

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="36"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="19"/>	Amendment No. (req. for Amendments *) <input type="text"/>
---	--	--	--

Filing by MIAX Emerald, 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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input 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 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"/>
---	---

Description

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

Amend Exchange Rule 515A to permit Post-Only Orders and Post-Only Quotes to participate in PRIME Auctions.

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; Rule 516, Order Types Defined; and Rule 517, Quote Types Defined.

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 the rule to adopt new rule text providing that Post-Only Orders³ and Post-Only Quotes,⁴ collectively referred to as “Post-Only OQs,” may participate in a PRIME Auction. Additionally, the Exchange proposes to delete current Interpretation and Policy .07 and adopt new Interpretations and Policies .07 and .08.

PRIME is a process by which a Member⁵ may electronically submit for execution (“Auction”) an order it represents as agent (“Agency Order”) against principal interest, and/or an Agency Order against solicited interest.⁶ Currently, Post-Only Orders may not participate in a PRIME Auction and are rejected if received while a PRIME Auction is in process.⁷ Similarly, the current rule provides that Post-Only Quotes may not participate in a PRIME Auction and are rejected if received during a PRIME Auction.⁸ Additionally, if trading interest exists on the MIAX Emerald Book⁹ that is subject to the Managed Interest Process pursuant to Exchange Rule 515(c) or there is a Post-Only OQ subject to the POP Process on the MIAX Emerald Book for

³ See Exchange Rule 516(m).

⁴ See Exchange Rule 517(a)(1)(i).

⁵ 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.

⁶ See Exchange Rule 515A(a).

⁷ See Exchange Rule 516(m).

⁸ See Exchange Rule 517(a)(1)(i).

⁹ The term “Book” means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

the option on the same side of the market as the Agency Order, the Agency Order will be rejected by the System¹⁰ prior to initiating an Auction or Solicitation Auction.¹¹

The Exchange now proposes to allow Post-Only OQs to participate in a PRIME Auction and to be received during a PRIME Auction as described in more detail below. The Exchange proposes to amend Exchange Rule 516(m), “Post-Only Orders,” to remove the sentence that provides that Post-Only Orders may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected. The Exchange also proposes to amend Exchange Rule 517(a)(1)(i), “Post-Only Quotes,” to remove the sentence that provides that Post-Only Quotes may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected. In addition to these proposed changes the Exchange also proposes to amend Rule 515A(a)(1)(iv) which states, “Post-Only OQs may not participate in PRIME as an Agency Order,¹² principal interest or solicited interest. Post-Only OQs received during a PRIME Auction will be rejected.” The Exchange proposes to remove the second sentence which states, “Post-Only OQs received during a PRIME Auction will be rejected.”

The Exchange also proposes to amend subsection (a)(2)(i)(A) to clarify that for both single price submissions and auto-match, if the EBBO¹³ on the same side of the market as the Agency Order represents a limit order on the Book or a Post-Only Quote subject to the POP Process,¹⁴ the stop price must be at least \$0.01 increment better than the Book price. This

¹⁰ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

¹¹ See Exchange Rule 515A(a).07.

¹² See Exchange Rule 515A(a).

¹³ The term “EBBO” means the best bid or offer on the Exchange. See Exchange Rule 100.

¹⁴ See Exchange Rule 515(i)(3).

proposed change supports the handling of Post-Only OQs in PRIME and clarifies the stop price minimum requirement.

The Exchange proposes to delete current Interpretation and Policy .07 of Rule 515A in its entirety and to adopt new Interpretation and Policy .07 in its stead. New Interpretation and Policy .07 will provide that if trading interest exists on the MIAX Emerald Book that is subject to the POP Process pursuant to Rule 515(i) for the option on the opposite side of the market as the Agency Order, the Agency Order will be automatically executed against the Post-Only interest if the execution would be at a price \$0.01 inside the EBBO. For an Agency Order to buy, the price would be \$0.01 higher than the EBB, and for an Agency Order to sell the price would be \$0.01 lower than the EBO. If the Agency Order is not fully executed after the interest subject to the POP Process is fully exhausted and is no longer at a price equal to the initiating price of the Agency Order, the PRIME Auction will be initiated for the balance of the Agency Order as provided in this Rule. With respect to any portion of an Agency Order that is automatically executed against managed interest pursuant to this paragraph .07, the exposure requirements contained in Rule 520(b) and (c) will not be satisfied just because the Member utilized the PRIME. The following two examples demonstrate how Post-Only interest resting on the Book is handled.

Example 1. A resting Post-Only OQ subject to the POP Process¹⁵ on the opposite side from the Agency Order causes the Agency Order to automatically execute against the Post-Only interest at a price \$0.01 better than the EBBO.

MPV:¹⁶ .05

EBBO: 3.00-3.10 (10x10)

ABBO:¹⁷ 3.00-3.10 (10x10)

¹⁵ The POP Process is engaged if the limit price of a Post-Only OQ locks or crosses the current side EBBO where the EBBO is the NBBO. See Exchange Rule 515(i)(3)(ii).

¹⁶ The term “MPV” means minimum price variations. See Exchange Rule 510.

Post-Only Order: Sell 1 @ 3.00

The Exchange receives a Post-Only order to sell at 3.00. Since the Post-Only order is priced equal to the opposite side EBBO it is subject to the POP Process and is therefore booked at 3.05 with a display price of 3.05.

EBBO: 3.00-3.05 (10x1)

PRIME Agency Order: Buy 10 @ 3.05¹⁸

The Exchange then receives a PRIME Agency Order to buy at a price equal to the opposite side EBBO, which includes a Post-Only order subject to the POP Process (without a POP, this would not occur). Since trading interest exists on the MIAX Emerald Book subject to the POP Process on the opposite side of the market from the Agency Order, the Agency Order is automatically executed against the Post-Only interest \$0.01 better than the same side EBB.

