

Required fields are shown with yellow backgrounds and asterisks.

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

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

Description

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

Amend Exchange Rule 515A to harmonize rule text to MIAX Options Exchange Rule 515A

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 * Last Name *

Title *

E-mail *

Telephone * 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 Senior Associate Counsel

By

(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 EFFS website.

Form 19b-4 Information *

Add Remove View

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 *

Add Remove View

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 *

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

MIAX Emerald, LLC (“MIAX Emerald” 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 proposes to amend Exchange Rule 515A, MIAX Emerald Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism.

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 Emerald Board of Directors on January 31, 2019. 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 Gregory P. Ziegler, Senior Associate Counsel, at (609) 897-1483.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend Exchange Rule 515A, MIAX Emerald Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism. Specifically, the Exchange proposes to amend Rule 515A to harmonize the rule text to Rule 515A of MIAX Options.³

Background

MIAX Emerald commenced operations as a national securities exchange registered under Section 6 of the Act⁴ on March 1, 2019. As described more fully in MIAX Emerald’s Form 1 application,⁵ the Exchange is an affiliate of Miami International Securities Exchange, LLC (“MIAX Options”) and MIAX PEARL, LLC (“MIAX PEARL”). MIAX Emerald Rules, in their current form, were filed as Exhibit B to its Form 1 on August 16, 2018, and at that time, the MIAX Emerald Rule 515A was substantially similar to the rule of MIAX Options Rule 515A. In the time between when the Exchange filed its Form 1 and the time the Exchange’s application for registration as a national securities exchange was granted,⁶ MIAX Options made changes to its rule 515A.⁷ In order to ensure consistent operation of both MIAX Emerald and MIAX

³ See Securities Exchange Act Release No. 84519 (November 1, 2018), 83 FR 55776 (November 7, 2018)(SR-MIAX-2018-27).

⁴ 15 U.S.C. 78f.

⁵ See Securities Exchange Act Release No. 84891 (December 20, 2018), 83 FR 67421 (December 28, 2018) (File No. 10-233) (order approving the application of MIAX Emerald for registration as a national securities exchange.)

⁶ See Id.

⁷ See supra note 3.

Options through having consistent rules, the Exchange proposes to amend the MIAX Emerald Rule to adopt identical rule text from MIAX Options Rule 515A as described below.

Proposal

The Exchange proposes to amend Rule 515A, Interpretation and Policy .12, PRIME for Complex Orders. The current rule provides that, “. . . the provisions of Rule 515A(a) . . . shall be applicable to the trading of complex orders (as defined in Rule 518) on PRIME. The Exchange will determine, on a class-by-class basis, the option classes in which complex orders are available for trading on PRIME on the Exchange, and will announce such classes to Members⁸ via Regulatory Circular.” The Exchange now proposes to replace the word “on” which precedes “PRIME” with the phrase “in the” to more accurately describe Exchange functionality and maintain consistency with how the functionality is described in other areas of the rule.⁹

The Exchange also proposes to amend Rule 515A, Interpretation and Policy .12(d), to organize the rule for clarity and ease of reference and to codify two additional scenarios describing conditions which will terminate a cPRIME Auction¹⁰ in new proposed subsections (d)(vi) and (d)(vii).¹¹ Specifically, the Exchange proposes to consolidate current subsection (d)(v) and current subsection (d)(vi) into new subsection (d)(v). Current subsection (d)(v) provides that a cPRIME Auction will terminate if “a simple order or quote in a component of the strategy on the same side of the market as the cPRIME Agency Order locks or crosses the NBBO

⁸ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁹ See Exchange Rule 515A.01, 515A.03, and 515A.04, which references usage of “the PRIME.”

¹⁰ See Exchange Rule 515A.12(a).

¹¹ The Exchange notes that the proposed changes are identical to changes made by MIAX Options. See supra note 3.

for such component.” Current subsection (d)(vi) similarly provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on the opposite side of the market as the cPRIME Agency Order: (A) locks or crosses the NBBO for such component... .”

