement, it or he shall issue a decision, including findings and conclusions and imposing a sanction, consistent with the terms of such offer. Where the Panel or Chief Regulatory Officer rejects an offer of settlement, it or he shall notify the Respondent and the matter shall proceed as if such offer had not been made, and the offer and all documents

relating thereto shall not become a part of the record. Subject to Rule 1008 (Summary Proceedings), following the end of the 120-day period in paragraph (a) above or after a rejection of a Respondent's second offer of settlement, a hearing will proceed in accordance with the provisions of Rule 1006. A decision of the Panel or Chief Regulatory Officer issued upon acceptance of an offer of settlement, as well as the determination whether to accept or reject such an offer, shall be final, and the Respondent may not seek review thereof.

[Adopted: December 13, 2016]

Rule 1010. Review

(a) **Petition.** The Respondent or regulatory staff shall have fifteen (15) calendar days after service of notice of a decision made pursuant to Rule 1007 of this Chapter to petition for review thereof by the Board. Such petition shall be in writing and shall specify the findings and conclusions to which exceptions are taken, together with reasons for such exceptions. Any objections to a decision not specified by written exception shall be considered to have been abandoned. Petitions shall be filed with the Secretary of the Exchange.

(b) **Motion of Board.** The Board may on its own initiative order review of a decision made pursuant to Rule 1007 or 1008 (Summary Proceeding) within thirty (30) calendar days after notice of the decision has been served on the Respondent.

(c) **Conduct of Review.** The review shall be conducted by the Board or a committee of the Board composed of at least three Directors whose decision must be ratified by the Board.

(1) Any Director who participated in a matter may not participate in review of that matter by the Board.

(2) Unless the Board shall decide to open the record for the introduction of evidence or to hear argument, such review shall be based solely upon the record and the written exceptions filed by the parties.

(3) New issues may be raised by the Board, and in such event, Respondents and regulatory staff shall be given notice of an opportunity to address any such new issues.

(d) **Determination.** The Board may affirm, reverse or modify, in whole or in part, the decision of the Panel. Such modification may include an increase or decrease of the sanction. The decision of the Board shall be in writing, shall be promptly served on the Respondent, and shall be final.

[Adopted: December 13, 2016]

Rule 1011. Judgment and Sanction

(a) **Sanctions.** Members and persons associated with Members shall (subject to any rule or order of the SEC) be appropriately disciplined for violations under these Rules by expulsion, suspension, limitation of activities, functions and operations, fine, censure, being suspended or barred from being associated with a Member, or any other fitting sanction.

(b) **Effective Date of Judgment.** Sanctions imposed under this Chapter shall not become effective until the Exchange review process is completed or the decision otherwise becomes final. Pending effectiveness of a decision imposing a sanction on the Respondent, the person, committee or panel issuing the decision (the "adjudicator") may impose such conditions and restrictions on the activities of the Respondent as it considers reasonably necessary for the protection of investors and the Exchange.

(c) **Payment of Fines, Other Monetary Sanctions, or Costs; Summary Action for Failure to Pay.**

(1) **Payment to Chief Financial Officer.** All fines and other monetary sanctions shall be paid to the Chief Financial Officer of the Exchange.

(2) **Summary Suspension or Expulsion.** After seven (7) calendar days' notice in writing, the Exchange may (i) summarily suspend a Member that fails to pay promptly a fine, other monetary sanction or cost imposed pursuant to this Chapter when such fine, monetary sanction or cost becomes finally due and payable; or (ii) terminate immediately the association of a person who fails to pay promptly a fine, other monetary sanction or cost imposed pursuant to this Chapter when such fine, monetary sanction or cost becomes finally due and payable.

(d) **Costs of Proceedings.** A Member or person associated with a Member disciplined pursuant to this Chapter shall bear such costs of the proceeding as the adjudicator deems fair and appropriate under the circumstances.

[Adopted: December 13, 2016]

Rule 1012. Procedural Matters

(a) **Service of Notice.** Any charges, notices or other documents may be served upon a Member or associated person either personally or by leaving the same at his place of business, by registered or certified mail or overnight commercial carrier addressed to the Member or associated person at the Member's address as it appears on the books and records of the Exchange.

(b) **Extension of Time Limits.** Any time limits imposed under this Chapter for the submission of answers, petitions or other materials may be extended by permission of the authority to whom such materials are to be submitted.