The PRIME Agency Order to Buy, trades 1 @ 3.01 with the Sell Post-Only order subject to the POP Process.

Since the Agency Order is not fully executed after the Post-Only interest is exhausted, an Auction is initiated for the balance of the order. A Request for Responses (“RFR”) is broadcast to all subscribers detailing the option, side, size and initiating price, and the RFR period is started.¹⁹

No Responses are received.

The PRIME Auction process will trade the Agency Order with the Contra interest.

The PRIME Agency Order buys 9 from the Contra interest @ 3.05.

Example 2. A resting Post-Only OQ subject to the Managed Interest Process on the opposite side from the Agency Order causes the Agency Order to automatically execute against the Managed Interest at a price equal to or better than the initiating price of the Agency Order.

MPV: .05

¹⁷ The term “ABBO” or “Away Best Bid or Offer” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

¹⁸ The Initiating Member must stop the entire Agency Order as principal or with a solicited order at the better of the NBBO or the Agency Order’s limit price (if the order is a limit order). See Exchange Rule 515A(a)(1)(ii).

¹⁹ See Exchange Rule 515A(a)(2)(i)(B).

EBBO: 2.95-3.10 (10x10)
ABBO: 3.00-3.10 (10x10)

The Exchange receives a Post-Only order to sell at 3.00. Since the Post-Only order is priced equal to the opposite side ABBO, it is subject to the Managed Interest Process and is therefore booked at 3.00 with a display price of 3.05.

EBBO: 2.95-3.05 (10x1)
PRIME Agency Order: Buy 10 @ 3.05

The Exchange then receives a PRIME Agency Order to buy at a price equal to opposite side Post-Only order. Since trading interest exists on the MIAX Emerald Book subject to the Managed Interest Process on the opposite side of the market from the Agency Order, the Agency Order is automatically executed against the Post-Only interest at the resting Managed Interest's Book Price.

The PRIME Agency Order to Buy, trades 1 @ 3.00 with the Sell Post-Only order subject to the Managed Interest Process.

Since the Agency Order is not fully executed after the Post-Only interest is exhausted, an Auction is initiated for the balance of the order. A Request for Responses ("RFR") is broadcast to all subscribers and the RFR period is started.

No Responses are received.

The PRIME Auction process will trade the Agency Order with the Contra interest.

The PRIME Agency Order buys 9 from the Contra interest @ 3.05.

The Exchange also proposes to adopt new Interpretation and Policy .08 to Rule 515A, to state that if trading interest exists on the MIAX Emerald Book that is subject to the Managed Interest Process pursuant to Rule 515(c) or the POP Process pursuant to Rule 515(i) for the option on the same side of the market as the Agency Order, the Agency Order will be rejected by the System prior to initiating an Auction or Solicitation Auction. The following examples demonstrate this behavior.

Example 3. A resting Post-Only OQ subject to Managed Interest Process on the same side as the Agency Order causes the Agency Order to be rejected.

MPV: .01

EBBO: 1.00-1.06 (10x10)

ABBO: 1.00-1.05 (10x10)

Post-Only Order: Buy 1 @ 1.05

The Exchange receives a Post-Only order to buy at 1.05. Since the Post-Only order is priced equal to the opposite side ABBO, it is subject to the Managed Interest Process and is therefore booked at 1.05 with a display price of 1.04.

EBBO: 1.04-1.06 (10x1)

PRIME Agency Order: Buy 10 @ 1.05

The Exchange then receives a PRIME Agency Order to buy at 1.05 on the same side as the Post-Only order subject to the Managed Interest Process. Since trading interest exists on the MIAX Emerald Book subject to the Managed Interest Process on the same side of the market as the Agency Order, the Agency Order is rejected.

Example 4. A resting Post-Only OQ subject to POP Process on the same side as the Agency Order causes the Agency Order to be rejected.

MPV: .01

EBBO: 1.00-1.05 (10x10)

ABBO: 1.00-1.05 (10x10)

Post-Only Order: Buy 1 @1.05

The Exchange receives a Post-Only order to buy at 1.05. Since the Post-Only order is priced equal to the opposite side EBBO it is subject to the POP Process and is therefore booked at 1.04 with a display price of 1.04.

EBBO: 1.04-1.05 (1x10)

PRIME Agency Order: Buy 60 @ 1.05

The Exchange then receives a PRIME Agency Order to buy at 1.05 on the same side as the Post-Only order. Since trading interest exists on the MIAX Emerald Book subject to the POP Process on the same side of the market as the Agency Order, the Agency Order is rejected.

Auction Termination

An Auction shall conclude upon receipt by the System of an unrelated order, including a Post-Only Order, (in the same option as the Agency Order); (i) on the opposite side of the market from the RFR responses, that is marketable against either the NBBO, the initiating price, or the RFR response; or (ii) on the same side of the market as the RFR responses, that is marketable against the NBBO.²⁰ An Auction will also conclude if the System receives an unrelated limit order, including a Post-Only Order, (in the same option as the Agency Order) on the opposite side of the market from the Agency Order that improves any RFR response.²¹ Additionally, an Auction may conclude for any of the other reasons provided for in Rule 515A.²²

Post-Only Orders and Post-Only Quotes received during a PRIME Auction are treated in similar fashion to other unrelated interest received during a PRIME Auction as described in Rule 515A, however Post-Only Orders and Post-Only Quotes, by definition, will not remove liquidity.²³ If, at the conclusion of a PRIME Auction, same side Post-Only interest remains, the Post-Only interest will be subject to the POP Process as described in Exchange Rule 515(i).

