



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83814; File No. SR-PEARL-2018-17]

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

August 9, 2018

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 1, 2018, MIAX PEARL, LLC (“MIAX PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX PEARL Fee Schedule (the “Fee Schedule”).

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings/pearl> at MIAX PEARL’s principal office, and at the Commission’s Public Reference Room.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

1. Purpose

The Exchange proposes to amend the Add/Remove Tiered Rebates/Fees set forth in Section 1)a) of the Fee Schedule to (i) decrease Maker (as defined below) rebates in Tier 6 for options transactions in Penny classes (as defined below) and non-Penny classes (as defined below) for Priority Customers;³ (ii) increase Taker (as defined below) fees in certain Tiers for options transactions in Penny classes and in all Tiers for options transactions in non-Penny classes for MIAX PEARL Market Makers,⁴ and (iii) increase the Taker fees in all Tiers for options transactions in non-Penny classes for Non-Priority Customers, Firms, Broker-Dealers and Non-MIAX PEARL Market Makers (collectively herein "Professional Members").

The Exchange currently assesses transaction rebates and fees to all market participants which are based upon the total monthly volume executed by the Member⁵ on MIAX PEARL in

³ "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). See Exchange Rule 100, including Interpretations and Policies .01.

⁴ "Market Maker" means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁵ "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of the Exchange Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed

the relevant, respective origin type (not including Excluded Contracts)⁶ expressed as a percentage of TCV.⁷ In addition, the per contract transaction rebates and fees are applied retroactively to all eligible volume for that origin type once the respective threshold tier (“Tier”) has been reached by the Member. The Exchange aggregates the volume of Members and their Affiliates.⁸ Members that place resting liquidity, i.e., orders resting on the book of the MIAX

“members” under the Exchange Act. See the Definitions Section of the Fee Schedule and Exchange Rule 100.

⁶ “Excluded Contracts” means any contracts routed to an away market for execution. See the Definitions Section of the Fee Schedule.

⁷ “TCV” means total consolidated volume calculated as the total national volume in those classes listed on MIAX PEARL for the month for which the fees apply, excluding consolidated volume executed during the period time in which the Exchange experiences an “Exchange System Disruption” (solely in the option classes of the affected Matching Engine (as defined below)). The term Exchange System Disruption, which is defined in the Definitions section of the Fee Schedule, means an outage of a Matching Engine or collective Matching Engines for a period of two consecutive hours or more, during trading hours. The term Matching Engine, which is also defined in the Definitions section of the Fee Schedule, is a part of the MIAX PEARL electronic system that processes options orders and trades on a symbol-by-symbol basis. Some Matching Engines will process option classes with multiple root symbols, and other Matching Engines may be dedicated to one single option root symbol (for example, options on SPY may be processed by one single Matching Engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated Matching Engine. A particular root symbol may not be assigned to multiple Matching Engines. The Exchange believes that it is reasonable and appropriate to select two consecutive hours as the amount of time necessary to constitute an Exchange System Disruption, as two hours equates to approximately 1.4% of available trading time per month. The Exchange notes that the term “Exchange System Disruption” and its meaning have no applicability outside of the Fee Schedule, as it is used solely for purposes of calculating volume for the threshold tiers in the Fee Schedule. See the Definitions Section of the Fee Schedule.

⁸ “Affiliate” means (i) an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A, or (ii) the Appointed Market Maker of an Appointed EEM (or, conversely, the Appointed EEM of an Appointed Market Maker). An “Appointed Market Maker” is a MIAX PEARL Market Maker (who does not otherwise have a corporate affiliation based upon common ownership with an EEM) that has been appointed by an EEM and an “Appointed EEM” is an EEM (who does not otherwise have a corporate affiliation based upon common ownership with a MIAX PEARL Market Maker) that has been appointed by a MIAX