[Adopted: December 13, 2016]

Rule 1013. Reporting to the Central Registration Depository

(a) With respect to formal Exchange disciplinary proceedings, the Exchange shall report to the CRD the issuance of a statement of charges pursuant to Rule 1004 and all significant changes in the status of such proceedings while such proceedings are pending.

(b) For purposes of reporting to the CRD:

(1) A formal Exchange disciplinary proceeding shall be considered to be pending from the time that a statement of charges is issued in such proceeding pursuant to Rule 1004 until the outcome of the proceeding becomes final.

(2) An Exchange disciplinary proceeding shall be considered to be a formal disciplinary proceeding if it is initiated by the Exchange pursuant to Rule 1002.

(3) Significant changes in the status of a formal Exchange disciplinary proceeding shall include, but not be limited to, the scheduling of a disciplinary hearing, the issuance of a decision by a Panel, the filing of an appeal to the Board, and the issuance of a decision by the Board.

[Adopted: December 13, 2016]

Rule 1014. Imposition of Fines for Minor Rule Violations

(a) **General.** In lieu of commencing a disciplinary proceeding, the Exchange may, subject to the requirements set forth herein, impose a fine, not to exceed \$5,000, on any Member, or person associated with or employed by a Member, with respect to any Rule violation listed in section (d) of this Rule. Any fine imposed pursuant to this Rule that (i) does not exceed \$2,500 and (ii) is not contested, shall be reported on a periodic basis, except as may otherwise be required by Rule 19d-1 under the Exchange Act or by any other regulatory authority. The Exchange is not required to impose a fine pursuant to this Rule with respect to the violation of any Rule included herein, and the Exchange may, whenever it determines that any violation is not minor in nature, proceed under Rules 1003 or 1004, rather than under this Rule.

(b) **Notice.** Any person against whom a fine is imposed under this Rule (the “Subject”) shall be served with a written statement setting forth (i) the Rule(s) allegedly violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each violation; and (iv) the date by which such determination becomes final and such fine must be paid or contested as provided below, which date shall be not less than thirty (30) calendar days after the date of service of such written statement.

(c) **Review.** A Subject may contest the Exchange’s determination by filing with the Office of the Secretary of the Exchange a written answer as provided in Rule 1005 on or before the date such fine must be paid.

(1) Upon the receipt of an answer by the Exchange the matter becomes subject to review by the Business Conduct Committee, or a subcommittee thereof consisting of at least three (3) members of the Business Conduct Committee.

(2) The answer must include a request for a hearing, if a hearing is desired. Formal rules of evidence shall not apply to hearings conducted by the Business Conduct Committee under this Rule. The Business Conduct Committee shall determine the time and place of the hearing and make all determinations with regard to procedural or evidentiary matters, as well as prescribe the time within which all documents or written materials must be submitted. The regulatory staff and the Subject may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Business Conduct Committee and the other party. No Member or person associated with a Member shall refuse to furnish relevant testimony, documentary materials or other information requested by the Business Conduct Committee during the course of the hearing. The Subject is entitled to be represented by counsel who may participate fully in the hearing.

(3) If a hearing is not requested, the review will be based on written submissions and will be conducted in a manner to be determined by the Business Conduct Committee.

(4) If, after a hearing or review based on written submissions, the Business Conduct Committee determines that the Subject is guilty of the rule violation(s) alleged, the Committee may impose any one or more of the disciplinary sanctions authorized by the Exchange’s Rules.

Unless the sole disciplinary sanction imposed by the Committee for such rule violation(s) is a fine that is less than the total fine initially imposed by the Exchange for the subject violation(s), the person charged shall pay a forum fee in the amount of \$100 if the determination was reached without a hearing and \$300 if a hearing was conducted.

(5) The regulatory staff, the Subject or the Board on its own motion may require a review by the Board of any determination by the Business Conduct Committee under this Rule by proceeding in the manner described in Rule 1010.

(6) In the event that a fine imposed pursuant to this Rule is subsequently upheld by the Business Conduct Committee or, if applicable, on appeal to the Board, such fine, plus all interest that has accrued thereon since the fine was due and any forum fee imposed pursuant to subparagraph (4) above, shall be immediately payable.