Additionally, the Exchange proposes to amend Interpretation and Policy .12(b) of Rule 515A, which currently describes three scenarios where the System will reject a cPRIME Agency Order at the time of receipt. The Exchange proposes to amend paragraph (b)(iii) which currently provides that a cPRIME Agency Order will be rejected at the time of receipt if any component of the strategy is subject to the Managed Interest Process described in Rule 515(c)(1)(ii). The Exchange proposes to include a reference to Market Maker orders and quotes which may be

²⁰ See Exchange Rule 515A(a)(2)(ii)(B) and (C).

²¹ See Exchange Rule 515A(a)(2)(ii)(D).

²² See Exchange Rule 515A(a)(2)(ii).

²³ See Exchange Rule 516(m) and 517(a)(1)(i) respectively.

managed, as described in Rule 515(d); and Post-Only interest being managed under the Post-Only Price Process, as described in Rule 515(i). The Exchange has two separate order management processes for orders; one for non-routable orders, and one specifically for Post-Only Orders (the Post-Only Price Process). Additionally, the Exchange has a management process for Market Maker orders and quotes which operates similarly to the Managed Interest Process.²⁴ The Exchange proposes to specify that the System will reject a cPRIME Agency Order at the time of receipt if any component of the strategy is subject to the Managed Interest Process described in Rule 515(c)(1), Rule 515(d), or the Post-Only Price Process described in Rule 515(i), to ensure that the integrity of the simple market remains intact. Finally, the Exchange proposes to make a minor non-substantive change to Interpretation and Policy .06 of Rule 515A, to clarify the term “order” in the second sentence of the paragraph refers to an Agency Order, and to capitalize the word “rule” in the same sentence, to align the text of Interpretation and Policy .06 to the proposed text of Interpretation and Policy .07.

The Exchange also proposes to amend subsection (m) of Exchange Rule 516, Order Types Defined, to delete the statement from the rule text that states, Post-Only Orders may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected. Similarly, the Exchange proposes to amend subsection (a)(1)(i) of Exchange Rule 517, Quote Types Defined, to delete the statement from the rule text that states, Post-Only Quotes may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected. It is necessary for the Exchange to remove this rule text, as under this proposal Post-Only Orders and Post-Only Quotes may be eligible to

²⁴ See Exchange Rule 515(d)(ii).

participate in a PRIME Auction. Additionally, under this proposal, Post Only Orders and Post-Only Quotes received by the System during a PRIME Auction will not be rejected.

b. Statutory Basis

The Exchange believes that its proposed rule changes are consistent with Section 6(b) of the Act²⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁶ 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 proposal to allow Post-Only OQs to participate in a PRIME Auction and to be received during a PRIME Auction promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by increasing the potential liquidity that may be available during a PRIME Auction which may result in possible price improvement opportunities. It is in the investor's best interest to receive the best order execution price.

The proposal to amend Exchange Rule 516(m) and Exchange Rule 517(a)(1)(i) to remove a provision that Post-Only Orders and Post-Only Quotes, respectively, received during a PRIME Auction are rejected, promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by ensuring that the Exchange's rules are

²⁵ 15 U.S.C. 78f(b).

²⁶ 15 U.S.C. 78f(b)(5).

accurate and precise concerning the handling of Post-Only Orders and Post-Only Quotes. It is in investors and the public's interest for Exchange rules to be accurate and concise so as to avoid the potential for confusion.

The proposal to amend Rule 515A(a)(2)(ii) to add additional text clarifying the inclusion of Post-Only Orders in certain scenarios that will end a PRIME Auction adds clarity and precision to the Exchange's rule text. It is in investors and the public's interest for Exchange rules to be accurate and concise so as to avoid the potential for confusion.

The proposal to adopt new Interpretation and Policy .07 regarding the System's behavior for trading interest on the Emerald Book subject to the POP Process promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by including resting interest in the PRIME Auction process. Under the Exchange's existing rule the System would reject an Agency Order prior to initiating an Auction if there was resting interest for the option on the same side of the market as the Agency Order. This proposal provides that this interest will now be included in the PRIME Auction which benefits investors and the public interest by including more liquidity in the Auction process and allowing the Auction to occur.

The proposal to adopt new Interpretation and Policy .08 promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by providing additional detail regarding trading interest on the MIAX Emerald Book that is subject to the Managed Interest Process or the POP Process. Under the Exchange's existing rule if trading interest existed on the Book that was subject to the Managed Interest Process for the option on the same side of the market as the Agency Order the System would reject the Agency

Order prior to initiating an Auction. This behavior remains the same under the Exchange's proposal. Under the Exchange's existing rule if there was a Post-Only OQ on the Book for the option on the same side of the market as the Agency Order the System would reject the Agency Order prior to initiating an Auction. Under the Exchange's proposal, the Exchange has clarified that if there is interest on the Book in the option on the same side of the market as the Agency Order that is subject to the POP Process pursuant to Rule 515(i) the System will reject the Agency Order prior to initiating an Auction. The Exchange believes this change more accurately describes the behavior of the System in this circumstance and it is in investors and the public's interest for Exchange rules to be accurate and concise so as to avoid the potential for confusion.

The proposal to amend Interpretation and Policy .12 of Exchange Rule 515A, to add additional conditions which will prevent a cPRIME Agency Order from being received promotes just and equitable principles of trade and protects investors and the public interest by ensuring that the integrity of the Simple Market remains intact by rejecting a cPRIME Agency Order if any component of the strategy is subject to a management process or the Post-Only Price Process. The Exchange believes the proposed rule change removes impediments to and perfects the mechanism of a free and open market and a national market system and will result in more efficient trading by ensuring orderly markets involving complex orders with common components. The proposed rule change will protect investors and the public interest by ensuring that executions occurring in a cPRIME auction are valid.

