

Required fields are shown with yellow backgrounds and asterisks.

Filing by MIAX PEARL, LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

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

Amend Rule 2618, Risk Settings and Trading Risk Metrics, to allow Clearing Members to adjust Equity Member Risk Setting.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Chris Last Name * Solgan
Title * Vice President, Senior Counsel
E-mail * csolgan@miami-holdings.com
Telephone * (609) 897-8494 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 09/14/2020
By Chris Solgan
Vice President, Senior Counsel
(Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. **Text of the Proposed Rule Change**

(a) MIAX PEARL, LLC (“MIAX PEARL” or the “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to provide Equity Members³ certain optional risk settings under Exchange Rule 2618 when trading equity securities on the Exchange’s equity trading platform (referred to herein as “MIAX PEARL Equities”).

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX PEARL Board of Directors on January 29, 2020. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority.

Questions and comments on the proposed rule change may be directed to Chris Solgan, Vice President and Senior Counsel, at (609) 897-8494.

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

a. Purpose

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Exchange Rule 1901 for the definition of Equity Member.

The purpose of the proposed rule change is to provide Equity Members certain optional risk settings under Exchange Rule 2618 when trading equity securities on MIA X PEARL Equities.⁴ To help Equity Members manage their risk, the Exchange proposes to offer optional risk settings that would authorize the Exchange to take automated action if a designated limit for an Equity Member is breached. Such risk settings would provide Equity Members with enhanced abilities to manage their risk with respect to orders on the Exchange. Proposed paragraph (a)(2) of Rule 2618⁵ sets forth the specific risk control the Exchange proposes to offer. Specifically, the Exchange proposes to offer the following risk setting:

- The “Gross Notional Trade Value”, which refers to a pre-established maximum daily dollar amount for purchases and sales across all symbols, where both purchases and sales are counted as positive values. For purposes of calculating the Gross Notional Trade Value, only executed orders are included.⁶

⁴ The proposed rule changes are substantially similar to a recent rule amendment by Cboe BZX Exchange, Inc. (“BZX”) and Cboe EDGX Exchange, Inc. (“EDGX”). See Interpretation and Policy .03 to BZX Rule 11.13 and Interpretation and Policy .03 to EDGX Rule 11.10. See Securities Exchange Act Nos. 88599 (April 8, 2020) 85 FR 20793 (April 14, 2020) (the “BZX Approval”); and 88783 (April 30, 2020), 85 FR 26991 (May 6, 2020) (the “EDGX Notice”). See also Securities Exchange Act Release Nos. 89032 (June 9, 2020), 85 FR 36246 (June 15, 2020) (SR-CboeBZX-2020-44); and 89000 (June 3, 2020), 85 FR 35344 (June 9, 2020) (SR-CboeEDGX-2020-023).

⁵ The Exchange proposes to renumber the current paragraph (2) under Exchange Rule 2618 as paragraph (7) to account for proposed paragraphs (a)(2) through (6) described in this proposed rule change.

⁶ One difference between this proposed rule change and those of BZX and EDGX is that the Exchange does not propose at this time to offer a net credit risk setting, which refers to a pre-established maximum daily dollar amount for purchases and sales across all symbols, where purchases are counted as positive values and sales are counted as negative values. See supra note 4. The Exchange will submit a separate proposed rule change with the Commission to adopt a “Net Notional Trade Value” in the future.

The Gross Notional Trade Value risk setting is similar to credit controls measuring gross exposure provided for in paragraph (a)(1)(A) of Exchange Rule 2618 and allow limits to be set at the Market Participant Identifier (“MPID”), session, and firm level.⁷ Therefore, the proposed risk management functionality would allow an Equity Member to manage its risk more comprehensively and across various level settings. Further, like our existing credit controls measuring gross exposure, the proposed risk setting would also be based on a notional execution value. The Exchange notes that the current gross notional control noted in paragraph (a)(1)(A) of Exchange Rule 2618 will continue to be available in addition to the proposed risk setting.

Proposed paragraph (a)(4) of Exchange Rule 2618 provides that an Equity Member that does not self-clear may allocate and revoke⁸ the responsibility of establishing and adjusting the risk settings identified in proposed paragraph (a)(2) of Exchange Rule 2618 to a Clearing Member that clears transactions on behalf of the Equity Member, if designated in a manner prescribed by the Exchange. Specifically, Exchange Rule 2620(a): (i) defines the term “Clearing Member”;⁹ (ii) outlines the process by which a Clearing Member shall affirm its responsibility for clearing any and all trades executed by the Equity Member designating it as its Clearing Firm; and

⁷ Another difference between this proposed rule change and those of BZX and EDGX is that both BZX and EDGX only allow the gross credit risk limits to be set at the MPD Level or to a subset of orders identified within that MPID (the “risk group identifier” level). See supra note 4. The Exchange believes allowing for limits to be set at the MPID, session, or firm level provides Equity Members greater flexibility in managing their risk exposure.

⁸ As discussed below, if an Equity Member revokes the responsibility of establishing and adjusting the risk settings identified in proposed paragraph (a), the settings applied by the Equity Member would be applicable.

⁹ The term “Clearing Member” refers to a Member that is a member of a Qualified Clearing Agency and clears transactions on behalf of another Member. See Exchange Rule 2620(a).