(d) **Violations Subject to Fines.** The following is a list of the rule violations subject to, and the applicable sanctions that may be imposed by the Exchange pursuant to, this Rule:

(1) **Position Limits (Rule 307).**

Number of Cumulative Violations Within Any Twenty-four Month Rolling Period*	Sanction (Imposed on Exchange Members or violations occurring in all other accounts)
First Offense	\$500
Second Offense	\$1,000
Third Offense	\$2,500
Fourth and Each Subsequent Offense	\$5,000

* A violation that consists of (i) a one trade date overage, (ii) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs, or (iii) a consecutive string of trade date overage violations resulting from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

(2) **Focus Reports (Rule 803).** Each Member shall file with the Exchange a report of financial condition on SEC Form X-17A-5 as required by Rule 17a-10 under the Exchange Act. Any Member who fails to file in a timely manner such report of financial condition pursuant to Exchange Act Rule 17a-10 shall be subject to the following fines:

Calendar Days Left	Sanction
1 to 30	\$200
31 to 60	\$400
61 to 90	\$800
90 or more	Formal Disciplinary Action

(3) **Requests for Trade Data (Rule 804).** Any Member who fails to respond within ten (10) business days to a request by the Exchange for submission of trade data shall be subject to the following fines:

Business Days Late	Sanction
1 to 9	\$200
10 to 15	\$500
16 to 30	\$1,000
Over 30	Formal Disciplinary Action

Any Member who violates this Rule more than one (1) time in any calendar year shall be subject to the following fines, which fines shall be imposed in addition to any sanction imposed pursuant to the schedule above:

Number of Violations Within One Calendar Year	Sanction
2 nd Offense	\$500
3 rd Offense	\$1,000
4 th Offense	\$2,500
Subsequent Offenses	Formal Disciplinary Action

(4) **Conduct and Decorum Policies.** The Exchange's trading conduct and decorum policies shall be distributed to Members periodically and shall set forth the specific dollar amounts that may be imposed as a fine hereunder with respect to any violations of those policies.

(5) **Order Entry (Rule 520).** Violations of Rule 520(b) regarding limitations on orders entered into the System by Electronic Exchange Members will be subject to the fines listed below. Each paragraph of Rule 520 subject to this Rule shall be treated separately for purposes of determining the number of cumulative violations.

Number of Violations Within One Calendar Year	Sanction
1 to 5	Letter of Caution
6 to 10	\$500
11 to 15	\$1,000
16 or 20	\$2,000
Over 20	Formal Disciplinary Action

(6) **Execution of Orders in Appointed Options (Rule 605).** Violations of Rule 605(e), which specifies a limit on the total number of contracts executed during a quarter in options classes to which the Market Maker is not appointed shall be subject to the following sanctions:

Number of Violations Within Rolling Twelve Month Period	Sanction
1 st Offense	Letter of Caution
2 nd Offense	\$500
3 rd Offense	\$1,000
4 th Offense	\$2,500
Subsequent Offenses	Formal Disciplinary Action

(7) **Mandatory Systems Testing (Rule 314).** Failure to conduct or participate in the testing of computer systems, or failure to provide required reports or maintain required documentation, shall be subject to the fines listed below.

Violations Within One Calendar Year	Sanction
First Violation	\$250
Second Violation	\$500
Third Violation	\$1,000
Fourth Violation	\$2,000
Fifth Violation or more	Formal Disciplinary Action

(8) **Exercise of Option Contracts (Rule 700).** Any Member who fails to submit to the Exchange in a timely manner pursuant to Rule 700 or a Regulatory Circular issued pursuant to Rule 700, "Advice Cancel", or exercise instruction relating to the exercise or non-exercise of a non-cash settled equity option shall be subject to the following fines:

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Individual	Member Organization
1 st Offense	\$500	\$1,000
2 nd Offense	\$1,000	\$2,500
Subsequent Offenses	\$2,500	\$5,000

(9) **Exercise Limits (Rule 309).** Violations of Rule 309 regarding the exercise within any five (5) consecutive business days of aggregate long positions in any class of options traded on the Exchange in excess of the limits outlined in Rule 309 shall be subject to the fines listed below:

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Sanction
First Violation	\$500
Second Violation	\$1,000
Third Violation	\$2,500
Subsequent Violation	\$5,000

(10) **Reports Related to Position Limits (Rule 310).** Violations of Rule 310 regarding the failure to accurately report position and account information shall be subject to the fines listed below:

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Sanction
First Violation	\$500
Second Violation	\$1,000
Third Violation	\$2,500
Subsequent Violation	\$5,000

