



8011-01  
SECURITIES AND EXCHANGE COMMISSION  
[Release No. 34-82385; File No. 4-715]

Self-Regulatory Organizations; MIAX PEARL, LLC; Order Declaring Effective a Minor Rule Violation Plan  
December 21, 2017.

On November 16, 2017, MIAX PEARL, LLC ("Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed minor rule violation plan ("MRVP" or "Plan") pursuant to Section 19(d)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19d-1(c)(2) thereunder.<sup>2</sup> The proposed MRVP was published for comment on November 28, 2017.<sup>3</sup> The Commission received no comments on the proposal. This order declares the Exchange's proposed MRVP effective.

The Exchange's MRVP specifies the rule violations which will be included in the Plan and will have sanctions not exceeding \$2,500. Any violations which are resolved under the MRVP would not be subject to the provisions of Rule 19d-1(c)(1) of the Act,<sup>4</sup> which requires that a self-regulatory organization ("SRO") promptly file notice with the Commission of any final disciplinary action taken with respect to any

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<sup>1</sup> 15 U.S.C. 78s(d)(1)

<sup>2</sup> 17 CFR 240.19d-1(c)(2).

<sup>3</sup> See Securities Exchange Act Release No. 82146 (November 22, 2017), 82 FR 56280 ("Notice").

<sup>4</sup> 17 CFR 240.19d-1(c)(1).

person or organization.<sup>5</sup> In accordance with Rule 19d-1(c)(2) under the Act,<sup>6</sup> the Exchange proposed to designate certain specified rule violations as eligible for consideration as minor rule violations, and requested that it be relieved of the prompt reporting requirements regarding such violations, provided it gives notice of the violations to the Commission on a quarterly basis.

The Exchange proposed to include in its MRVP the procedures and violations currently included in Exchange Rule 1014 (“Imposition of Fines for Minor Rule Violations”).<sup>7</sup> According to the Exchange’s proposed MRVP, under Exchange Rule 1014, the Exchange may impose a fine (not to exceed \$2,500) on any Member, or person associated with or employed by a Member, for any rule listed in Rule 1014(d).<sup>8</sup> The

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<sup>5</sup> The Commission adopted amendments to paragraph (c) of Rule 19d-1 to allow SROs to submit for Commission approval plans for the abbreviated reporting of minor disciplinary infractions. See Securities Exchange Act Release No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1984). Any disciplinary action taken by an SRO against any person for violation of a rule of the SRO which has been designated as a minor rule violation pursuant to a plan filed with and declared effective by the Commission is not considered “final” for purposes of Section 19(d)(1) of the Act if the sanction imposed consists of a fine not exceeding \$2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies.

<sup>6</sup> 17 CFR 240.19d-1(c)(2).

<sup>7</sup> The Exchange received its grant of registration on December 13, 2016, which included approving the rules that govern the Exchange. See Securities Exchange Act Release No. 79543 (December 13, 2016), 81 FR 92901 (December 20, 2016).

<sup>8</sup> While Rule 1014 allows the Exchange to administer fines up to \$5,000, the Exchange is only seeking relief from the reporting requirements of paragraph (c)(1) of Rule 19d-1 for fines administered under Rule 1014(d) that do not exceed \$2,500.

Under the proposed MRVP, violations of the following rules would be appropriate for disposition under the MRVP: Rule 307 (Position Limits); Rule 803 (Focus Reports); Rule 804 (Requests for Trade Data); Rule 520 (Order Entry); Rule 605 (Execution of Orders in Appointed Options); Rule 314 (Mandatory Systems Testing); Rule 700 (Exercise of Option Contracts); Rule 309 (Exercise Limits); Rule 310 (Reports Related to Position Limits); Rule 403 (Trading in Restricted Classes); Rule 605 (Market Maker Quotations); and Rules

Exchange shall serve the person against whom a fine is imposed with a written statement setting forth the rule or rules violated, the act or omission constituting each such violation, the fine imposed, and the date by which such determination becomes final or by which such determination must be contested. If the person against whom the fine is imposed pays the fine, the payment shall be deemed to be a waiver of the person's right to a disciplinary proceeding and any review of the matter under the Exchange rules. Any person against whom a fine is imposed may contest the Exchange's determination by filing with the Exchange a written answer, at which point the matter shall proceed under the rules governing formal disciplinary proceedings.

Once the Exchange's MRVP is effective, the Exchange will provide to the Commission a quarterly report for any actions taken on minor rule violations under the MRVP. The quarterly report will include: the disposition date, the name of the firm/individual, the Exchange's internal enforcement number, the review period, the nature of the violation type, the number of the rule that was violated, the number of times the violation occurred, and the sanction imposed.<sup>9</sup>

The Commission finds that the proposal is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d-1(c)(2) under the Act,<sup>10</sup> because the MRVP will permit the Exchange to carry out its oversight and enforcement responsibilities as an SRO more efficiently in cases

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1301, 1302, and 1303 (Failure to Timely File Amendments to Form U4, Form U5, and Form BD). According to the Exchange, Conduct and Decorum Policies under Rule 1014(d)(4) are excluded from the proposed MRVP. See Notice, supra note 3.

<sup>9</sup> The Exchange attached a sample form of the quarterly report with its submission to the Commission.

<sup>10</sup> 17 CFR 240.19d-1(c)(2).

where formal disciplinary proceedings are not necessary due to the minor nature of the particular violation.

In declaring the Exchange's MRVP effective, the Commission does not minimize the importance of compliance with Exchange rules and all other rules subject to the imposition of sanctions under Exchange Rule 1014. Violation of an SRO's rules, as well as Commission rules, is a serious matter. However, Exchange Rule 1014 provides a reasonable means of addressing violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Commission expects the Exchange to continue to conduct surveillance and make determinations based on its findings, on a case-by-case basis, regarding whether a violation requires formal disciplinary action or whether a sanction under the MRVP is appropriate.

IT IS THEREFORE ORDERED, pursuant to Rule 19d-1(c)(2) under the Act,<sup>11</sup> that the proposed MRVP for MIAX PEARL, LLC, File No. 4-715, be, and hereby is, declared effective.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

Brent J. Fields,  
Secretary.

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<sup>11</sup> Id.

<sup>12</sup> 17 CFR 200.30-3(a)(44).

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