PEARL System,⁹ are paid the specified “maker” rebate (each a “Maker”), and Members that execute against resting liquidity are assessed the specified “taker” fee (each a “Taker”). For opening transactions and ABBO uncrossing transactions, per contract transaction rebates and fees are waived for all market participants. Finally, Members are assessed lower transaction fees and receive lower rebates for order executions in standard option classes in the Penny Pilot Program¹⁰ (“Penny classes”) than for order executions in standard option classes which are not in the Penny Pilot Program (“non-Penny classes”), where Members are assessed higher transaction fees and receive higher rebates. Transaction rebates and fees in Section 1)a) of the Fee Schedule are currently assessed according to the following tables:

			Per Contract Rebates/Fees for Penny Classes				Per Contract Rebates/Fees for Non-Penny Classes	
Origin	Tier	Volume Criteria	Maker	Taker*	SPY Taker	QQQ, IWM, VXX Taker	Maker	Taker
Priority Customer	1	0.00% - 0.10%	(\$0.25)	\$0.48	\$0.44	\$0.47	(\$0.85)	\$0.87
	2	Above 0.10% - 0.35%	(\$0.40)	\$0.46	\$0.43	\$0.46	(\$0.95)	\$0.86
	3	Above 0.35% - 0.50%	(\$0.45)	\$0.44	\$0.42	\$0.44	(\$1.00)	\$0.85
	4	Above 0.50% - 0.75%	(\$0.52)	\$0.44	\$0.41	\$0.43	(\$1.03)	\$0.84
	5	Above 0.75% - 1.25%	(\$0.53)	\$0.44	\$0.40	\$0.42	(\$1.04)	\$0.84
	6	Above 1.25%	(\$0.54)	\$0.43	\$0.38	\$0.40	(\$1.05)	\$0.84

* For all Penny Classes other than SPY, QQQ, IWM, and VXX.

PEARL Market Maker, pursuant to the process described in the Fee Schedule. See the Definitions Section of the Fee Schedule.

⁹ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

¹⁰ See Securities Exchange Act Release No. 83517 (June 25, 2018), 83 FR 30792 (June 29, 2018)(SR-PEARL-2018-14).

			Per Contract Rebates/Fees for Penny Classes		Per Contract Rebates/Fees for Non-Penny Classes	
Origin	Tier	Volume Criteria	Maker	Taker	Maker**	Taker**
All MIAX PEARL Market Makers	1	0.00% - 0.15%	(\$0.25)	\$0.50	(\$0.30)	\$1.05
	2	Above 0.15% - 0.40%	(\$0.40)	\$0.50	(\$0.30)	\$1.05
	3	Above 0.40% - 0.65%	(\$0.40)	\$0.48	(\$0.60)	\$1.03
	4	Above 0.65% - 1.00% or Above 2.25% in SPY	(\$0.47)	\$0.43	(\$0.65)	\$1.02
	5	Above 1.00% - 1.40%	(\$0.48)	\$0.43	(\$0.70)	\$1.02
	6	Above 1.40%	(\$0.48)	\$0.43	(\$0.85)	\$1.02

			Per Contract Rebates/Fees for Penny Classes		Per Contract Rebates/Fees for Non-Penny Classes	
Origin	Tier	Volume Criteria	Maker^	Taker	Maker**^	Taker**
Non-Priority Customer, Firm, BD, and Non-MIAX PEARL Market Makers	1	0.00% - 0.15%	(\$0.25)	\$0.50	(\$0.30)	\$1.05
	2	Above 0.15% - 0.40%	(\$0.40)	\$0.50	(\$0.30)	\$1.05
	3	Above 0.40% - 0.65%	(\$0.40)	\$0.48	(\$0.60)	\$1.04
	4	Above 0.65% - 1.00%	(\$0.47)	\$0.48	(\$0.65)	\$1.04
	5	Above 1.00% – 1.40%	(\$0.48)	\$0.48	(\$0.70)	\$1.04
	6	Above 1.40%	(\$0.48)	\$0.48	(\$0.85)	\$1.04

** Members may qualify for the Maker Rebate and the Taker Fee associated with the highest Tier for transactions in Non-Penny classes if the Member executes more than 0.30% volume in Non-Penny classes, not including Excluded Contracts, as compared to the TCV in all MIAX PEARL listed option classes. For purposes of qualifying for such rates, the Exchange will aggregate the volume transacted by Members and their Affiliates in the following Origin types in Non-Penny classes: MIAX PEARL Market Makers, and Non-Priority Customer, Firm, BD, and Non-MIAX PEARL Market Makers.