(11) **Trading in Restricted Classes (Rule 403).** Violations of Rule 403 of entering into an opening transaction in a restricted class shall be subject to the following sanctions:

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Sanction
1 st Offense	\$500
2 nd Offense	\$2,500
3 rd Offense	\$5,000
Subsequent Offense	Formal Disciplinary Action

(12) **Market Maker Quotations (Rule 605).** Violations of Rule 605(d) regarding continuous quoting requirements shall be subject to the fines listed below. Violations of the rule that continue over consecutive trading days will be subject to a separate fine, pursuant to this paragraph (d)(12), for each day during which the violation occurs and is continuing up to a limit of fifteen consecutive trading days. In calculating fine thresholds for each Market Maker, all violations occurring within the Period in any of the Market Makers registered series are to be added together.

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Sanction
1 st Offense	Letter of Caution
Subsequent Offense	\$300 per day

(13) **Failure to Timely File Amendments to Form U4, Form U5, and Form BD (Rules 1301, 1302, and 1303).** Any Member and/or Member Organization that is required to file Form U4, Form U5, or Form BD pursuant to the Rules, or the Securities and Exchange Act of 1934, and the rules promulgated thereunder, is required to amend the applicable Form U4, Form U5, or Form BD to keep such forms current at all times. Members and/or Member Organizations shall amend Form U4, Form U5, or Form BD no later than thirty (30) days after the filer knew of or should have known of the need for the amendment.

Number of Cumulative Violations Within Any Twelve Month Rolling Period	Sanction
1 st Offense	\$500
2 nd Offense	\$1,000
3 rd Offense	\$2,000
Subsequent Offense	Formal Disciplinary Action

[Adopted: December 13, 2016]

Rule 1015. Disciplinary Functions

(a) The Exchange may contract with another SRO to perform some or all of the Exchange's disciplinary functions. In that event, the Exchange shall specify to what extent the Rules in this Chapter shall govern Exchange disciplinary actions and to what extent the rules of the other SRO shall govern such actions. Notwithstanding the fact that the Exchange may contract with another SRO to perform some or all of the Exchange's disciplinary functions, the Exchange shall retain ultimate legal responsibility for and control of such functions.

Interpretations and Policies:

.01 The Exchange has entered into a contract with the Financial Industry Regulatory Authority ("FINRA") to provide professional hearing officers and to act as an agent of the Exchange with respect to the disciplinary procedures contained in this Chapter. All of the Rules in this Chapter shall govern Exchange disciplinary actions. Under Rule 1006(a), the professional hearing officer is designated as the Chairman of the Panel. Under Rule 1006(e), the Panel Chairman has the sole responsibility to determine the time and place of all meetings of the Panel, and make all determinations with regard to procedural or evidentiary matters, as well as prescribe the time within which all documents, exhibits, briefs, stipulations, notices or other written materials must be filed where such is not specified in the Rules.

In the course of discharging his responsibilities hereunder, the professional hearing officer shall apply the standards contained in the FINRA Industry Code of Procedure, and policies, practices and interpretations thereof, so long as the Rules in this Chapter are not in conflict.

[Adopted: December 13, 2016]

Rule 1016. Contracts of Suspended Members

(a) When a Member, other than a Clearing Member, is suspended pursuant to Chapter IX (Summary Suspension), all open short positions of the suspended Member in option contracts and all open positions resulting from exercise of option contracts, other than positions that are secured in full by a specific deposit or escrow deposit in accordance with the Rules of the Clearing Corporation, shall be closed without unnecessary delay by all Members carrying such positions for the account of the suspended Member; provided that the Exchange may cause the foregoing requirement to be temporarily waived for such period as it may determine if it shall deem such temporary waiver to be in the interest of the public or the other Members of the Exchange.

(b) No temporary waiver hereunder by the Exchange shall relieve the suspended Member of its obligations or of damages, nor shall it waive the close out requirements of any other Rules.

(c) When a Clearing Member is suspended pursuant to Chapter IX (Summary Suspension) of these Rules, the positions of such Clearing Member shall be closed out in accordance with the Rules of the Clearing Corporation.

[Adopted: December 13, 2016]

Rule 1017. Failure to Pay Premium

(a) If the Clearing Corporation shall reject an Exchange Transaction because of the failure of the Clearing Member acting on behalf of the purchaser to pay the aggregate premiums due thereon as required by the Rules of the Clearing Corporation, the Member acting as or on behalf of the writer shall have the right either to cancel the transaction by giving notice thereof to the Clearing Member or to enter into a closing writing transaction in respect of the same option contract that was the subject of the rejected Exchange Transaction for the account of the defaulting Clearing Member.