The Exchange now proposes to combine subsection (d)(v) and (d)(vi) into a single rule under new subsection (d)(v) that provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on either side of the market as the cPRIME Agency Order locks or crosses the NBBO for such component;”. The proposed change simplifies the rule text and clarifies two similar scenarios that will terminate a cPRIME Auction when interest is received on either side of the market as the cPRIME Agency Order. The Exchange believes that the proposed changes promote the protection of investors and the public interest by improving the accuracy and precision of the Exchange’s rules.

Additionally, the Exchange proposes to adopt new subsections (d)(vi) and (d)(vii) to include additional scenarios that will cause a cPRIME Auction to terminate when interest is received on the same or opposite side of the market, respectively, as the cPRIME Agency Order. Specifically, proposed subsection (d)(vi) will provide that a cPRIME Auction shall conclude at the earlier of the end of the RFR period,¹² or when “a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book,¹³ is received on the same side of the market as the cPRIME Agency Order and causes the icEBBO¹⁴ to lock or cross the best price opposite the cPRIME Agency Order;” This provision ensures that a cPRIME Agency Order will

¹² See Exchange Rule 515A.12(d)(i).

¹³ The term “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

¹⁴ The term “icEBBO” means the Implied Complex MIAX Emerald Best Bid or Offer. The icEBBO is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. See Exchange Rule 518(a)(12).

always receive the best price¹⁵ on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's simple market.

An example of this scenario is illustrated below.

Example 1 - A simple order or quote on the same side as the Agency Order causes the icEBBO to equal the best price opposite the Agency Order

MIAX Emerald – LMM¹⁶ Mar 50 Call 5.80-6.30 (10x10)

MIAX Emerald – LMM Mar 55 Call 2.90-3.30 (10x10)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The icEBBO is 2.50 debit bid and 3.40 credit offer

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)¹⁷

Since the order price is at least \$0.01 better than (inside) the icEBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

A Request for Responses (“RFR”) is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 50 milliseconds BD1 response, cAOC Order¹⁸ @ 2.95 credit sell of 100 arrives

¹⁵ The best price for an Agency Order to buy (sell) is the lowest offer (highest bid) on the Exchange, comprised of all available interest.

¹⁶ The term “Lead Market Maker” means a Member registered with the Exchange for the purposes of making markets in securities traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange’s Rules with respect to Lead Market Makers. See Exchange Rule 100.

¹⁷ The term “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

¹⁸ A Complex Auction-or-Cancel or “cAOC” Order is a complex limit order used to provide liquidity during a specific Complex Auction with a time in force that corresponds with

- @ 70 milliseconds MM1 response, cAOC eQuote¹⁹ @ 2.98 credit sell of 500 arrives

The cPRIME Auction process will continue until the Response Time Interval²⁰ ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

- @ 85 milliseconds a simple order bid to pay 6.25 for 10 MAR 50 Calls arrives

The icEBBO is now 2.95 debit bid and 3.40 credit offer. Since the bid side of the icEBBO is now equal to the best price opposite the Agency Order [BD1 response, 2.95 credit sell of 100], the cPRIME Auction is concluded prior to the end of the Response Time Interval.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:²¹

- The cPRIME Agency Order buys 100 from BD1 @ 2.95
- The cPRIME Agency Order buys 400 from MM1 @ 2.98

Similarly, proposed subsection (d)(vii) will provide that a cPRIME Auction shall conclude at the earlier of the end of the RFR period or if, “a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book, is received on the opposite side of the market from the cPRIME Agency Order and causes the icEBBO to lock or cross the initiating price.” This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange’s simple market.

that event. cAOC Orders are not displayed to any market participant, and are not eligible for trading outside of the event. See Exchange Rule 518(b)(3).

¹⁹ A “Complex Auction or Cancel eQuote” or “cAOC eQuote,” which is an eQuote submitted by a Market Maker that is used to provide liquidity during a specific Complex Auction with a time in force that corresponds with the duration of a Complex Auction. See Exchange Rule 518.02(c)(1).