(iii) provides that the rules of a Qualified Clearing Agency shall govern with respect to the clearance and settlement of any transactions executed by the Equity Member on the Exchange.

By way of background, Exchange Rule 2620(a) requires that all transactions passing through the facilities of the Exchange shall be cleared and settled through a Qualified Clearing Agency using a continuous net settlement system.¹⁰ As reflected on Exchange Rule 2620(a), this requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a corresponding clearing arrangement with another Member that clears through a Qualified Clearing Agency (i.e., a Clearing Member). If an Equity Member clears transactions through another Equity Member that is a Clearing Member, such Clearing Member shall affirm to the Exchange in writing, through letter of authorization, letter of guarantee or other agreement acceptable to the Exchange, its agreement to assume responsibility for clearing and settling any and all trades executed by the Member designating it as its clearing firm.¹¹ Thus, while not all Equity Members are Clearing Members, all Equity Members are required either to clear their own transactions or to have in place a relationship with a Clearing Member that has agreed to clear transactions on their behalf in order to conduct business on the Exchange. Therefore, the Clearing Member that guarantees the Member's transactions on the Exchange has a financial interest in the risk settings utilized within the System¹² by the Member.

Paragraph (a) of Rule 2620 allows Clearing Members an opportunity to manage their

¹⁰ The term "Qualified Clearing Agency" means a clearing agency registered with the Commission pursuant to Section 17A of the Act that is deemed qualified by the Exchange. See Exchange Rule 1901. The rules of any such clearing agency shall govern with the respect to the clearance and settlement of any transactions executed by the Member on the Exchange.

¹¹ An Equity Member can designate one Clearing Member per MPID associated with the Equity Member.

¹² See Exchange Rule 100 for a definition of "System."

risk of clearing on behalf of other Equity Members, if authorized to do so by the Equity Member trading on MIAX PEARL Equities. Such functionality is designed to help Clearing Members to better monitor and manage the potential risks that they assume when clearing for Equity Members of the Exchange. An Equity Member may allocate or revoke the responsibility of establishing and adjusting the risk settings identified in proposed paragraph (a)(2) of Exchange Rule 2618 to its Clearing Member in a manner prescribed by the Exchange. By allocating such responsibility, an Equity Member cedes all control and ability to establish and adjust such risk settings to its Clearing Member unless and until such responsibility is revoked by the Equity Member, as discussed in further detail below. Because the Equity Member is responsible for its own trading activity, the Exchange will not provide a Clearing Member authorization to establish and adjust risk settings on behalf of an Equity Member without first receiving consent from the Equity Member. The Exchange considers an Equity Member to have provided such consent if it allocates the responsibility to establish and adjust risk settings to its Clearing Member in a manner prescribed by the Exchange. By allocating such responsibilities to its Clearing Member, the Equity Member consents to the Exchange taking action, as set forth in proposed paragraph (a)(6) of Exchange Rule 2618, with respect to the Equity Member's trading activity. Specifically, if the risk setting(s) established by the Clearing Member are breached, the Equity Member consents that the Exchange will automatically block new orders submitted and cancel open orders until such time that the applicable risk setting is adjusted to a higher limit by the Clearing Member. An Equity Member may also revoke responsibility allocated to its Clearing Member pursuant to this paragraph at any time in a manner prescribed by the Exchange.

Proposed paragraph (a)(3) Exchange Rule 2618 provides that either an Equity Member

or its Clearing Member, if allocated such responsibility pursuant to proposed paragraph (a)(4) of Exchange Rule 2618, may establish and adjust limits for the risk settings provided in proposed paragraph (a)(2) of Exchange Rule 2618. An Equity Member or Clearing Member may establish and adjust limits for the risk settings in a manner prescribed by the Exchange. The risk management web portal page will also provide a view of all applicable limits for each Equity Member, which will be made available to the Equity Member and its Clearing Member, as discussed in further detail below.

Proposed paragraph (a)(5) of Exchange Rule 2618 would provide optional alerts to signal when an Equity Member is approaching its designated limit. If enabled, the alerts would generate when the Equity Member breaches certain percentage thresholds of its designated risk limit, as determined by the Exchange. Based on current industry standards, the Exchange anticipates initially setting these thresholds at seventy-five or ninety percent of the designated risk limit. Both the Equity Member and Clearing Member¹³ would have the option to enable the alerts via the risk management tool on the web portal and designate email recipients of the notification. The proposed alert system is meant to warn an Equity Member and Clearing Member of the Equity Member's trading activity, and will have no impact on the Equity Member's order and trade activity if a warning percentage is breached. Proposed paragraph (a)(6) of Exchange Rule 2618 would authorize the Exchange to automatically block new orders submitted and cancel all open orders in the event that a risk setting is breached. The Exchange will continue to block new orders submitted until the Equity Member or Clearing Member, if allocated such responsibility pursuant to proposed paragraph (a)(4) of Exchange Rule 2618,

¹³ A Clearing Member would have the ability to enable alerts regardless of whether it was allocated responsibilities pursuant to proposed paragraph (a)(4) of Exchange Rule 2618.

adjusts the risk settings to a higher threshold. The proposed functionality is designed to assist Equity Members and Clearing Members in the management of, and risk control over, their credit risk. Further, the proposed functionality would allow the Equity Member to seamlessly avoid unintended executions that exceed their stated risk tolerance.