Additionally, 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.

The proposal to amend Exchange Rule 516 and Rule 517 to remove rule text which states that Post-Only Orders and Post-Only eQuotes, respectively, may not participate in PRIME Auctions and if received during an Auction will be rejected, ensures that the rules of the Exchange accurately describe the Exchange's functionality.

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 of 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.

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 expanding the type of interest that may participate in a PRIME Auction.

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)**

Not applicable.

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

Not applicable.

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 changes to rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-EMERALD-2019-19)

April__, 2019

Self-Regulatory Organizations: Notice of Filing of a Proposed Rule Change by MIAX Emerald, LLC to Amend Exchange Rule 515A, MIAX Emerald Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism; Rule 516, Order Types Defined; and Rule 517, Quote Types Defined.

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 April 29, 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; Rule 516, Order Types Defined; and Rule 517, Quote Types Defined.

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 the rule to adopt new rule text providing that Post-Only Orders³ and Post-Only Quotes,⁴ collectively referred to as “Post-Only OQs,” may participate in a PRIME Auction. Additionally, the Exchange proposes to delete current Interpretation and Policy .07 and adopt new Interpretations and Policies .07 and .08.

PRIME is a process by which a Member⁵ may electronically submit for execution (“Auction”) an order it represents as agent (“Agency Order”) against principal interest, and/or an Agency Order against solicited interest.⁶ Currently, Post-Only Orders may not participate in a PRIME Auction and are rejected if received while a PRIME Auction is in process.⁷ Similarly,

³ See Exchange Rule 516(m).

⁴ See Exchange Rule 517(a)(1)(i).

⁵ 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.

⁶ See Exchange Rule 515A(a).

⁷ See Exchange Rule 516(m).

the current rule provides that Post-Only Quotes may not participate in a PRIME Auction and are rejected if received during a PRIME Auction.⁸ Additionally, if trading interest exists on the MIAX Emerald Book⁹ that is subject to the Managed Interest Process pursuant to Exchange Rule 515(c) or there is a Post-Only OQ subject to the POP Process on the MIAX Emerald Book for the option on the same side of the market as the Agency Order, the Agency Order will be rejected by the System¹⁰ prior to initiating an Auction or Solicitation Auction.¹¹

The Exchange now proposes to allow Post-Only OQs to participate in a PRIME Auction and to be received during a PRIME Auction as described in more detail below. The Exchange proposes to amend Exchange Rule 516(m), “Post-Only Orders,” to remove the sentence that provides that Post-Only Orders may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected. The Exchange also proposes to amend Exchange Rule 517(a)(1)(i), “Post-Only Quotes,” to remove the sentence that provides that Post-Only Quotes may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected. In addition to these proposed changes the Exchange also proposes to amend Rule 515A(a)(1)(iv) which states, “Post-Only OQs may not participate in PRIME as an Agency Order,¹² principal interest or solicited interest. Post-Only OQs received during a PRIME Auction will be rejected.” The Exchange proposes to remove the second sentence which states, “Post-Only OQs received during a PRIME Auction will be rejected.”

⁸ See Exchange Rule 517(a)(1)(i).

⁹ The term “Book” means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

¹⁰ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

¹¹ See Exchange Rule 515A(a).07.

¹² See Exchange Rule 515A(a).

The Exchange also proposes to amend subsection (a)(2)(i)(A) to clarify that for both single price submissions and auto-match, if the EBBO¹³ on the same side of the market as the Agency Order represents a limit order on the Book or a Post-Only Quote subject to the POP Process,¹⁴ the stop price must be at least \$0.01 increment better than the Book price. This proposed change supports the handling of Post-Only OQs in PRIME and clarifies the stop price minimum requirement.

The Exchange proposes to delete current Interpretation and Policy .07 of Rule 515A in its entirety and to adopt new Interpretation and Policy .07 in its stead. New Interpretation and Policy .07 will provide that if trading interest exists on the MIAX Emerald Book that is subject to the POP Process pursuant to Rule 515(i) for the option on the opposite side of the market as the Agency Order, the Agency Order will be automatically executed against the Post-Only interest if the execution would be at a price \$0.01 inside the EBBO. For an Agency Order to buy, the price would be \$0.01 higher than the EBB, and for an Agency Order to sell the price would be \$0.01 lower than the EBO. If the Agency Order is not fully executed after the interest subject to the POP Process is fully exhausted and is no longer at a price equal to the initiating price of the Agency Order, the PRIME Auction will be initiated for the balance of the Agency Order as provided in this Rule. With respect to any portion of an Agency Order that is automatically executed against managed interest pursuant to this paragraph .07, the exposure requirements contained in Rule 520(b) and (c) will not be satisfied just because the Member utilized the PRIME. The following two examples demonstrate how Post-Only interest resting on the Book is handled.

¹³ The term “EBBO” means the best bid or offer on the Exchange. See Exchange Rule 100.

¹⁴ See Exchange Rule 515(i)(3).

Example 1. A resting Post-Only OQ subject to the POP Process¹⁵ on the opposite side from the Agency Order causes the Agency Order to automatically execute against the Post-Only interest at a price \$0.01 better than the EBBO.