(b) Such action shall be taken as soon as possible and in any event not later than 10:00 a.m. Eastern Time on the business day following the day the Exchange Transaction was rejected by the Clearing Corporation.

[Adopted: December 13, 2016]

Rule 1018. Expedited Suspension Proceeding

(a) **Initiation of Proceeding.**

(1) **Scope of Authority.** With the prior written authorization of the Chief Regulatory Officer (“CRO”) or such other senior officers as the CRO may designate, the Exchange may initiate an expedited suspension proceeding with respect to alleged violations of Rule 322 (Disruptive Quoting and Trading Activity Prohibited).

(2) **Service of Notice.** The Exchange shall initiate the proceeding by serving a notice on a Member or associated person of a Member (hereinafter “Respondent”). The Exchange shall serve the notice by personal service or overnight commercial courier. The notice shall be effective upon service.

(3) **Content of Notice.** The notice shall state whether the Exchange is requesting the Respondent to be required to take action or to refrain from taking action. The notice shall be accompanied by:

(i) a declaration of facts, signed by a person with knowledge of the facts contained therein, that specifies the acts that constitute the alleged violation; and

(ii) a proposed order that contains the required elements of a suspension order (except the date and hour of the order’s issuance), which are set forth in sub-paragraph (d)(2) of this Rule.

(b) **Appointment of Hearing Panel and Panel Members.**

(1) As soon as practicable after the Exchange initiates a suspension proceeding, a Hearing Panel shall be assigned in accordance with paragraph (a) of Rule 1006.

(2) If at any time a Panel Member determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, or if a Party files a motion to disqualify a Panel Member, the recusal and disqualification proceeding shall be conducted in accordance with Rule 1006(a)(3), except that:

(i) a motion seeking disqualification of a Panel Member must be filed no later than 5 days after the announcement of the Hearing Panel; and

(ii) the Exchange may file a brief in opposition to the Respondent's motion no later than 5 days after service thereof.

(c) **Hearing.**

(1) **When Held.** The hearing shall be held not later than 15 days after service of the notice initiating the suspension proceeding, unless otherwise extended by the Chairman of the Hearing Panel with the consent of the Parties for good cause shown. If a Panel Member is recused or disqualified, the hearing shall be held not later than five days after a replacement Panel Member is appointed.

(2) **Service of Notice of Hearing.** A notice of date, time, and place of the hearing shall be served on the Parties not later than seven days before the hearing, unless otherwise ordered by the Chairman of the Hearing Panel. Service shall be made by personal service or overnight commercial courier. The notice shall be effective upon service.

(3) **Authority of Panel Members.** A Panel Member shall have authority to do all things necessary and appropriate to discharge his or her duties as set forth in Rule 1006.

(4) **Witnesses.** A person who is subject to the jurisdiction of the Exchange shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

(5) **Additional Information.** At any time during its consideration, the Hearing Panel may direct a Party to submit additional information. Any additional information submitted shall be provided to all Parties at least one day before the Hearing Panel renders its decision.

(6) **Transcript.** The hearing shall be recorded by a court reporter and a written transcript thereof shall be prepared. A transcript of the hearing shall be available to the Parties for purchase from the court reporter at prescribed rates. A witness may purchase a copy of the transcript of his or her own testimony from the court reporter at prescribed rates. Proposed corrections to the transcript may be submitted by affidavit to the Hearing Panel within a reasonable time determined by the Hearing Panel. Upon notice to all the Parties to the proceeding, the Hearing Panel may order corrections to the transcript as requested or sua sponte.

(7) **Record and Evidence Not Admitted.** The record shall consist of the notice initiating the proceeding, the declaration, and the proposed order described in sub-paragraph (a)(3) above; the transcript of the hearing; all evidence considered by the Hearing Panel; and any other document or item accepted into the record by the Hearing Panel. The Exchange shall be the custodian of the record. Proffered evidence that is not accepted into the record by the Hearing Panel shall be retained by the custodian of the record until the date when the Exchange's decision becomes final or, if applicable, upon the conclusion of any review by the SEC or federal courts.