The Exchange does not guarantee that the proposed risk settings described in proposed paragraphs (a)(2) through (6) are sufficiently comprehensive to meet all of an Equity Member's risk management needs. Pursuant to Rule 15c3-5 under the Act,¹⁴ a broker-dealer with market access must perform appropriate due diligence to assure that controls are reasonably designed to be effective, and otherwise consistent with the rule.¹⁵ Use of the Exchange's risk settings included in proposed paragraphs (a)(2) through (6) of Exchange Rule 2618 will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules remains with the Equity Member.

Lastly, as the Exchange currently has the authority to share any of an Equity Member's risk settings specified in paragraph (a) of Exchange Rule 2618 under Exchange Rule 2620(f) with the Clearing Member that clears transactions on behalf of the Equity Member. Existing Exchange Rule 2620(f) provides the Exchange with authority to directly provide Clearing Members that clear transactions on behalf of an Equity Member, to share any of the Equity Member's risk settings set forth under paragraph (a) of Exchange Rule 2618.¹⁶ The

¹⁴ 17 CFR § 240.15c3-5.

¹⁵ See Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access, available at <https://www.sec.gov/divisions/marketreg/faq-15c-5-risk-management-controls-bd.htm>.

¹⁶ By using the optional risk settings provided in paragraph (a)(1) of Exchange Rule 2618, an Equity Member opts-in to the Exchange sharing its risk settings with its Clearing Member. Any Equity Member that does not wish to share such risk settings with its Clearing Member can avoid sharing such settings by becoming a Clearing Member. See Securities Exchange

purpose of such a provision under Exchange Rule 2620(f) was implemented to reduce the administrative burden on participants on MIAX PEARL Equities, including both Clearing Members and Equity Members, and to ensure that Clearing Members receive information that is up to date and conforms to the settings active in the System. Further, the provision was adopted because the Exchange believed such functionality would help Clearing Members to better monitor and manage the potential risks that they assume when clearing for Equity Members of the Exchange. Paragraph (f) of Exchange Rule 2620 would further authorize the Exchange to share any of an Equity Member's risk settings specified in proposed paragraph (a)(2) to Exchange Rule 2618 with the Clearing Member that clears transactions on behalf of the Equity Member.

The Exchange notes that the use by an Equity Member of the risk settings offered by the Exchange is optional. By using these proposed optional risk settings, an Equity Member therefore also opts-in to the Exchange sharing its designated risk settings with its Clearing Member. The Exchange believes that its proposal to offer an additional risk setting will allow Equity Members to better manage their credit risk. Further, by allowing Equity Members to allocate the responsibility for establishing and adjusting such risk settings to its Clearing Member, the Exchange believes Clearing Members may reduce potential risks that they assume when clearing for Equity Members of the Exchange. The Exchange also believes that its proposal to share a Member's risk settings set forth under proposed paragraph (a)(2) to Exchange Rule 2618 directly with Clearing Members reduces the administrative burden on participants on the Exchange, including both Clearing Members and Equity Members, and

Act Release No. 89563 (August 14, 2020), 85 FR 51510 (August 20, 2020) (SR-PEARL-2020-03) ("Equities Approval Order").

ensures that Clearing Members are receiving information that is up to date and conforms to the settings active in the System.

b. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹⁷ in general, and furthers the objectives of Section 6(b)(5),¹⁸ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Exchange believes the proposed amendment will remove impediments to and perfect the mechanism of a free and open market and a national market system because it provides additional functionality for an Equity Member to manage its credit risk. In addition, the proposed risk setting could provide Clearing Members, who have assumed certain risks of Equity Members, greater control over risk tolerance and exposure on behalf of their correspondent Equity Members, if allocated responsibility pursuant to proposed paragraph (a)(4) of Exchange Rule 2618, while also providing an alert system that would help to ensure that both Equity Members and its Clearing Member are aware of developing issues. As such, the Exchange believes that the proposed risk settings would provide a means to address potentially market-impacting events, helping to ensure the proper functioning of the market.

In addition, the Exchange believes that the proposed rule change is designed to protect

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

investors and the public interest because the proposed functionality is a form of risk mitigation that will aid Equity Members and Clearing Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events. In turn, the introduction of such risk management functionality could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

Further, the Exchange believes that the proposed rule will foster cooperation and coordination with persons facilitating transactions in securities because the Exchange will provide alerts when an Equity Member's trading activity reaches certain thresholds, which will be available to both the Equity Member and Clearing Member. As such, the Exchange may help Clearing Members monitor the risk levels of correspondent Equity Members and provide tools for Clearing Members, if allocated such responsibility, to take action.