²⁰ The “Response Time Interval” means the period of time during which responses to the RFR may be entered. See Exchange Rule 518(d)(3).

²¹ See Exchange Rule 515A(a)(2)(iii).

An example of this scenario is illustrated below.

Example 2 - A simple order or quote on the opposite side from the Agency Order causes the icEBBO to equal the initiating price

MIAX Emerald – LMM Mar 50 Call 5.80-6.30 (10x10)

MIAX Emerald – LMM Mar 55 Call 2.90-3.30 (10x10)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The icEBBO is 2.50 debit bid and 3.40 credit offer

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)

Since the order price is at least \$0.01 better than (inside) the icEBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

An RFR is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 40 milliseconds BD1 response, cAOC Order @ 2.95 credit sell of 100 arrives
- @ 50 milliseconds MM1 response, cAOC eQuote @ 2.98 credit sell of 500 arrives

The cPRIME Auction process will continue until the Response Time Interval ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

- @ 75 milliseconds a simple order offer to sell 10 MAR 50 Calls @ 5.90 arrives

The icEBBO is now 2.50 debit bid and 3.00 credit offer. Since the offer side of the icEBBO is now equal to the initiating price, the cPRIME Auction is concluded prior to the end of the Response Time Interval.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:

- The cPRIME Agency Order buys 100 from BD1 @ 2.95
- The cPRIME Agency Order buys 400 from MM1 @ 2.98

The Exchange believes that terminating a cPRIME Auction when these conditions are present ensures that the execution of the cPRIME Agency Order improves the best price on the Exchange at the time of receipt, and that there is no interference between the simple and complex

markets. (The System²² will reject cPRIME Agency Orders submitted with an initiating price that is equal to or worse than (outside) the icEBBO or any other complex orders on the Strategy Book.)²³ This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's simple market. The Exchange believes that including these scenarios in the rules will provide additional detail concerning the operation of cPRIME Auctions and the conditions which will terminate a cPRIME Auction. The Exchange believes that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and concise so as to minimize the potential for confusion.

b. Statutory Basis

The Exchange believes that its proposed rule changes are consistent with Section 6(b) of the Act²⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁵ in particular, 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 Exchange believes the proposed changes promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a

²² The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

²³ See Exchange Rule 515A, Interpretation and Policy .12(a)(i).

²⁴ 15 U.S.C. 78f(b).

²⁵ 15 U.S.C. 78f(b)(5).

national market system because they seek to add additional detail to, and improve the accuracy of, the Exchange's rules. In particular, the Exchange believes that the proposed rule changes will provide clarity and transparency to the Exchange's rules to Members and the public, and it is in the public interest for rules to be accurate and concise so as to minimize the potential for confusion.

The Exchange believes that including additional scenarios which will terminate a cPRIME Auction promotes just and equitable principles of trade and removes impediments to a free and open market by providing greater transparency concerning the operation of Exchange functionality. This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market.

Additionally, the Exchange believes that although MIAX Emerald rules may, in certain instances, intentionally differ from MIAX Options rules, the proposed changes will promote uniformity with MIAX Options with respect to rules that are intended to be identical. MIAX Emerald and MIAX Options may have a number of Members in common, and where feasible the Exchange intends to implement similar behavior to provide consistency between MIAX Options and MIAX Emerald so as to avoid confusion among Members.

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. The proposed rule change is intended to promote competition by improving the efficiency of handling cPRIME Agency Orders on the Exchange. The Exchange believes that this enhances intermarket competition by enabling the Exchange to compete for this type of order flow with other exchanges that have similar rules and functionality in place.

The Exchange does not believe the proposal will impose any burden on intra-market competition as the Exchange's rules apply equally to all Members of the Exchange.

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.