^ Members may qualify for Maker Rebates equal to the greater of: (A) (\$0.40) for Penny Classes and (\$0.65) for Non-Penny Classes, or (B) the amount set forth in the applicable Tier reached by the Member in the relevant Origin, if the Member and their Affiliates execute at least 1.50% volume in the relevant month, in Priority Customer Origin type, in all options classes, not including Excluded Contracts, as compared to the TCV in all MIAX PEARL listed option classes.

Except as otherwise set forth herein, the Volume Criteria is calculated based on the total monthly volume executed by the Member in all options classes on MIAX PEARL in the relevant Origin type, not including Excluded Contracts, (as the numerator) expressed as a percentage of (divided by) TCV (as the denominator). In Tier 4 for MIAX PEARL Market Makers, the alternative Volume Criteria (above 2.25% in SPY) is calculated based on the total monthly volume executed by the Market Maker solely in SPY options on MIAX PEARL in the relevant Origin type, not including Excluded Contracts, (as the numerator) expressed as a

percentage of (divided by) SPY TCV (as the denominator). The per contract transaction rebates and fees shall be applied retroactively to all eligible volume once the threshold has been reached by Member. The Exchange aggregates the volume of Members and their Affiliates in the Add/Remove Tiered Fees. The per contract transaction rebates and fees shall be waived for transactions executed during the opening and for transactions that uncross the ABBO.

Maker Rebates

The Exchange proposes to decrease the Maker rebate amounts in Tier 6 as described below for Penny and non-Penny classes for Priority Customers. Specifically, for Priority Customer options transactions in Penny classes, the Exchange proposes to decrease the Maker rebate in Tier 6 from (\$0.54) to (\$0.53). For Priority Customer options transactions in non-Penny classes, the Exchange proposes to decrease the Maker rebate in Tier 6 from (\$1.05) to (\$1.04).

Taker Fees

The Exchange proposes to: (i) Increase the Taker fees assessable to MIAX PEARL Market Makers in certain Tiers for options transactions in Penny classes and in all Tiers for options transactions in non-Penny classes, and (ii) increase the Taker fees assessable to Professional Members in all tiers for options transactions in non-Penny classes. Specifically, the Exchange proposes to increase the Taker fees for MIAX PEARL Market Makers orders in options in Penny classes in Tier 4 from \$0.43 to \$0.47, in Tier 5 from \$0.43 to \$0.45 and in Tier 6 from \$0.43 to \$0.44. The Exchange also proposes to increase the Taker fee for MIAX PEARL Market Makers for options transactions in non-Penny classes in Tier 1 from \$1.05 to \$1.10, in Tier 2 from \$1.05 to \$1.10, in Tier 3 from \$1.03 to \$1.09, in Tier 4 from \$1.02 to \$1.08, in Tier 5 from \$1.02 to \$1.07 and in Tier 6 from \$1.02 to \$1.06. The Exchange proposes to increase the Taker fees for Professional Members for options transactions in non-Penny classes in Tier 1 from \$1.05 to \$1.10, in Tier 2 from \$1.05 to \$1.10, in Tier 3 from \$1.04 to \$1.10, in Tier 4 from \$1.04 to \$1.09, in Tier 5 from \$1.04 to \$1.08 and in Tier 6 from \$1.04 to \$1.07.

The purpose of increasing the specified Taker fees and decreasing the specified Maker rebates is for business and competitive reasons. As a new exchange, in order to attract order flow, the Exchange initially set its Maker rebates and Taker fees so that they were meaningfully higher/ lower than other options exchanges that operate comparable maker/taker pricing models.¹¹ The Exchange now believes that it is appropriate to further adjust these specified Maker rebates and Taker fees so that they are more in line with other exchanges, but will still remain highly competitive such that they should enable the Exchange to continue to attract order flow and maintain market share.¹²

