

MIAX Pearl Options Exchange Regulatory Circular 2022-28

DATE: May 26, 2022

TO: MIAX Pearl Options Exchange Members

FROM: MIAX Exchange Group Regulatory Department

RE: Adoption of New Exchange Rule 532, Order Price Protection Mechanisms and Risk Controls

This Regulatory Circular is to inform MIAX Pearl Options Exchange Members that the new Exchange Rule 532, Order Price Protection Mechanisms and Risk Controls, will become operative on June 1, 2022.

The Exchange is adopting a Max Put Price Protection and Managed Protection Override functionality to the new Rule 532.

Max Put Price Protection

The Exchange will determine a maximum trading price limit for a Put option as the strike price plus a pre-set value of \$0.10. Buy orders entered by an EEM that are priced through the maximum trading price limit will trade up to, and including, the maximum trading price limit, and will then be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(d)(2), or canceled if the Managed Protection Override is enabled. Sell orders entered by an EEM that are priced higher than the maximum trading price limit will be rejected.

Buy orders entered by a MM that are priced through the maximum trading price limit will trade up to, and including the maximum trading price limit, then will be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(d)(2). Sell orders entered by a MM that are priced higher than the maximum trading price limit will be displayed.

Managed Protection Override

The Managed Protection Override is a setting that, when enabled, allows Members to have their order canceled after risk protection is triggered. If enabled the Managed Protection Override will apply to the Max Put Price Protection. Members must contact the Exchange's Help Desk to enable the Managed Protection Override feature.

Complete details regarding the changes can be found in the Exchange's rule filing, ([SR-PEARL-2022-15](#)).

Contact MIAx Trading Operations at TradingOperations@MIAXOptions.com or (609) 897-7302 with any questions about the changes.

Regulatory inquiries should be directed to Regulatory@MIAXOptions.com or (609) 897-7309.