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 Act²⁶ and Rule 19b-4(f)(6)²⁷ 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 does not significantly affect the protection of investors or the public interest because the proposal seeks to adopt identical rule provisions currently operative on MIAX Options.²⁸ The proposal also provides additional detail and clarity in the Exchange's rules. The Exchange believes that the proposal adds greater transparency concerning the operation of Exchange functionality and will contribute to the protection of investors and the public interest by providing greater clarity and specificity in the

²⁶ 15 U.S.C. 78s(b)(3)(A).

²⁷ 17 CFR 240.19b-4(f)(6).

²⁸ See MIAX Options Exchange Rule 515A.12(d)(vi)-(vii).

Exchange's rules. Additionally, the Exchange believes that the additional clarity and transparency of the proposed rule change will help promote investor confidence in the market.

Specifically, the Exchange's proposed rule change to include two additional scenarios that will terminate a cPRIME auction does not significantly affect the protection of investors or the public interest as this change is designed to ensure the integrity of the Exchange's simple and complex markets. The Exchange notes that there are currently six conditions²⁹ that will terminate a cPRIME Auction, and the Exchange is proposing to codify two additional scenarios. Terminating a cPRIME Auction under certain scenarios as currently described in the rule, and under the scenarios described in this proposal, ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's simple market.

The Exchange believes that the proposed changes are not controversial and do not impose any significant burden on competition. The proposed changes promote the protection of investors and the public interest by clarifying the operation of Exchange functionality in the Exchange's thereby improving the accuracy and precision of the Exchange's rules. Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of proposals under Section 19(b)(3)(A) of the Act³⁰ and Rule 19b-4(f)(6) thereunder.³¹ Accordingly, for the reasons stated above, the Exchange believes that the proposed rule change is non-controversial and is therefore eligible for

²⁹ See Exchange Rule 515A.12(d)(i) – (vi).

³⁰ 15 U.S.C. 78s(b)(3)(A).

³¹ 17 CFR 240.19b-4(f)(6).

immediately effective treatment under the Commission's current procedures for processing rule filings.

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. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act³² normally does not become operative for 30 days after the date of its filing.

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.

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

The proposal is based on MIAX Options Exchange Rule 515A. Specifically, the proposal seeks to adopt identical provisions recently adopted by MIAX Options in MIAX Options Exchange Rule 515A.³³

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.

³² 17 CFR 240.19b-4(f)(6).

³³ See supra note 3.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.
5. Text of proposed changes to rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-EMERALD-2019-12)

March__, 2019

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX Emerald, LLC to Amend Exchange Rule 515A, MIAX Emerald Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism.

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 March 6, 2019, MIAX Emerald, LLC (“MIAX Emerald” 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 Exchange Rule 515A, MIAX Emerald Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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 Exchange Rule 515A, MIAX Emerald Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism. Specifically, the Exchange proposes to amend Rule 515A to harmonize the rule text to Rule 515A of MIAX Options.³

Background

MIAX Emerald commenced operations as a national securities exchange registered under Section 6 of the Act⁴ on March 1, 2019. As described more fully in MIAX Emerald’s Form 1 application,⁵ the Exchange is an affiliate of Miami International Securities Exchange, LLC (“MIAX Options”) and MIAX PEARL, LLC (“MIAX PEARL”). MIAX Emerald Rules, in their current form, were filed as Exhibit B to its Form 1 on August 16, 2018, and at that time, the MIAX Emerald Rule 515A was substantially similar to the rule of MIAX Options Rule 515A. In

³ See Securities Exchange Act Release No. 84519 (November 1, 2018), 83 FR 55776 (November 7, 2018)(SR-MIAX-2018-27).

⁴ 15 U.S.C. 78f.

⁵ See Securities Exchange Act Release No. 84891 (December 20, 2018), 83 FR 67421 (December 28, 2018) (File No. 10-233) (order approving the application of MIAX Emerald for registration as a national securities exchange.)

the time between when the Exchange filed its Form 1 and the time the Exchange's application for registration as a national securities exchange was granted,⁶ MIAX Options made changes to its rule 515A.⁷ In order to ensure consistent operation of both MIAX Emerald and MIAX Options through having consistent rules, the Exchange proposes to amend the MIAX Emerald Rule to adopt identical rule text from MIAX Options Rule 515A as described below.