The proposal will permit Clearing Members who have a financial interest in the risk settings of Equity Members to better monitor and manage the potential risks assumed by Clearing Members, thereby providing Clearing Members with greater control and flexibility over setting their own risk tolerance and exposure. To the extent a Clearing Member might reasonably require an Equity Member to provide access to its risk settings as a prerequisite to continuing to clear trades on the Equity Member's behalf, the Exchange's proposal to share those risk settings directly reduces the administrative burden on participants on the Exchange, including both Clearing Members and Equity Members. Moreover, providing Clearing Members with the ability to see the risk settings established for Equity Members for which they clear will foster efficiencies in the market and remove impediments to and perfect the mechanism of a free and open market and a national market system. The proposal also ensures that Clearing Members are receiving information that is up to date and conforms to the settings

active in the System. The Exchange believes that the proposal is consistent with the Act, particularly Section 6(b)(5),¹⁹ because it will foster cooperation and coordination with persons engaged in facilitating transactions in securities and more generally, will protect investors and the public interest, by allowing Clearing Members to better monitor their risk exposure and by fostering efficiencies in the market and removing impediments to and perfect the mechanism of a free and open market and a national market system.

Finally, the Exchange believes that the proposed rule change does not unfairly discriminate among the Exchange's Members because use of the risk settings is optional and are not a prerequisite for participation on the Exchange. The proposed risk settings are completely voluntary and, as they relate solely to optional risk management functionality, no Member is required or under any regulatory obligation to utilize them.

The proposed rule change is based on Interpretation and Policy .03 of EDGX Rule 11.10 and Interpretation and Policy .03 of BZX Rule 11.13, with four minor differences.²⁰ First, both BZX and EDGX only allow the gross credit risk limits to be set at the MPID level or to a subset of orders identified within that MPID (the "risk group identifier" level) while the Exchange proposes to allow the risk limits to be set at the MPID, session, and firm level. Second, the Exchange only proposes to adopt a Gross Notional Trade Value risk setting while EDGX and BZX adopted both gross notional and net notional risk settings. Third, EDGX proposed additional changes to its Rule 11.13(a) to allow their clearing members access to its members risk settings. The Exchange does not need to include similar changes in this proposal as Exchange Rule 2620(a) already provides Clearing Members this ability and includes text

¹⁹ 15 U.S.C. 78f(b)(5).

²⁰ See supra note 4.

identical to that which EDGX recently adopted.²¹ Lastly, the Exchange notes that it proposes to generate alerts when the Equity Member breaches certain percentage thresholds of its designated risk limit, as determined by the Exchange. Based on current industry standards, the Exchange anticipates initially setting these thresholds at seventy-five or ninety percent of the designated risk limit. The Exchange notes that EDGX stated these thresholds would be set at fifty, seventy, or ninety percent.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, the Exchange believes that the proposal may have a positive effect on competition because it would allow the Exchange to offer risk management functionality that is comparable to functionality that has been adopted by other national securities exchanges.²² Further, by providing Equity Members and their Clearing Members additional means to monitor and control risk, the proposed rule may increase confidence in the proper functioning of the markets and contribute to additional competition among trading venues and broker-dealers. Rather than impede competition, the proposal is designed to facilitate more robust risk management by Equity Members and Clearing Members, which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

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

No written comments were either solicited or received.

²¹ Id.

²² Id.

6. **Extension of Time Period for Commission Action**

Not applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act²³ and Rule 19b-4(f)(6)²⁴ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the proposed rule change to adopt additional risk controls is designed to protect investors and the public interest because the proposed functionality is a form of risk mitigation that will aid Equity Members and Clearing Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events. In turn, the introduction of such risk management functionality could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system. Additionally, the Exchange believes the proposed rule change will not significantly affect the protection of investors or the public interest and will have no significant burden on competition as other exchanges have adopted similar risk controls and therefore the proposed rule change does not raise any novel regulatory issues.²⁵ Furthermore, other exchanges are free to adopt similar functionality as they see fit.

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(6).

²⁵ See supra note 4.

For the foregoing reasons, this rule filing qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(ii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the operative delay to permit the Exchange to launch the proposed risk controls on the anticipated launch date of MIAX PEARL Equities on September 25, 2020. Furthermore, the waiver of the operative delay would allow Equity Members to immediately utilize the proposed functionality to manage their risk and enable the Exchange to provide a competitive risk controls process from the first day of trading on MIAX PEARL Equities.

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

The proposed rule change is based on Interpretation and Policy .03 of EDGX Rule 11.10 and Interpretation and Policy .03 of BZX Rule 11.13, with four minor differences.²⁶ First, both BZX and EDGX only allow the gross credit risk limits to be set at the MPID level or the risk group identifier level while the Exchange proposes to allow the risk limits to be set at the MPID, session, and firm level. Second, the Exchange only proposes to adopt a Gross Notional Trade

²⁶ See supra note 4.

Value risk setting while EDGX and BZX adopted both gross notional and net notional risk settings. Third, EDGX proposed additional changes to its Rule 11.13(a) to allow their clearing members access to its members risk settings. The Exchange did not need to include similar changes in this proposal as its Rule 2620(a) already provided Clearing Members this ability and included text that EDGX recently adopted. Lastly, unlike EDGX, the Exchange's proposed Gross Notional Trade Value and existing credit controls measuring gross exposure are both based on notional execution value. The controls noted in paragraph (h) of Interpretation and Policy .03 of the EDGX Rules are applied based on a combination of outstanding orders on the EDGX book and notional execution value, while their Gross Credit Risk Limit is based on notional execution value only, as the Exchange proposes herein. The Exchange notes that it proposes to generate alerts when the Equity Member breaches certain percentage thresholds of its designated risk limit, as determined by the Exchange. Based on current industry standards, the Exchange anticipates initially setting these thresholds at seventy-five or ninety percent of the designated risk limit. The Exchange notes that EDGX stated these thresholds would be set at fifty, seventy, or ninety percent.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Text of proposed rule change.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2020-16)

September __, 2020

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX PEARL, LLC to Amend Exchange Rule 2618, Risk Settings and Trading Risk Metrics

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 September ____, 2020, MIAX PEARL, LLC (“MIAX PEARL” or the “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 proposed rule change to provide Equity Members³ certain optional risk settings under Exchange Rule 2618 when trading equity securities on the Exchange’s equity trading platform (referred to herein as “MIAX PEARL Equities”).