MPV:¹⁶ .05

EBBO: 3.00-3.10 (10x10)

ABBO:¹⁷ 3.00-3.10 (10x10)

Post-Only Order: Sell 1 @ 3.00

The Exchange receives a Post-Only order to sell at 3.00. Since the Post-Only order is priced equal to the opposite side EBBO it is subject to the POP Process and is therefore booked at 3.05 with a display price of 3.05.

EBBO: 3.00-3.05 (10x1)

PRIME Agency Order: Buy 10 @ 3.05¹⁸

The Exchange then receives a PRIME Agency Order to buy at a price equal to the opposite side EBBO, which includes a Post-Only order subject to the POP Process (without a POP, this would not occur). Since trading interest exists on the MIAX Emerald Book subject to the POP Process on the opposite side of the market from the Agency Order, the Agency Order is automatically executed against the Post-Only interest \$0.01 better than the same side EBB.

The PRIME Agency Order to Buy, trades 1 @ 3.01 with the Sell Post-Only order subject to the POP Process.

Since the Agency Order is not fully executed after the Post-Only interest is exhausted, an Auction is initiated for the balance of the order. A Request for Responses (“RFR”) is broadcast to all subscribers detailing the option, side, size and initiating price, and the RFR period is started.¹⁹

No Responses are received.

¹⁵ The POP Process is engaged if the limit price of a Post-Only OQ locks or crosses the current side EBBO where the EBBO is the NBBO. See Exchange Rule 515(i)(3)(ii).

¹⁶ The term “MPV” means minimum price variations. See Exchange Rule 510.

¹⁷ The term “ABBO” or “Away Best Bid or Offer” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

¹⁸ The Initiating Member must stop the entire Agency Order as principal or with a solicited order at the better of the NBBO or the Agency Order’s limit price (if the order is a limit order). See Exchange Rule 515A(a)(1)(ii).

¹⁹ See Exchange Rule 515A(a)(2)(i)(B).

The PRIME Auction process will trade the Agency Order with the Contra interest.

The PRIME Agency Order buys 9 from the Contra interest @ 3.05.

Example 2. A resting Post-Only OQ subject to the Managed Interest Process on the opposite side from the Agency Order causes the Agency Order to automatically execute against the Managed Interest at a price equal to or better than the initiating price of the Agency Order.

MPV: .05

EBBO: 2.95-3.10 (10x10)

ABBO: 3.00-3.10 (10x10)

The Exchange receives a Post-Only order to sell at 3.00. Since the Post-Only order is priced equal to the opposite side ABBO, it is subject to the Managed Interest Process and is therefore booked at 3.00 with a display price of 3.05.

EBBO: 2.95-3.05 (10x1)

PRIME Agency Order: Buy 10 @ 3.05

The Exchange then receives a PRIME Agency Order to buy at a price equal to opposite side Post-Only order. Since trading interest exists on the MIAX Emerald Book subject to the Managed Interest Process on the opposite side of the market from the Agency Order, the Agency Order is automatically executed against the Post-Only interest at the resting Managed Interest's Book Price.

The PRIME Agency Order to Buy, trades 1 @ 3.00 with the Sell Post-Only order subject to the Managed Interest Process.

Since the Agency Order is not fully executed after the Post-Only interest is exhausted, an Auction is initiated for the balance of the order. A Request for Responses ("RFR") is broadcast to all subscribers and the RFR period is started.

No Responses are received.

The PRIME Auction process will trade the Agency Order with the Contra interest.

The PRIME Agency Order buys 9 from the Contra interest @ 3.05.

The Exchange also proposes to adopt new Interpretation and Policy .08 to Rule 515A, to state that if trading interest exists on the MIAX Emerald Book that is subject to the Managed Interest Process pursuant to Rule 515(c) or the POP Process pursuant to Rule 515(i) for the option on the same side of the market as the Agency Order, the Agency Order will be rejected by

the System prior to initiating an Auction or Solicitation Auction. The following examples demonstrate this behavior.

Example 3. A resting Post-Only OQ subject to Managed Interest Process on the same side as the Agency Order causes the Agency Order to be rejected.

MPV: .01

EBBO: 1.00-1.06 (10x10)

ABBO: 1.00-1.05 (10x10)

Post-Only Order: Buy 1 @ 1.05

The Exchange receives a Post-Only order to buy at 1.05. Since the Post-Only order is priced equal to the opposite side ABBO, it is subject to the Managed Interest Process and is therefore booked at 1.05 with a display price of 1.04.

EBBO: 1.04-1.06 (10x1)

PRIME Agency Order: Buy 10 @ 1.05

The Exchange then receives a PRIME Agency Order to buy at 1.05 on the same side as the Post-Only order subject to the Managed Interest Process. Since trading interest exists on the MIAX Emerald Book subject to the Managed Interest Process on the same side of the market as the Agency Order, the Agency Order is rejected.

Example 4. A resting Post-Only OQ subject to POP Process on the same side as the Agency Order causes the Agency Order to be rejected.

MPV: .01

EBBO: 1.00-1.05 (10x10)

ABBO: 1.00-1.05 (10x10)

Post-Only Order: Buy 1 @ 1.05

The Exchange receives a Post-Only order to buy at 1.05. Since the Post-Only order is priced equal to the opposite side EBBO it is subject to the POP Process and is therefore booked at 1.04 with a display price of 1.04.

EBBO: 1.04-1.05 (1x10)

PRIME Agency Order: Buy 60 @ 1.05

The Exchange then receives a PRIME Agency Order to buy at 1.05 on the same side as the Post-Only order. Since trading interest exists on the MIAX Emerald Book subject to the POP Process on the same side of the market as the Agency Order, the Agency Order is rejected.