Proposal

The Exchange proposes to amend Rule 515A, Interpretation and Policy .12, PRIME for Complex Orders. The current rule provides that, “. . . the provisions of Rule 515A(a) . . . shall be applicable to the trading of complex orders (as defined in Rule 518) on PRIME. The Exchange will determine, on a class-by-class basis, the option classes in which complex orders are available for trading on PRIME on the Exchange, and will announce such classes to Members⁸ via Regulatory Circular.” The Exchange now proposes to replace the word “on” which precedes “PRIME” with the phrase “in the” to more accurately describe Exchange functionality and maintain consistency with how the functionality is described in other areas of the rule.⁹

The Exchange also proposes to amend Rule 515A, Interpretation and Policy .12(d), to organize the rule for clarity and ease of reference and to codify two additional scenarios describing conditions which will terminate a cPRIME Auction¹⁰ in new proposed subsections

⁶ See Id.

⁷ See supra note 3.

⁸ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁹ See Exchange Rule 515A.01, 515A.03, and 515A.04, which references usage of “the PRIME.”

¹⁰ See Exchange Rule 515A.12(a).

(d)(vi) and (d)(vii).¹¹ Specifically, the Exchange proposes to consolidate current subsection (d)(v) and current subsection (d)(vi) into new subsection (d)(v). Current subsection (d)(v) provides that a cPRIME Auction will terminate if “a simple order or quote in a component of the strategy on the same side of the market as the cPRIME Agency Order locks or crosses the NBBO for such component.” Current subsection (d)(vi) similarly provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on the opposite side of the market as the cPRIME Agency Order: (A) locks or crosses the NBBO for such component... .”

The Exchange now proposes to combine subsection (d)(v) and (d)(vi) into a single rule under new subsection (d)(v) that provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on either side of the market as the cPRIME Agency Order locks or crosses the NBBO for such component;”. The proposed change simplifies the rule text and clarifies two similar scenarios that will terminate a cPRIME Auction when interest is received on either side of the market as the cPRIME Agency Order. The Exchange believes that the proposed changes promote the protection of investors and the public interest by improving the accuracy and precision of the Exchange’s rules.

Additionally, the Exchange proposes to adopt new subsections (d)(vi) and (d)(vii) to include additional scenarios that will cause a cPRIME Auction to terminate when interest is received on the same or opposite side of the market, respectively, as the cPRIME Agency Order. Specifically, proposed subsection (d)(vi) will provide that a cPRIME Auction shall conclude at the earlier of the end of the RFR period,¹² or when “a simple order or quote in a component of

¹¹ The Exchange notes that the proposed changes are identical to changes made by MIAX Options. See supra note 3.

¹² See Exchange Rule 515A.12(d)(i).

the strategy, eligible to rest on the Simple Order Book,¹³ is received on the same side of the market as the cPRIME Agency Order and causes the icEBBO¹⁴ to lock or cross the best price opposite the cPRIME Agency Order;” This provision ensures that a cPRIME Agency Order will always receive the best price¹⁵ on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange’s simple market.

An example of this scenario is illustrated below.

Example 1 - A simple order or quote on the same side as the Agency Order causes the icEBBO to equal the best price opposite the Agency Order

MIAX Emerald – LMM¹⁶ Mar 50 Call 5.80-6.30 (10x10)
MIAX Emerald – LMM Mar 55 Call 2.90-3.30 (10x10)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The icEBBO is 2.50 debit bid and 3.40 credit offer

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)¹⁷

¹³ The term “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

¹⁴ The term “icEBBO” means the Implied Complex MIAX Emerald Best Bid or Offer. The icEBBO is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. See Exchange Rule 518(a)(12).

¹⁵ The best price for an Agency Order to buy (sell) is the lowest offer (highest bid) on the Exchange, comprised of all available interest.