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.

³ See Exchange Rule 1901 for the definition of Equity Member.

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 purpose of the proposed rule change is to provide Equity Members certain optional risk settings under Exchange Rule 2618 when trading equity securities on MIA X PEARL Equities.⁴ To help Equity Members manage their risk, the Exchange proposes to offer optional risk settings that would authorize the Exchange to take automated action if a designated limit for an Equity Member is breached. Such risk settings would provide Equity Members with enhanced abilities to manage their risk with respect to orders on the Exchange. Proposed paragraph (a)(2) of Rule 2618⁵ sets forth the specific risk control the Exchange proposes to offer. Specifically, the Exchange proposes to offer the following risk setting:

- The “Gross Notional Trade Value”, which refers to a pre-established maximum daily dollar amount for purchases and sales across all symbols, where both

⁴ The proposed rule changes are substantially similar to a recent rule amendment by Cboe BZX Exchange, Inc. (“BZX”) and Cboe EDGX Exchange, Inc. (“EDGX”). See Interpretation and Policy .03 to BZX Rule 11.13 and Interpretation and Policy .03 to EDGX Rule 11.10. See Securities Exchange Act Nos. 88599 (April 8, 2020) 85 FR 20793 (April 14, 2020) (the “BZX Approval”); and 88783 (April 30, 2020), 85 FR 26991 (May 6, 2020) (the “EDGX Notice”). See also Securities Exchange Act Release Nos. 89032 (June 9, 2020), 85 FR 36246 (June 15, 2020) (SR-CboeBZX-2020-44); and 89000 (June 3, 2020), 85 FR 35344 (June 9, 2020) (SR-CboeEDGX-2020-023).

⁵ The Exchange proposes to renumber the current paragraph (2) under Exchange Rule 2618 as paragraph (7) to account for proposed paragraphs (a)(2) through (6) described in this proposed rule change.

purchases and sales are counted as positive values. For purposes of calculating the Gross Notional Trade Value, only executed orders are included.⁶

The Gross Notional Trade Value risk setting is similar to credit controls measuring gross exposure provided for in paragraph (a)(1)(A) of Exchange Rule 2618 and allow limits to be set at the Market Participant Identifier (“MPID”), session, and firm level.⁷ Therefore, the proposed risk management functionality would allow an Equity Member to manage its risk more comprehensively and across various level settings. Further, like our existing credit controls measuring gross exposure, the proposed risk setting would also be based on a notional execution value. The Exchange notes that the current gross notional control noted in paragraph (a)(1)(A) of Exchange Rule 2618 will continue to be available in addition to the proposed risk setting.

Proposed paragraph (a)(4) of Exchange Rule 2618 provides that an Equity Member that does not self-clear may allocate and revoke⁸ the responsibility of establishing and adjusting the risk settings identified in proposed paragraph (a)(2) of Exchange Rule 2618 to a Clearing

⁶ One difference between this proposed rule change and those of BZX and EDGX is that the Exchange does not propose at this time to offer a net credit risk setting, which refers to a pre-established maximum daily dollar amount for purchases and sales across all symbols, where purchases are counted as positive values and sales are counted as negative values. See supra note 4. The Exchange will submit a separate proposed rule change with the Commission to adopt a “Net Notional Trade Value” in the future.

⁷ Another difference between this proposed rule change and those of BZX and EDGX is that both BZX and EDGX only allow the gross credit risk limits to be set at the MPD Level or to a subset of orders identified within that MPID (the “risk group identifier” level). See supra note 4. The Exchange believes allowing for limits to be set at the MPID, session, or firm level provides Equity Members greater flexibility in managing their risk exposure.

⁸ As discussed below, if an Equity Member revokes the responsibility of establishing and adjusting the risk settings identified in proposed paragraph (a), the settings applied by the Equity Member would be applicable.

Member that clears transactions on behalf of the Equity Member, if designated in a manner prescribed by the Exchange. Specifically, Exchange Rule 2620(a): (i) defines the term “Clearing Member”;⁹ (ii) outlines the process by which a Clearing Member shall affirm its responsibility for clearing any and all trades executed by the Equity Member designating it as its Clearing Firm; and (iii) provides that the rules of a Qualified Clearing Agency shall govern with respect to the clearance and settlement of any transactions executed by the Equity Member on the Exchange.