Cboe BZX Exchange, Inc. (“Cboe BZX”) generally provides for similar fees and rebates. For example, under threshold criteria similar to MIAX PEARL’s proposed rebates in Priority Customer Tier 6 for Penny Classes, Cboe BZX’s Customer Penny Pilot Add Tiers 5, 6 and 7 provides for a rebate of \$0.53.¹³ Additionally, under threshold criteria similar to MIAX PEARL’s proposed rebates in Priority Customer Tier 6 for non-Penny Classes, Cboe BZX provides for a rebate of \$1.02 in its Customer Non-Penny Pilot Add Tier 3, and a rebate of \$1.05, in Tier 4.¹⁴ Further, under threshold criteria similar to MIAX PEARL’s proposed Taker fees for Market Makers in Tiers 4, 5 and 6, in Penny Classes, Cboe BZX charges fees of \$0.44 and \$0.47 in its non-Customer Penny Pilot Take Volume Tiers for Market Makers.¹⁵ Additionally, similar

¹¹ See Securities Exchange Act Release Nos. 80915 (June 13, 2017), 82 FR 27912 (June 19, 2017)(SR-PEARL-2017-29); 80914 (June 13, 2017), 82 FR 27910 (June 19, 2017)(SR-PEARL-2017-30).

¹² See Cboe BZX Options Exchange Fee Schedule, under “Transaction Fees.”

¹³ See Cboe BZX Options Exchange Fee Schedule, under “Transaction Fees,” “Customer Penny Pilot Add Tiers.”

¹⁴ See Cboe BZX Options Exchange Fee Schedule, under “Transaction Fees,” “Customer Non-Customer Penny Pilot Add Volume Tier.”

¹⁵ See Cboe BZX Options Exchange Fee Schedule, under “Transaction Fees,” “Non-Customer Penny Pilot Take Volume Tiers.”

to the Taker fees proposed by MIAX PEARL for Market Makers in non-Penny Classes, Cboe BZX charges Market Makers a fee of \$1.07 in its non-Customer, Non-Penny Pilot Take Volume Tiers.¹⁶ Furthermore, similar to the Taker fees proposed by MIAX PEARL for Professional Members in Non-Penny Classes, Cboe BZX charges Professionals a fee of \$1.07 in its Non-Customer, Non-Penny Pilot Take Volume Tiers.¹⁷

With all proposed changes, Section 1)a) of the Fee Schedule shall be the following:

			Per Contract Rebates/Fees for Penny Classes				Per Contract Rebates/Fees for Non-Penny Classes	
Origin	Tier	Volume Criteria	Maker	Taker*	SPY Taker	QQQ, IWM, VXX Taker	Maker	Taker
Priority Customer	1	0.00% - 0.10%	(\$0.25)	\$0.48	\$0.44	\$0.47	(\$0.85)	\$0.87
	2	Above 0.10% - 0.35%	(\$0.40)	\$0.46	\$0.43	\$0.46	(\$0.95)	\$0.86
	3	Above 0.35% - 0.50%	(\$0.45)	\$0.44	\$0.42	\$0.44	(\$1.00)	\$0.85
	4	Above 0.50% - 0.75%	(\$0.52)	\$0.44	\$0.41	\$0.43	(\$1.03)	\$0.84
	5	Above 0.75% - 1.25%	(\$0.53)	\$0.44	\$0.40	\$0.42	(\$1.04)	\$0.84
	6	Above 1.25%	(\$0.53)	\$0.43	\$0.38	\$0.40	(\$1.04)	\$0.84

* For all Penny Classes other than SPY, QQQ, IWM, and VXX.

¹⁶ See Cboe BZX Options Exchange Fee Schedule, under “Transaction Fees,” “Non-Customer Non-Penny Pilot Take Volume Tiers.”

¹⁷ See Cboe BZX Options Exchange Fee Schedule, under “Transaction Fees,” “Non-Customer Non-Penny Pilot Take Volume Tiers.”