¹⁶ The term “Lead Market Maker” means a Member registered with the Exchange for the purposes of making markets in securities traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange’s Rules with respect to Lead Market Makers. See Exchange Rule 100.

¹⁷ The term “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

Since the order price is at least \$0.01 better than (inside) the icEBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

A Request for Responses (“RFR”) is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 50 milliseconds BD1 response, cAOC Order¹⁸ @ 2.95 credit sell of 100 arrives
- @ 70 milliseconds MM1 response, cAOC eQuote¹⁹ @ 2.98 credit sell of 500 arrives

The cPRIME Auction process will continue until the Response Time Interval²⁰ ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

- @ 85 milliseconds a simple order bid to pay 6.25 for 10 MAR 50 Calls arrives

The icEBBO is now 2.95 debit bid and 3.40 credit offer. Since the bid side of the icEBBO is now equal to the best price opposite the Agency Order [BD1 response, 2.95 credit sell of 100], the cPRIME Auction is concluded prior to the end of the Response Time Interval.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:²¹

- The cPRIME Agency Order buys 100 from BD1 @ 2.95
- The cPRIME Agency Order buys 400 from MM1 @ 2.98

Similarly, proposed subsection (d)(vii) will provide that a cPRIME Auction shall conclude at the earlier of the end of the RFR period or if, “a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book, is received on the opposite

¹⁸ A Complex Auction-or-Cancel or “cAOC” Order is a complex limit order used to provide liquidity during a specific Complex Auction with a time in force that corresponds with that event. cAOC Orders are not displayed to any market participant, and are not eligible for trading outside of the event. See Exchange Rule 518(b)(3).

¹⁹ A “Complex Auction or Cancel eQuote” or “cAOC eQuote,” which is an eQuote submitted by a Market Maker that is used to provide liquidity during a specific Complex Auction with a time in force that corresponds with the duration of a Complex Auction. See Exchange Rule 518.02(c)(1).

²⁰ The “Response Time Interval” means the period of time during which responses to the RFR may be entered. See Exchange Rule 518(d)(3).

²¹ See Exchange Rule 515A(a)(2)(iii).

side of the market from the cPRIME Agency Order and causes the icEBBO to lock or cross the initiating price.” This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange’s simple market.

An example of this scenario is illustrated below.

Example 2 - A simple order or quote on the opposite side from the Agency Order causes the icEBBO to equal the initiating price

MIAX Emerald – LMM Mar 50 Call 5.80-6.30 (10x10)

MIAX Emerald – LMM Mar 55 Call 2.90-3.30 (10x10)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The icEBBO is 2.50 debit bid and 3.40 credit offer

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)

Since the order price is at least \$0.01 better than (inside) the icEBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

An RFR is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 40 milliseconds BD1 response, cAOC Order @ 2.95 credit sell of 100 arrives
- @ 50 milliseconds MM1 response, cAOC eQuote @ 2.98 credit sell of 500 arrives

The cPRIME Auction process will continue until the Response Time Interval ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

- @ 75 milliseconds a simple order offer to sell 10 MAR 50 Calls @ 5.90 arrives

The icEBBO is now 2.50 debit bid and 3.00 credit offer. Since the offer side of the icEBBO is now equal to the initiating price, the cPRIME Auction is concluded prior to the end of the Response Time Interval.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:

- The cPRIME Agency Order buys 100 from BD1 @ 2.95

- The cPRIME Agency Order buys 400 from MM1 @ 2.98

The Exchange believes that terminating a cPRIME Auction when these conditions are present ensures that the execution of the cPRIME Agency Order improves the best price on the Exchange at the time of receipt, and that there is no interference between the simple and complex markets. (The System²² will reject cPRIME Agency Orders submitted with an initiating price that is equal to or worse than (outside) the icEBBO or any other complex orders on the Strategy Book.)²³ This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's simple market. The Exchange believes that including these scenarios in the rules will provide additional detail concerning the operation of cPRIME Auctions and the conditions which will terminate a cPRIME Auction. The Exchange believes that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and concise so as to minimize the potential for confusion.