By way of background, Exchange Rule 2620(a) requires that all transactions passing through the facilities of the Exchange shall be cleared and settled through a Qualified Clearing Agency using a continuous net settlement system.¹⁰ As reflected on Exchange Rule 2620(a), this requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a corresponding clearing arrangement with another Member that clears through a Qualified Clearing Agency (i.e., a Clearing Member). If an Equity Member clears transactions through another Equity Member that is a Clearing Member, such Clearing Member shall affirm to the Exchange in writing, through letter of authorization, letter of guarantee or other agreement acceptable to the Exchange, its agreement to assume responsibility for clearing and settling any and all trades executed by the Member designating it as its clearing firm.¹¹ Thus, while not all Equity Members are Clearing Members, all Equity Members are required either to clear their own transactions or to have in place a relationship with a Clearing Member that has agreed to

⁹ The term “Clearing Member” refers to a Member that is a member of a Qualified Clearing Agency and clears transactions on behalf of another Member. See Exchange Rule 2620(a).

¹⁰ The term “Qualified Clearing Agency” means a clearing agency registered with the Commission pursuant to Section 17A of the Act that is deemed qualified by the Exchange. See Exchange Rule 1901. The rules of any such clearing agency shall govern with the respect to the clearance and settlement of any transactions executed by the Member on the Exchange.

¹¹ An Equity Member can designate one Clearing Member per MPID associated with the Equity Member.

clear transactions on their behalf in order to conduct business on the Exchange. Therefore, the Clearing Member that guarantees the Member's transactions on the Exchange has a financial interest in the risk settings utilized within the System¹² by the Member.

Paragraph (a) of Rule 2620 allows Clearing Members an opportunity to manage their risk of clearing on behalf of other Equity Members, if authorized to do so by the Equity Member trading on MIAX PEARL Equities. Such functionality is designed to help Clearing Members to better monitor and manage the potential risks that they assume when clearing for Equity Members of the Exchange. An Equity Member may allocate or revoke the responsibility of establishing and adjusting the risk settings identified in proposed paragraph (a)(2) of Exchange Rule 2618 to its Clearing Member in a manner prescribed by the Exchange. By allocating such responsibility, an Equity Member cedes all control and ability to establish and adjust such risk settings to its Clearing Member unless and until such responsibility is revoked by the Equity Member, as discussed in further detail below. Because the Equity Member is responsible for its own trading activity, the Exchange will not provide a Clearing Member authorization to establish and adjust risk settings on behalf of an Equity Member without first receiving consent from the Equity Member. The Exchange considers an Equity Member to have provided such consent if it allocates the responsibility to establish and adjust risk settings to its Clearing Member in a manner prescribed by the Exchange. By allocating such responsibilities to its Clearing Member, the Equity Member consents to the Exchange taking action, as set forth in proposed paragraph (a)(6) of Exchange Rule 2618, with respect to the Equity Member's trading activity. Specifically, if the risk setting(s) established by the Clearing Member are breached, the Equity Member consents that the Exchange will automatically block

¹² See Exchange Rule 100 for a definition of "System."

new orders submitted and cancel open orders until such time that the applicable risk setting is adjusted to a higher limit by the Clearing Member. An Equity Member may also revoke responsibility allocated to its Clearing Member pursuant to this paragraph at any time in a manner prescribed by the Exchange.

Proposed paragraph (a)(3) Exchange Rule 2618 provides that either an Equity Member or its Clearing Member, if allocated such responsibility pursuant to proposed paragraph (a)(4) of Exchange Rule 2618, may establish and adjust limits for the risk settings provided in proposed paragraph (a)(2) of Exchange Rule 2618. An Equity Member or Clearing Member may establish and adjust limits for the risk settings in a manner prescribed by the Exchange. The risk management web portal page will also provide a view of all applicable limits for each Equity Member, which will be made available to the Equity Member and its Clearing Member, as discussed in further detail below.

Proposed paragraph (a)(5) of Exchange Rule 2618 would provide optional alerts to signal when an Equity Member is approaching its designated limit. If enabled, the alerts would generate when the Equity Member breaches certain percentage thresholds of its designated risk limit, as determined by the Exchange. Based on current industry standards, the Exchange anticipates initially setting these thresholds at seventy-five or ninety percent of the designated risk limit. Both the Equity Member and Clearing Member¹³ would have the option to enable the alerts via the risk management tool on the web portal and designate email recipients of the notification. The proposed alert system is meant to warn an Equity Member and Clearing Member of the Equity Member's trading activity, and will have no impact on the Equity Member's order and trade activity if a warning percentage is breached. Proposed paragraph

¹³ A Clearing Member would have the ability to enable alerts regardless of whether it was allocated responsibilities pursuant to proposed paragraph (a)(4) of Exchange Rule 2618.

(a)(6) of Exchange Rule 2618 would authorize the Exchange to automatically block new orders submitted and cancel all open orders in the event that a risk setting is breached. The Exchange will continue to block new orders submitted until the Equity Member or Clearing Member, if allocated such responsibility pursuant to proposed paragraph (a)(4) of Exchange Rule 2618, adjusts the risk settings to a higher threshold. The proposed functionality is designed to assist Equity Members and Clearing Members in the management of, and risk control over, their credit risk. Further, the proposed functionality would allow the Equity Member to seamlessly avoid unintended executions that exceed their stated risk tolerance.