(8) **Failure to Appear at a Hearing.** If a Respondent fails to appear at a hearing for which it has notice, the allegations in the notice and accompanying declaration may be deemed admitted, and the Hearing Panel may issue a suspension order without further proceedings. If the Exchange fails to appear at a hearing for which it has notice, the Hearing Panel may order that the suspension proceeding be dismissed.

(d) **Issuance of Suspension Order by Hearing Panel.**

(1) **Basis for Issuance.** The Hearing Panel shall issue a written decision stating whether a suspension order shall be imposed. The Hearing Panel shall issue the decision not later than ten days after receipt of the hearing transcript, unless otherwise extended by the Chairman of the Hearing Panel with the consent of the Parties for good cause shown. A suspension order shall be imposed if the Hearing Panel finds:

(i) by a preponderance of evidence that the alleged violation specified in the notice has occurred;

and

(ii) that the violative conduct or continuation thereof is likely to result in significant market disruption or other significant harm to investors.

(2) **Content, Scope, and Form of Order.** A suspension order shall:

(i) be limited to: (1) ordering a Respondent to cease and desist from violating Rule 322, and/or (2) ordering a Respondent to cease and desist from providing access to the Exchange to a client of Respondent that is causing violations of Rule 322;

(ii) set forth the alleged violation and the significant market disruption or other significant harm to investors that is likely to result without the issuance of an order;

(iii) describe in reasonable detail the act or acts the Respondent is to take or refrain from taking and to suspend the Respondent unless and until such action is taken or refrained from; and

(iv) include the date and hour of its issuance.

(3) **Duration of Order.** A suspension order shall remain effective and enforceable unless modified, set aside, limited, or revoked pursuant to paragraph (e), below.

(4) **Service.** The Hearing Panel's decision and any suspension order shall be served by personal service or overnight commercial courier. The suspension order shall be effective upon service.

(e) **Review by Hearing Panel.** At any time after the Respondent is served with a suspension order, a Party may apply to the Hearing Panel to have the order modified, set aside, limited, or revoked. The application shall set forth with specificity the facts that support the request. The Hearing Panel shall respond to the request in writing within ten days after receipt of the request, unless otherwise extended by the Chairman of the Hearing Panel with the consent of the Parties for good cause shown. The Hearing Panel's response shall be served on the Respondent via personal service or overnight commercial courier. The filing of an application under this Rule shall not stay the effectiveness of the suspension order.

(f) **Application to SEC for Review.** Sanctions imposed pursuant to this Rule constitute final and immediately effective disciplinary sanctions imposed by the Exchange. The right to have any action under this Rule reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review shall not stay the effectiveness of a suspension order unless the SEC otherwise orders.

[Adopted: February 6, 2017 (SR-PEARL-2017-03)]

CHAPTER XI. HEARINGS, REVIEW AND ARBITRATION

The rules contained in MIAX Options Exchange Chapter XI, as such rules may be in effect from time to time (the “Chapter XI Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter XI, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter XI Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XI Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in the Chapter XI Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in the Chapter XI Rules shall be read to refer to MIAX PEARL Rule; the defined term “Business Conduct Committee” in the Chapter XI Rules shall be read to refer to the MIAX PEARL Business Conduct Committee; and the defined term “Member” in the Chapter XI Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: December 13, 2016; amended April 3, 2017 (SR-PEARL-2017-11)]

CHAPTER XII. ORGANIZATION AND ADMINISTRATION

Rule 1200. Divisions of the Exchange

The divisions of the Exchange shall include the Regulatory Division and such other Divisions as the Chief Executive Officer, with the approval of the Board, may establish. The Chief Executive Officer shall appoint a head of every Division and may designate departments within each Division.

[Adopted: December 13, 2016]

Rule 1201. Designees

(a) The Chief Executive Officer (“CEO”) or the Chief Regulatory Officer (“CRO”) of the Exchange may formally designate one or more qualified employees of MIAX PEARL to act in place of any person named in a rule as having authority to act under such rule in the event that the named person in the rule is not available to administer that rule.

(b) For purposes of a designation by the CEO, a qualified employee is: (1) any officer of MIAX PEARL that the CEO deems to possess the requisite knowledge and job qualifications to administer that rule; or (2) any employee of the Exchange that the CEO and the Board of Directors deems to possess the requisite knowledge and job qualifications to administer that rule.

(c) For purposes of a designation by the CRO, a qualified employee is: (1) any officer of the MIAX PEARL Regulatory Division that the CRO deems to possess the requisite knowledge and job qualifications to administer that rule; or (2) an employee of the MIAX PEARL Regulatory Division that the CRO and the Board of Directors deems to possess the requisite knowledge and job qualifications to administer that rule.