			Per Contract Rebates/Fees for Penny Classes		Per Contract Rebates/Fees for Non-Penny Classes	
Origin	Tier	Volume Criteria	Maker	Taker	Maker**	Taker**
All MIAX PEARL Market Makers	1	0.00% - 0.15%	(\$0.25)	\$0.50	(\$0.30)	\$1.10
	2	Above 0.15% - 0.40%	(\$0.40)	\$0.50	(\$0.30)	\$1.10
	3	Above 0.40% - 0.65%	(\$0.40)	\$0.48	(\$0.60)	\$1.09
	4	Above 0.65% - 1.00% or Above 2.25% in SPY	(\$0.47)	\$0.47	(\$0.65)	\$1.08
	5	Above 1.00% - 1.40%	(\$0.48)	\$0.45	(\$0.70)	\$1.07
	6	Above 1.40%	(\$0.48)	\$0.44	(\$0.85)	\$1.06

			Per Contract Rebates/Fees for Penny Classes		Per Contract Rebates/Fees for Non-Penny Classes	
Origin	Tier	Volume Criteria	Maker^	Taker	Maker**^	Taker**
Non-Priority Customer, Firm, BD, and Non-MIAX PEARL Market Makers	1	0.00% - 0.15%	(\$0.25)	\$0.50	(\$0.30)	\$1.10
	2	Above 0.15% - 0.40%	(\$0.40)	\$0.50	(\$0.30)	\$1.10
	3	Above 0.40% - 0.65%	(\$0.40)	\$0.48	(\$0.60)	\$1.10
	4	Above 0.65% - 1.00%	(\$0.47)	\$0.48	(\$0.65)	\$1.09
	5	Above 1.00% – 1.40%	(\$0.48)	\$0.48	(\$0.70)	\$1.08
	6	Above 1.40%	(\$0.48)	\$0.48	(\$0.85)	\$1.07

** Members may qualify for the Maker Rebate and the Taker Fee associated with the highest Tier for transactions in Non-Penny classes if the Member executes more than 0.30% volume in Non-Penny classes, not including Excluded Contracts, as compared to the TCV in all MIAX PEARL listed option classes. For purposes of qualifying for such rates, the Exchange will aggregate the volume transacted by Members and their Affiliates in the following Origin types in Non-Penny classes: MIAX PEARL Market Makers, and Non-Priority Customer, Firm, BD, and Non-MIAX PEARL Market Makers.

^ Members may qualify for Maker Rebates equal to the greater of: (A) (\$0.40) for Penny Classes and (\$0.65) for Non-Penny Classes, or (B) the amount set forth in the applicable Tier reached by the Member in the relevant Origin, if the Member and their Affiliates execute at least 1.50% volume in the relevant month, in Priority Customer Origin type, in all options classes, not including Excluded Contracts, as compared to the TCV in all MIAX PEARL listed option classes.

Except as otherwise set forth herein, the Volume Criteria is calculated based on the total monthly volume executed by the Member in all options classes on MIAX PEARL in the relevant Origin type, not including Excluded Contracts, (as the numerator) expressed as a percentage of (divided by) TCV (as the denominator). In Tier 4 for MIAX PEARL Market Makers, the alternative Volume Criteria (above 2.25% in SPY) is calculated based on the total monthly volume executed by the Market Maker solely in SPY options on MIAX PEARL in the relevant Origin type, not including Excluded Contracts, (as the numerator) expressed as a percentage of (divided by) SPY TCV (as the denominator). The per contract transaction rebates and fees shall be applied retroactively to all eligible volume once the threshold has been reached by Member. The Exchange aggregates the volume of Members and their Affiliates in the Add/Remove Tiered Fees. The per contract

transaction rebates and fees shall be waived for transactions executed during the opening and for transactions that uncross the ABBO.

The proposed changes are scheduled to become operative August 1, 2018.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act,¹⁹ in that it is an equitable allocation of reasonable dues, fees and other charges among Exchange members and issuers and other persons using its facilities, and 6(b)(5) of the Act,²⁰ in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The proposed Maker rebate decrease in Penny classes and non-Penny classes applicable to Priority Customers in Tier 6 is reasonable, equitable and not unfairly discriminatory because all similarly situated market participants are subject to the same tiered rebates and fees and access to the Exchange is offered on terms that are not unfairly discriminatory. The Exchange believes it is equitable and not unfairly discriminatory to only offer this reduced taker fee to Priority Customer orders because a Priority Customer is, by definition, not a broker or dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). This limitation does not apply to participants on the Exchange whose behavior is substantially similar to that of market professionals, who will

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(4).