Auction Termination

An Auction shall conclude upon receipt by the System of an unrelated order, including a Post-Only Order, (in the same option as the Agency Order); (i) on the opposite side of the market from the RFR responses, that is marketable against either the NBBO, the initiating price, or the RFR response; or (ii) on the same side of the market as the RFR responses, that is marketable against the NBBO.²⁰ An Auction will also conclude if the System receives an unrelated limit order, including a Post-Only Order, (in the same option as the Agency Order) on the opposite side of the market from the Agency Order that improves any RFR response.²¹ Additionally, an Auction may conclude for any of the other reasons provided for in Rule 515A.²²

Post-Only Orders and Post-Only Quotes received during a PRIME Auction are treated in similar fashion to other unrelated interest received during a PRIME Auction as described in Rule 515A, however Post-Only Orders and Post-Only Quotes, by definition, will not remove liquidity.²³ If, at the conclusion of a PRIME Auction, same side Post-Only interest remains, the Post-Only interest will be subject to the POP Process as described in Exchange Rule 515(i).

Additionally, the Exchange proposes to amend Interpretation and Policy .12(b) of Rule 515A, which currently describes three scenarios where the System will reject a cPRIME Agency Order at the time of receipt. The Exchange proposes to amend paragraph (b)(iii) which currently provides that a cPRIME Agency Order will be rejected at the time of receipt if any component of the strategy is subject to the Managed Interest Process described in Rule 515(c)(1)(ii). The Exchange proposes to include a reference to Market Maker orders and quotes which may be managed, as described in Rule 515(d); and Post-Only interest being managed under the Post-

²⁰ See Exchange Rule 515A(a)(2)(ii)(B) and (C).

²¹ See Exchange Rule 515A(a)(2)(ii)(D).

²² See Exchange Rule 515A(a)(2)(ii).

²³ See Exchange Rule 516(m) and 517(a)(1)(i) respectively.

Only Price Process, as described in Rule 515(i). The Exchange has two separate order management processes for orders; one for non-routable orders, and one specifically for Post-Only Orders (the Post-Only Price Process). Additionally, the Exchange has a management process for Market Maker orders and quotes which operates similarly to the Managed Interest Process.²⁴ The Exchange proposes to specify that the System will reject a cPRIME Agency Order at the time of receipt if any component of the strategy is subject to the Managed Interest Process described in Rule 515(c)(1), Rule 515(d), or the Post-Only Price Process described in Rule 515(i), to ensure that the integrity of the simple market remains intact. Finally, the Exchange proposes to make a minor non-substantive change to Interpretation and Policy .06 of Rule 515A, to clarify the term “order” in the second sentence of the paragraph refers to an Agency Order, and to capitalize the word “rule” in the same sentence, to align the text of Interpretation and Policy .06 to the proposed text of Interpretation and Policy .07.

The Exchange also proposes to amend subsection (m) of Exchange Rule 516, Order Types Defined, to delete the statement from the rule text that states, Post-Only Orders may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected. Similarly, the Exchange proposes to amend subsection (a)(1)(i) of Exchange Rule 517, Quote Types Defined, to delete the statement from the rule text that states, Post-Only Quotes may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected. It is necessary for the Exchange to remove this rule text, as under this proposal Post-Only Orders and Post-Only Quotes may be eligible to participate in a PRIME Auction. Additionally, under this proposal, Post Only Orders and Post-Only Quotes received by the System during a PRIME Auction will not be rejected.

²⁴ See Exchange Rule 515(d)(ii).

2. Statutory Basis

The Exchange believes that its proposed rule changes are consistent with Section 6(b) of the Act²⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁶ 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 proposal to allow Post-Only OQs to participate in a PRIME Auction and to be received during a PRIME Auction promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by increasing the potential liquidity that may be available during a PRIME Auction which may result in possible price improvement opportunities. It is in the investor's best interest to receive the best order execution price.

The proposal to amend Exchange Rule 516(m) and Exchange Rule 517(a)(1)(i) to remove a provision that Post-Only Orders and Post-Only Quotes, respectively, received during a PRIME Auction are rejected, promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by ensuring that the Exchange's rules are accurate and precise concerning the handling of Post-Only Orders and Post-Only Quotes. It is in

²⁵ 15 U.S.C. 78f(b).

²⁶ 15 U.S.C. 78f(b)(5).

investors and the public's interest for Exchange rules to be accurate and concise so as to avoid the potential for confusion.

The proposal to amend Rule 515A(a)(2)(ii) to add additional text clarifying the inclusion of Post-Only Orders in certain scenarios that will end a PRIME Auction adds clarity and precision to the Exchange's rule text. It is in investors and the public's interest for Exchange rules to be accurate and concise so as to avoid the potential for confusion.

The proposal to adopt new Interpretation and Policy .07 regarding the System's behavior for trading interest on the Emerald Book subject to the POP Process promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by including resting interest in the PRIME Auction process. Under the Exchange's existing rule the System would reject an Agency Order prior to initiating an Auction if there was resting interest for the option on the same side of the market as the Agency Order. This proposal provides that this interest will now be included in the PRIME Auction which benefits investors and the public interest by including more liquidity in the Auction process and allowing the Auction to occur.

The proposal to adopt new Interpretation and Policy .08 promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by providing additional detail regarding trading interest on the MIAX Emerald Book that is subject to the Managed Interest Process or the POP Process. Under the Exchange's existing rule if trading interest existed on the Book that was subject to the Managed Interest Process for the option on the same side of the market as the Agency Order the System would reject the Agency Order prior to initiating an Auction. This behavior remains the same under the Exchange's proposal. Under the Exchange's existing rule if there was a Post-Only OQ on the Book for the

option on the same side of the market as the Agency Order the System would reject the Agency Order prior to initiating an Auction. Under the Exchange's proposal, the Exchange has clarified that if there is interest on the Book in the option on the same side of the market as the Agency Order that is subject to the POP Process pursuant to Rule 515(i) the System will reject the Agency Order prior to initiating an Auction. The Exchange believes this change more accurately describes the behavior of the System in this circumstance and it is in investors and the public's interest for Exchange rules to be accurate and concise so as to avoid the potential for confusion.