2. Statutory Basis

The Exchange believes that its proposed rule changes are consistent with Section 6(b) of the Act²⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁵ in particular, 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

²² The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

²³ See Exchange Rule 515A, Interpretation and Policy .12(a)(i).

²⁴ 15 U.S.C. 78f(b).

²⁵ 15 U.S.C. 78f(b)(5).

free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes the proposed changes promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because they seek to add additional detail to, and improve the accuracy of, the Exchange's rules. In particular, the Exchange believes that the proposed rule changes will provide clarity and transparency to the Exchange's rules to Members and the public, and it is in the public interest for rules to be accurate and concise so as to minimize the potential for confusion.

The Exchange believes that including additional scenarios which will terminate a cPRIME Auction promotes just and equitable principles of trade and removes impediments to a free and open market by providing greater transparency concerning the operation of Exchange functionality. This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market.

Additionally, the Exchange believes that although MIAX Emerald rules may, in certain instances, intentionally differ from MIAX Options rules, the proposed changes will promote uniformity with MIAX Options with respect to rules that are intended to be identical. MIAX Emerald and MIAX Options may have a number of Members in common, and where feasible the Exchange intends to implement similar behavior to provide consistency between MIAX Options and MIAX Emerald so as to avoid confusion among Members.

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. The proposed rule change is intended to promote competition by improving the efficiency of

handling cPRIME Agency Orders on the Exchange. The Exchange believes that this enhances intermarket competition by enabling the Exchange to compete for this type of order flow with other exchanges that have similar rules and functionality in place.

The Exchange does not believe the proposal will impose any burden on intra-market competition as the Exchange's rules apply equally to all Members of 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

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 Act²⁶ and Rule 19b-4(f)(6)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 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.

²⁶ 15 U.S.C. 78s(b)(3)(A).

²⁷ 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.

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-EMERALD-2019-12 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-EMERALD-2019-12. 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-EMERALD-2019-12 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.²⁸

Brent J. Fields
Secretary

²⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined;

Deleted text is in [brackets]

MIAX Emerald, LLC Rules

Rule 515A. MIAX Emerald Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism.

(a) - (b) No change.

Interpretations and Policies:

.01 – .11 No change.

.12 PRIME for Complex Orders. Unless otherwise provided in this Interpretation and Policy .12 or unless the context otherwise requires, the provisions of Rule 515A(a) above shall be applicable to the trading of complex orders (as defined in Rule 518) [on]in the PRIME. The Exchange will determine, on a class-by-class basis, the option classes in which complex orders are available for trading [on]in the PRIME on the Exchange, and will announce such classes to Members via Regulatory Circular.

(a) – (c) No change.

(d) A cPRIME Auction shall conclude at the sooner of (i) through (vi) below with the cPRIME Agency Order executing pursuant to Rule 515A(2)(iii) below:

(i) – (iii) No change.

(iv) unrelated interest on the opposite side of the market from the cPRIME Agency Order:

(A) locks or crosses (1) the icEBBO, or (2) the best net price of a complex order in the same strategy on the Strategy Book, whichever is more aggressive; or

(B) improves the price of any RFR response.

(v) a simple order or quote in a component of the strategy on [the same]either side of the market as the cPRIME Agency Order locks or crosses the NBBO for such component;

[(vi) a simple order or quote in a component of the strategy on the opposite side of the market from the cPRIME Agency Order:

(A) locks or crosses the NBBO for such component; or

(B) causes the icEBBO to be equal to or better than the initiating price.]

(vi) a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book, is received on the same side of the market as the cPRIME Agency Order and causes the icEBBO to lock or cross the best price opposite the cPRIME Agency Order;

(vii) a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book, is received on the opposite side of the market from the cPRIME Agency Order and causes the icEBBO to lock or cross the initiating price.