[Adopted: December 13, 2016]

Rule 1202. Membership Dues

(a) The dues payable by Members shall be fixed from time to time by the Board. Dues shall be payable in full on the first day of each month on a nonrefundable basis and shall be applied to the month beginning on that day. The Board may, on the request of a Member who is serving on active duty in the Armed Forces of the United States, waive dues during the period of such service.

(b) In addition to the fees and charges provided for by Rule 1202, the Board may, from time to time, fix and impose other fees, assessments or charges to be paid to the Exchange or to an organization designated by the Exchange by Members or by categories of Members with respect to applications, registrations, approvals, use of Exchange facilities, or other services or privileges granted.

[Adopted: December 13, 2016]

Rule 1203. Other Fees and Charges

(a) **Access Fees.** The access fees payable by Members shall be fixed from time to time by the Board.

(b) **Transaction Fees.** Members shall pay a fee for each transaction they execute on the Exchange, as may be determined by the Board.

(c) **Communication Fees.** The Board may, at its discretion, impose a communication fee for quotes entered on the Exchange in addition to the fee contained in Rule 1202(b).

(d) **Regulatory Fees or Charges.** In addition to the dues and charges specified in this Chapter, the Board may, from time to time, fix and impose other fees, assessments or charges to be paid to the Exchange by Members or by Classes of Members with respect to applications, registrations, approvals, use of Exchange facilities, regulatory oversight or other services or privileges granted.

(e) **Fee Disputes.** All disputes concerning fees, dues or charges assessed by the Exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation. All disputes related to fees, dues or other charges must be submitted to the Exchange no later than sixty (60) days after the date of the monthly invoice. All Exchange invoices are due in full on a timely basis and payable in accordance with Rule 208. Any disputed amount resolved in the Member's favor will be subsequently credited to the Clearing Member's account at the Clearing Corporation.

[Adopted: December 13, 2016]

Rule 1204. Liability for Payment of Fees

(a) Any Member that does not pay any dues, fees, assessments, charges, fines or other amounts due to the Exchange within thirty (30) days after they have become payable shall be reported to the President, who may, after giving reasonable notice to the Member of such arrearages, suspend the Member's trading privileges until payment is made.

(b) A person associated with a Member who fails to pay any fine or other amounts due to the Exchange within thirty (30) days after such amount has become payable and after reasonable notice of such arrearages, may be suspended from association with a Member until payment is made.

[Adopted: December 13, 2016]

Rule 1205. Exchange's Costs of Defending Legal Proceedings

Any Member or person associated with a Member who fails to prevail in a lawsuit or other legal proceeding instituted by such person against the Exchange or any of its Directors, officers, committee members, limited liability members, employees or agents, and related to the business of the Exchange, shall pay to the Exchange all reasonable expenses, including attorneys' fees, incurred by the Exchange in the defense of such proceeding, but only in the event that such expenses exceed fifty thousand dollars (\$50,000). This provision shall not apply to disciplinary actions by the Exchange, to administrative appeals of Exchange actions or in any specific instance where the Board has granted a waiver of this provision.

[Adopted: December 13, 2016]

Rule 1206. Committees of the Exchange

(a) **Establishment of Committees.** The Chief Executive Officer, with the approval of the Board, shall appoint any committee members that are not Directors to committees established by the Board in the By-Laws, or established by the Chief Executive Officer pursuant to authority delegated to him by the Board.

(b) **Removal of Committee Members.** The Chief Executive Officer may, with the approval of the Board, remove any committee member that is not a Director for refusal, neglect, or inability to discharge such committee member's duties.

(c) **Committee Procedures.** Except as otherwise provided in the By-Laws, the Rules or resolution of the Board, each committee shall determine its own time and manner of conducting its meetings and the vote of a majority of the members of a committee present at a meeting at which time a quorum is present shall be the act of the committee. Committees may act informally by written consent of all of the members of the committee.

(d) **General Duties and Powers of Committees.** Each committee shall administer the provisions of the By-Laws and the Rules pertaining to matters within its jurisdiction. Each committee shall have such other powers and duties as may be delegated to it by the Board. Each committee is subject to the control and supervision of the Board.