The proposal to amend Interpretation and Policy .12 of Exchange Rule 515A, to add additional conditions which will prevent a cPRIME Agency Order from being received promotes just and equitable principles of trade and protects investors and the public interest by ensuring that the integrity of the Simple Market remains intact by rejecting a cPRIME Agency Order if any component of the strategy is subject to a management process or the Post-Only Price Process. The Exchange believes the proposed rule change removes impediments to and perfects the mechanism of a free and open market and a national market system and will result in more efficient trading by ensuring orderly markets involving complex orders with common components. The proposed rule change will protect investors and the public interest by ensuring that executions occurring in a cPRIME auction are valid.

Additionally, 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.

The proposal to amend Exchange Rule 516 and Rule 517 to remove rule text which states that Post-Only Orders and Post-Only eQuotes, respectively, may not participate in PRIME Auctions and if received during an Auction will be rejected, ensures that the rules of the Exchange accurately describe the Exchange's functionality.

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 of 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.

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 expanding the type of interest that may participate in a PRIME Auction.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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:to-rule-comments@sec.gov). Please include File Number SR-EMERALD-2019-19 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-2019-19. 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-2019-19 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.²⁷

Brent J. Fields
Secretary

²⁷ 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) **Price Improvement Mechanism (“PRIME”).** PRIME is a process by which a Member may electronically submit for execution (“Auction”) an order it represents as agent (“Agency Order”) against principal interest, and/or an Agency Order against solicited interest.

(1) **Auction Eligibility Requirements.** A Member (the "Initiating Member") may initiate an Auction provided all of the following are met:

(i) – (iii) No change.

(iv) Post-Only OQs may not participate in PRIME as an Agency Order, principal interest or solicited interest. [Post-Only OQs received during a PRIME Auction will be rejected.]

(2) **Auction Process.** Only one Auction may be ongoing at any given time in an option and Auctions in the same option may not queue or overlap in any manner. The System will reject an Agency Order if, at the time of receipt of the Agency Order, the option is in an Auction or is a component of a complex strategy that is the subject of a cPRIME Auction, as defined below, or a Complex Auction pursuant to Rule 518(d). The Auction may not be cancelled and shall proceed as follows:

(i) **Auction Period and Request for Responses (RFRs).**

(A) To initiate the Auction, the Initiating Member must mark the Agency Order for Auction processing, and specify (i) a single price at which it seeks to cross the Agency Order (with principal interest and/or a solicited order) (a "single-price submission"), including whether the Initiating Member elects to have last priority in allocation, or (ii) that it is willing to automatically match ("auto-match") as principal the price and size of all Auction responses up to an optional designated limit price in which case the Agency Order will be stopped at the better of the NBBO, or the Agency Order’s limit price. For both single price submissions and auto-match, if the EBBO on the same side of the market as the Agency Order represents a limit order on the Book or a Post-Only Quote subject to the POP Process, the stop price must be at least \$0.01 increment better than the [booked order’s limit] Book price. Once the Initiating Member has submitted an Agency Order for processing pursuant to this subparagraph, such submission may not be modified or cancelled. For both a single price submission and auto-match, the stopped

price specified by the Initiating Member on the Agency Order shall be the “initiating price” for the Auction.

(B) – (H) No change.

(ii) **Conclusion of Auction.** The Auction shall conclude at the sooner of (A) through (G) below with the Agency Order executing pursuant to paragraph (iii) below.

(A) No change.

(B) Upon receipt by the System of an unrelated order, including a Post-Only Order, (in the same option as the Agency Order) on the opposite side of the market from the RFR responses, that is marketable against either the NBBO, the initiating price, or the RFR responses;

(C) Upon receipt by the System of an unrelated order, including a Post-Only Order, (in the same option as the Agency Order) on the same side of the market as the RFR responses, that is marketable against the NBBO.

(D) Upon receipt by the System of an unrelated limit order, including a Post-Only Order, (in the same option as the Agency Order) on the opposite side of the market from the Agency Order that improves any RFR response;

(E) – (G) No change.

(iii) No change.

(b) No change.

Interpretations and Policies:

.01 – .05 No change.

.06 If trading interest exists on the MIAX Emerald Book that is subject to the Managed Interest Process pursuant to Rule 515(c) for the option on the opposite side of the market as the Agency Order and when the EBBO is equal to the NBBO, the Agency Order will be automatically executed against the managed interest if the execution would be at a price equal to or better than the initiating price of the Agency Order. If the Agency Order is not fully executed after the managed interest is fully exhausted and is no longer at a price equal to the initiating price of the Agency Order, the Auction will be initiated for the balance of the Agency O[O]rder as provided in this [r]Rule. With respect to any portion of an Agency Order that is automatically executed against managed interest pursuant to this paragraph .06, the exposure requirements contained in Rule 520(b) and (c) will not be satisfied just because the member utilized the PRIME.