²⁰ 15 U.S.C. 78f(b)(1) and (b)(5).

generally submit a higher number of orders than Priority Customers. For competitive and business reasons, the Exchange initially set its Maker rebates for Priority Customer orders higher than certain other options exchanges that operate comparable maker/taker pricing models.²¹ The Exchange now believes that it is appropriate to further decrease those specified Maker rebates so that they are more in line with other exchanges, and will still remain highly competitive such that they should enable the Exchange to continue to attract order flow and maintain market share.²²

The proposed Taker fee increases in certain specified Tiers applicable to orders submitted by MIAX PEARL Market Makers and Professional Members are reasonable, equitable and not unfairly discriminatory because all option orders of the same origin type are subject to the same tiered Taker fees and access to the Exchange is offered on terms that are not unfairly discriminatory. For competitive and business reasons, the Exchange initially set its Taker fees for MIAX PEARL Market Maker and Professional Member orders lower than certain other options exchanges that operate comparable maker/taker pricing models.²³ The Exchange now believes that it is appropriate to further increase those specified Taker fees so that they are more in line with other exchanges, and will still remain highly competitive such that they should enable the Exchange to continue to attract order flow and maintain market share. The Exchange notes that, even as amended, its Taker fees for MIAX PEARL Market Makers and Professional Members are generally lower than certain other options exchanges operating competing models.²⁴ The Exchange believes for these reasons that increasing certain Taker fees for MIAX

²¹ See supra note 11.

²² See supra note 12

²³ See supra note 11.

²⁴ See supra note 12

PEARL Market Maker and Professional Member transactions in the specified Tiers is equitable, reasonable and not unfairly discriminatory, and thus consistent with the Act.

Furthermore, the proposed increases to the Taker fees for MIAX PEARL Market Maker and Professional Member transactions promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in facilitating transactions in securities, and protects investors and the public interest, because even with the increases, the Exchange's proposed Taker fees for MIAX PEARL Market Maker and Professional Member orders still remain highly competitive with certain other options exchanges offering comparable pricing models, and should enable the Exchange to continue to attract order flow and maintain market share.²⁵ The Exchange believes that the amount of such fees, as proposed to be increased, will continue to encourage those market participants to send orders to the Exchange. To the extent that order flow is increased by the proposal, market participants will increasingly compete for the opportunity to trade on the Exchange, including sending more orders which will have the potential to be assessed lower fees and higher rebates than certain other competing options exchanges. The resulting increased volume and liquidity will benefit all Exchange participants by providing more trading opportunities and tighter spreads.

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

MIAX PEARL does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed changes in the specified Maker rebates and Taker fees for the applicable market participants should continue to encourage the provision of liquidity that enhances the quality of the Exchange's market and increases the number of trading opportunities

²⁵ See id.

on MIAX PEARL for all participants who will be able to compete for such opportunities. The proposed rule change should enable the Exchange to continue to attract and compete for order flow with other exchanges. However, this competition does not create an undue burden on competition but rather offers all market participants the opportunity to receive the benefit of competitive pricing.

The proposed Maker rebate decreases and Taker fee increases are intended to keep the Exchange's fees highly competitive with those of other exchanges, and to encourage liquidity and should enable the Exchange to continue to attract and compete for order flow with other exchanges. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its rebates and fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule changes reflect this competitive environment because they modify the Exchange's fees in a manner that encourages market participants to continue to provide liquidity and to send order flow to the Exchange.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,²⁶ and Rule 19b-4(f)(2)²⁷ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears

²⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁷ 17 CFR 240.19b-4(f)(2).

to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-PEARL-2018-17 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-PEARL-2018-17. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be

available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-PEARL-2018-17, and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁸

Eduardo A. Aleman,

Assistant Secretary.

BILLING CODE 8011-01

²⁸ 17 CFR 200.30-3(a)(12).