[Adopted: December 13, 2016]

Rule 1207. Sales Value Fee

(a) The Sales Value Fee is assessed by the Exchange to each Member for sales on the Exchange with respect to which the Exchange is obligated to pay a fee to the Commission pursuant to Section 31 of the Exchange Act. To the extent there may be any excess monies collected under this Rule, the Exchange may retain those monies to help fund general operating expenses. The sales transactions to which the fee applies are sales of options (other than options on a security index) and the sales of securities resulting from the exercise of physical-delivery options. The fee is collected indirectly from Members through their clearing firms by The Options Clearing Corporation on behalf of MIAX PEARL with respect to option sales and options exercises.

(b) The Sales Value Fee is equal to the Section 31 fee rate multiplied by the Member's aggregate dollar amount of covered sales resulting from options transactions occurring on the Exchange during any computational period.

[Adopted: December 13, 2016]

CHAPTER XIII. DOING BUSINESS WITH THE PUBLIC

The rules contained in MIAX Options Exchange Chapter XIII, as such rules may be in effect from time to time (the “Chapter XIII Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter XIII, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter XIII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XIII Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XIII Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in the Chapter XIII Rules shall be read to refer to the MIAX PEARL Rule; the defined term “Options Principal” in the Chapter XIII Rules shall be read to refer to the MIAX PEARL Principal; and the defined term “Member” in the Chapter XIII Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: December 13, 2016; amended June 14, 2017 (SR-MIAX-2017-21); amended November 15, 2017 (SR-MIAX-2017-43); amended February 2, 2018 (SR-MIAX-2018-01)]

CHAPTER XIV. ORDER PROTECTION, LOCKED AND CROSSED MARKETS

The rules contained in MIAX Options Exchange Chapter XIV, as such rules may be in effect from time to time (the “Chapter XIV Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter XIV, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter XIV Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XIV Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XIV Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in the Chapter XIV Rules shall be read to refer to the MIAX PEARL Rule; the defined term “bid” in the Chapter XIV Rules shall be read to refer to the MIAX PEARL bid; and the defined term “Member” in the Chapter XIV Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: December 13, 2016; amended June 14, 2017 (SR-MIAX-2017-21)]

CHAPTER XV. MARGINS

The rules contained in MIAX Options Exchange Chapter XV, as such rules may be in effect from time to time (the “Chapter XV Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter XV, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter XV Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XV Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XV Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in the Chapter XV Rules shall be read to refer to the MIAX PEARL Rule; and the defined term “Member” in the Chapter XV Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: December 13, 2016]

CHAPTER XVI. NET CAPITAL REQUIREMENTS

The rules contained in MIAX Options Exchange Chapter XVI, as such rules may be in effect from time to time (the “Chapter XVI Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter XVI, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter XVI Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XVI Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XVI Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in the Chapter XVI Rules shall be read to refer to the MIAX PEARL Rule; and the defined term “Member” in the Chapter XVI Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: December 13, 2016]

CHAPTER XVII. CONSOLIDATED AUDIT TRAIL COMPLIANCE RULE

The rules contained in MIAX Options Exchange Chapter XVII, as such rules may be in effect from time to time (the “Chapter XVII Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter XVII, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter XVII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XVII Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XVII Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in the Chapter XVII Rules shall be read to refer to the MIAX PEARL Rule; and the defined term “Member” in the Chapter XVII Rules shall be read to refer to the MIAX PEARL Member.

[Adopted: March 15, 2017 (SR-PEARL-2017-04); amended August 18, 2017 (SR-MIAX-2017-35)]

CHAPTER XVIII. INDEX OPTIONS

The rules contained in MIAX Options Exchange Chapter XVIII, as such rules may be in effect from time to time (the “Chapter XVIII Rules”), are hereby incorporated by reference into this MIAX PEARL Chapter XVIII, and are thus MIAX PEARL Rules and thereby applicable to MIAX PEARL Members. MIAX PEARL Members shall comply with the Chapter XVIII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XVIII Rules shall be read to refer to the MIAX PEARL related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XVIII Rules shall be read to refer to MIAX PEARL; the defined term “Rule” in the Chapter XVIII Rules shall be read to refer to the MIAX PEARL Rule; and the defined term “Member” in the Chapter XVIII Rules shall be read to refer to the MIAX PEARL Member. Any reference to MIAX Options Rule 506(d) will be construed to reference corresponding MIAX PEARL Rule 506(e).

[Adopted: April 12, 2018 (SR-PEARL-2018-02)]