The Exchange does not guarantee that the proposed risk settings described in proposed paragraphs (a)(2) through (6) are sufficiently comprehensive to meet all of an Equity Member's risk management needs. Pursuant to Rule 15c3-5 under the Act,¹⁴ a broker-dealer with market access must perform appropriate due diligence to assure that controls are reasonably designed to be effective, and otherwise consistent with the rule.¹⁵ Use of the Exchange's risk settings included in proposed paragraphs (a)(2) through (6) of Exchange Rule 2618 will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules remains with the Equity Member.

Lastly, as the Exchange currently has the authority to share any of an Equity Member's risk settings specified in paragraph (a) of Exchange Rule 2618 under Exchange Rule 2620(f) with the Clearing Member that clears transactions on behalf of the Equity Member. Existing Exchange Rule 2620(f) provides the Exchange with authority to directly provide Clearing Members that clear transactions on behalf of an Equity Member, to share any of the

¹⁴ 17 CFR § 240.15c3-5.

¹⁵ See Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access, available at <https://www.sec.gov/divisions/marketreg/faq-15c-5-risk-management-controls-bd.htm>.

Equity Member's risk settings set forth under paragraph (a) of Exchange Rule 2618.¹⁶ The purpose of such a provision under Exchange Rule 2620(f) was implemented to reduce the administrative burden on participants on MIAX PEARL Equities, including both Clearing Members and Equity Members, and to ensure that Clearing Members receive information that is up to date and conforms to the settings active in the System. Further, the provision was adopted because the Exchange believed such functionality would help Clearing Members to better monitor and manage the potential risks that they assume when clearing for Equity Members of the Exchange. Paragraph (f) of Exchange Rule 2620 would further authorize the Exchange to share any of an Equity Member's risk settings specified in proposed paragraph (a)(2) to Exchange Rule 2618 with the Clearing Member that clears transactions on behalf of the Equity Member.

The Exchange notes that the use by an Equity Member of the risk settings offered by the Exchange is optional. By using these proposed optional risk settings, an Equity Member therefore also opts-in to the Exchange sharing its designated risk settings with its Clearing Member. The Exchange believes that its proposal to offer an additional risk setting will allow Equity Members to better manage their credit risk. Further, by allowing Equity Members to allocate the responsibility for establishing and adjusting such risk settings to its Clearing Member, the Exchange believes Clearing Members may reduce potential risks that they assume when clearing for Equity Members of the Exchange. The Exchange also believes that its proposal to share a Member's risk settings set forth under proposed paragraph (a)(2) to

¹⁶ By using the optional risk settings provided in paragraph (a)(1) of Exchange Rule 2618, an Equity Member opts-in to the Exchange sharing its risk settings with its Clearing Member. Any Equity Member that does not wish to share such risk settings with its Clearing Member can avoid sharing such settings by becoming a Clearing Member. See Securities Exchange Act Release No. 89563 (August 14, 2020), 85 FR 51510 (August 20, 2020) (SR-PEARL-2020-03) ("Equities Approval Order").

Exchange Rule 2618 directly with Clearing Members reduces the administrative burden on participants on the Exchange, including both Clearing Members and Equity Members, and ensures that Clearing Members are receiving information that is up to date and conforms to the settings active in the System.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹⁷ in general, and furthers the objectives of Section 6(b)(5),¹⁸ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Exchange believes the proposed amendment will remove impediments to and perfect the mechanism of a free and open market and a national market system because it provides additional functionality for an Equity Member to manage its credit risk. In addition, the proposed risk setting could provide Clearing Members, who have assumed certain risks of Equity Members, greater control over risk tolerance and exposure on behalf of their correspondent Equity Members, if allocated responsibility pursuant to proposed paragraph (a)(4) of Exchange Rule 2618, while also providing an alert system that would help to ensure that both Equity Members and its Clearing Member are aware of developing issues. As such, the Exchange believes that the proposed risk settings would provide a means to address potentially market-impacting events, helping to ensure the proper functioning of the market.

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

In addition, the Exchange believes that the proposed rule change is designed to protect investors and the public interest because the proposed functionality is a form of risk mitigation that will aid Equity Members and Clearing Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events. In turn, the introduction of such risk management functionality could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

Further, the Exchange believes that the proposed rule will foster cooperation and coordination with persons facilitating transactions in securities because the Exchange will provide alerts when an Equity Member's trading activity reaches certain thresholds, which will be available to both the Equity Member and Clearing Member. As such, the Exchange may help Clearing Members monitor the risk levels of correspondent Equity Members and provide tools for Clearing Members, if allocated such responsibility, to take action.

The proposal will permit Clearing Members who have a financial interest in the risk settings of Equity Members to better monitor and manage the potential risks assumed by Clearing Members, thereby providing Clearing Members with greater control and flexibility over setting their own risk tolerance and exposure. To the extent a Clearing Member might reasonably require an Equity Member to provide access to its risk settings as a prerequisite to continuing to clear trades on the Equity Member's behalf, the Exchange's proposal to share those risk settings directly reduces the administrative burden on participants on the Exchange, including both Clearing Members and Equity Members. Moreover, providing Clearing Members with the ability to see the risk settings established for Equity Members for which they clear will foster efficiencies in the market and remove impediments to and perfect the mechanism of a free and open market and a national market system. The proposal also ensures that Clearing Members are receiving information that is up to date and conforms to the settings

active in the System. The Exchange believes that the proposal is consistent with the Act, particularly Section 6(b)(5),¹⁹ because it will foster cooperation and coordination with persons engaged in facilitating transactions in securities and more generally, will protect investors and the public interest, by allowing Clearing Members to better monitor their risk exposure and by fostering efficiencies in the market and removing impediments to and perfect the mechanism of a free and open market and a national market system.