.07 [If trading interest exists on the MIAX Emerald Book that is subject to the Managed Interest Process pursuant to Rule 515(c) or there is a Post-Only OQ on the MIAX Emerald Book for the option on the same side of the market as the Agency Order, the Agency Order will be rejected by the System prior to initiating an Auction or a Solicitation Auction.] If trading interest exists on the MIAX Emerald Book that is subject to the POP Process pursuant to Rule 515(i) for the option on the opposite side of the market as the Agency Order, the Agency Order will be automatically executed against the Post-Only interest at a price \$0.01 inside the EBBO (i.e., for an Agency Order to buy, \$0.01 higher than the EBB; for an Agency Order to sell, \$0.01 lower than the EBO). If the Agency Order is not fully executed after the interest subject to the POP Process is fully exhausted and is no longer at a price equal to the initiating price of the Agency Order, the Auction will be initiated for the balance of the Agency Order as provided in this Rule. With respect to any portion of an Agency Order that is automatically executed against interest subject to the POP Process pursuant to this paragraph .07, the exposure requirements contained in Rule 520(b) and (c) will not be satisfied just because the member utilized the PRIME.

.08 [Reserved] If trading interest exists on the MIAX Emerald Book that is subject to the Managed Interest Process pursuant to Rule 515(c) or the POP Process pursuant to Rule 515(i) for the option on the same side of the market as the Agency Order, the Agency Order will be rejected by the System prior to initiating an Auction or a Solicitation Auction.

.09 – .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) in the PRIME. The Exchange will determine, on a class-by-class basis, the option classes in which complex orders are available for trading in the PRIME on the Exchange, and will announce such classes to Members via Regulatory Circular.

(a) No change.

(b) The System will reject a cPRIME Agency Order if, at the time of receipt of the cPRIME Agency Order:

(i) the strategy is subject to a cPRIME Auction pursuant to Rule 515A, Interpretation and Policy .12 or to a Complex Auction pursuant to Rule 518(d);

(ii) any component of the strategy is subject to a SMAT Event as described in Rule 518(a)(16); or

(iii) any component of the strategy is subject to the Managed Interest Process described in Rule 515(c)(1)(ii), Rule 515(d), or the Post-Only Price Process described in Rule 515(i).

Rule 516. Order Types Defined

It should be noted that some of the order types defined below are valid only during certain portions of the trading day (e.g., Opening Orders) or during certain events (e.g., Auction-or-Cancel Orders). If a Member submits an order type during a time period when the order type is not valid, the System will reject the order.

(a) – (l) No change.

(m) **“Post-Only Orders”** are orders that will not remove liquidity from the Book. Post-Only Orders are to be ranked and executed on the Exchange pursuant to Rule 514(b) (Priority on the Exchange), or handled pursuant to Rule 515, as appropriate, and will never route away to another trading center. Post-Only Orders are evaluated with respect to locking or crossing other orders or quotes as set forth in Rule 515(a). A Post-Only Order is valid during the Opening Process and will be processed in accordance with Rule 503. The Post-Only instruction will be ignored (i) for Post-Only Orders that participate in the Opening Process, and (ii) for Post-Only Orders subject to the ABBO transition from a crossed state to an uncrossed state pursuant to Rule 515, Interpretation and Policy .02. A Post-Only Order may not be a Market Order, Auction-or-Cancel Order, Immediate-or-Cancel Order, an Intermarket Sweep Order or a Good ‘til Cancelled Order. Post-Only Orders received before the Opening Process or during a trading halt may participate in the next Opening Process. Post-Only Orders received after the market close will be rejected. [Post-Only Orders may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected.]Post-Only Orders may not participate in a Solicitation Auction as set forth in Rule 515A(b) and if received during a Solicitation Auction will be rejected. Post-Only Orders may not be a component of a complex order set forth in Rule 518(a)(5).

Rule 517. Quote Types Defined

Market Makers may communicate to the Exchange bids and offers using one or more of the following quote types. All of the bids and offers in the quote types described below shall be firm in accordance with the Market Maker’s obligations under Exchange Rules and Rule 602 of Regulation NMS. However, bids and offers in certain of the eQuote types, as identified in paragraph (d) below, will not be disseminated by the Exchange to quotation vendors in accordance with Rule 602 of Regulation NMS given their limited time in force contingencies. Some of the quote types defined below are valid only during certain portions of the trading day (e.g., Opening Only eQuotes) or during certain events (e.g., Auction-or-Cancel eQuotes). If a Member submits a quote type during a time period when the quote type is not valid, the System will reject the quote.

(a) **Quote Types:**

(1) **Standard Quote.** A Standard quote is a quote submitted by a Market Maker that cancels and replaces the Market Maker’s previous Standard quote, if any.

(i) **Post-Only Quotes.** Post-Only Quotes are Standard quotes that will not remove liquidity from the Book. Post-Only Quotes are to be ranked and executed on the Exchange pursuant to Rule 514(b) (Priority on the Exchange), or handled pursuant to Rule 515, as appropriate, and will never route away to another trading center. Post-Only Quotes are evaluated with respect to locking or crossing other orders or quotes as set forth in Rule 515(a). A Post-Only Quote is valid during the Opening Process and will be processed in accordance with Rule 503. The Post-Only instruction will be ignored for (i) Post-Only Quotes that participate in the Opening Process, and (ii) Post-Only Quotes subject to the ABBO transition from a crossed state to an uncrossed state pursuant to Rule 515, Interpretation and Policy .02. Post-Only Quotes received before the Opening Process or during a trading halt may participate in the next Opening Process. Post-Only Quotes received after the market close will be rejected. [Post-Only Quotes may not participate in a PRIME Auction as set forth in Rule 515A(a) and if received during a PRIME Auction will be rejected.] Post-Only Quotes may not participate in a Solicitation Auction as set forth in Rule 515A(b) and if received during a Solicitation Auction will be rejected. A Post-Only Quote may not be a component of a complex order set forth in Rule 518(a)(5) and will be rejected by the System.