Finally, the Exchange believes that the proposed rule change does not unfairly discriminate among the Exchange's Members because use of the risk settings is optional and are not a prerequisite for participation on the Exchange. The proposed risk settings are completely voluntary and, as they relate solely to optional risk management functionality, no Member is required or under any regulatory obligation to utilize them.

The proposed rule change is based on Interpretation and Policy .03 of EDGX Rule 11.10 and Interpretation and Policy .03 of BZX Rule 11.13, with four minor differences.²⁰ First, both BZX and EDGX only allow the gross credit risk limits to be set at the MPID level or to a subset of orders identified within that MPID (the "risk group identifier" level) while the Exchange proposes to allow the risk limits to be set at the MPID, session, and firm level. Second, the Exchange only proposes to adopt a Gross Notional Trade Value risk setting while EDGX and BZX adopted both gross notional and net notional risk settings. Third, EDGX proposed additional changes to its Rule 11.13(a) to allow their clearing members access to its members risk settings. The Exchange does not need to include similar changes in this proposal as Exchange Rule 2620(a) already provides Clearing Members this ability and includes text

¹⁹ 15 U.S.C. 78f(b)(5).

²⁰ See supra note 4.

identical to that which EDGX recently adopted.²¹ Lastly, the Exchange notes that it proposes to generate alerts when the Equity Member breaches certain percentage thresholds of its designated risk limit, as determined by the Exchange. Based on current industry standards, the Exchange anticipates initially setting these thresholds at seventy-five or ninety percent of the designated risk limit. The Exchange notes that EDGX stated these thresholds would be set at fifty, seventy, or ninety percent.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, the Exchange believes that the proposal may have a positive effect on competition because it would allow the Exchange to offer risk management functionality that is comparable to functionality that has been adopted by other national securities exchanges.²² Further, by providing Equity Members and their Clearing Members additional means to monitor and control risk, the proposed rule may increase confidence in the proper functioning of the markets and contribute to additional competition among trading venues and broker-dealers. Rather than impede competition, the proposal is designed to facilitate more robust risk management by Equity Members and Clearing Members, which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

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

²¹ Id.

²² Id.

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act²³ and Rule 19b-4(f)(6)²⁴ thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);

or

- Send an e-mail [to rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-

PEARL-2020-16 on the subject line.

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

Paper comments:

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

All submissions should refer to File Number SR-PEARL-2020-16. 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 Web site (<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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-PEARL-2020-16 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Vanessa Countryman
Secretary

²⁵ 17 CFR 200.30-3(a)(12).

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MIAX PEARL, LLC Rules

Rule 2618. Risk Settings and Trading Risk Metrics

(a) Risk Settings

(1) (No change).

(2) MIAX PEARL Equities offers certain risk settings applicable to an Equity Member's activities on MIAX PEARL Equities that are available to either the Equity Member or to its Clearing Member, as defined in Rule 2620, as set forth below:

(A) The "Gross Notional Trade Value" which refers to a pre-established maximum daily dollar amount for purchases and sales across all symbols, where both purchases and sales are counted as positive values. For purposes of calculating the Gross Notional Trade Value, only executed orders are included.

(3) Establishing and Adjusting Limits. Either an Equity Member or its Clearing Member, if allocated such responsibility pursuant to paragraph (a)(4) of this Rule 2618, may set limits for the risk settings provided in paragraph (a)(2) of this Rule 2618.

(A) Limits may be set at the MPID, session, and firm level.

(B) Limits may be established or adjusted before the beginning of a trading day or during the trading day.

(4) An Equity Member that does not self-clear may allocate the responsibility for establishing and adjusting the risk settings identified in paragraph (a)(2) of this Rule 2618 to a Clearing Member that clears transactions on behalf of the Equity Member, if designated in a manner prescribed by the Exchange. An Equity Member that chooses to allocate responsibility to its Clearing Member may view any risk settings established by the Clearing Member pursuant to paragraph (a)(2) of this Rule 2618, and may be notified of any action taken by the Exchange with respect to its trading activity. By allocating responsibility to its Clearing Member, the Equity Member consents to the Exchange taking action with respect to the Equity Member's trading activity as provided in paragraph (a)(6) of this Rule 2618. An Equity Member may revoke responsibility allocated to its Clearing Member pursuant to this paragraph at any time, if designated in a manner prescribed by the Exchange.

(5) Alerts. Both the Equity Member and the Clearing Member may enable alerts to signal when the Equity Member is approaching designated limits.

(6) Breach. If a risk setting is breached, the Exchange will automatically block new orders submitted and cancel open orders until such time that the applicable risk control is adjusted to a higher limit by the Equity Member or Clearing Member with the responsibility of establishing and adjusting the risk settings.

([2]7)

(a) – (b) (No change).
