

Required fields are shown with yellow backgrounds and asterisks.

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

Initial *	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"/>
Pilot <input type="checkbox"/>			Rule		
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 checked="" 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"/>
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Description

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

Proposal to adopt the MIAX PEARL Equities Fee Schedule.

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 * Michael Last Name * Slade
 Title * Counsel
 E-mail * mslade@miami-holdings.com
 Telephone * (609) 897-8499 Fax

Signature

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

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

(Title *)

Date 09/24/2020 Vice President, Senior Counsel
 By Chris Solgan

(Name *)

csolgan@miami-holdings.com

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 *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

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

(a) MIAX PEARL, LLC (“MIAX PEARL” or “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 adopt a fee schedule setting forth transaction fees and rebates for MIAX PEARL Equities, an equities trading facility of the Exchange (the “Fee Schedule”).³ The proposed fees are scheduled to become operative September 25, 2020.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the applicable sections of the Fee Schedule is attached hereto as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

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

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX PEARL Board of Directors on January 29, 2020. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule changes may be directed to Michael Slade, Counsel, at (609) 897-8499.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Exchange Rule 1901. The Exchange notes that it submitted a separate filing with the Commission pursuant to Section 19(b)(3)(A) of the Act to adopt non-transaction fees. See SR-PEARL-2020-18 (filed September 24, 2020).

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

a. Purpose

On August 14, 2020, the Commission approved MIAX PEARL's proposal to adopt rules governing the trading of equity securities on MIAX PEARL Equities.⁴

The purpose of the proposed rule change is to adopt the Fee Schedule, which would set forth fees and rebates for use of MIAX PEARL Equities. The Fee Schedule will apply equally to all market participants trading equity securities on and/or using services provided by MIAX PEARL Equities. The proposed fees are scheduled to become operative September 25, 2020.

The Exchange will operate in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates/incentives to be insufficient. More specifically, the Exchange will be only one of several equities venues (including both registered exchanges and various alternative trading systems) to which market participants may direct their order flow and execute their trades. Indeed, equity trading is currently dispersed across 16 exchanges,⁵ 31 alternative trading systems,⁶ and numerous broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly available information, no single registered equities exchange currently

⁴ See Securities Exchange Act Release No. 89563 (August 14, 2020), 85 FR 51510 (August 20, 2020) (SR-PEARL-2020-03) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To Establish Rules Governing the Trading of Equity Securities) ("Approval Order").

⁵ See Cboe Global Markets, U.S Equities Market Volume Summary, available at https://markets.cboe.com/us/equities/market_share/.

⁶ See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is available at <https://www.sec.gov/foia/docs/atlist.htm>.

has more than approximately 20% of total market share.⁷ Thus, in such a low-concentrated and highly competitive market, no single equities trading venue possesses significant pricing power in the execution of trades, and, as it commences operations, the Exchange anticipates representing a very small percentage of the overall market.

Proposed Transaction Fees and Rebates

The Exchange proposes to adopt a simple maker/taker fee structure where it would generally provide a rebate to Equity Members⁸ that add liquidity and charge a fee to Equity Members that remove liquidity. The amount of the proposed fees and rebates described below are competitive and designed to enable the Exchange to attract order flow and to compete with other equity exchanges and trading venues. The Exchange believes its proposed fee structure is consistent with those adopted by other exchanges that employ maker/taker pricing structures and is designed to encourage additional liquidity on the Exchange through competitive rebates and fees. The proposed fees and rebates would be set forth under Section 1)a), Standard Rates, of the Fee Schedule.

The Exchange proposes to adopt a simple fee structure where it would charge a single fee of \$0.0028 per share for orders that remove liquidity in securities priced at or above \$1.00. The Exchange proposes to provide a rebate of \$0.0028 per share for orders that are displayed⁹ on the

⁷ See Cboe Global Markets U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/.

⁸ The term “Equity Member” means a Member authorized by the Exchange to transact business on MIAX PEARL Equities. See Exchange Rule 1901.

⁹ See Exchange Rule 2614(c)(3).

MIAX PEARL Equities Book¹⁰ and add liquidity in securities priced at or above \$1.00.¹¹ The Exchange proposes to provide a rebate of \$0.0022 per share for orders that are non-displayed¹² on the MIAX PEARL Equities Book and add liquidity in securities price at or above \$1.00.¹³ The Exchange proposes that orders in securities priced below \$1.00 would be free, regardless of whether they add or remove liquidity. All orders executed in the Exchange's Opening and Re-Opening processes¹⁴ would also be free.

The Exchange proposes to provide a higher rebate to displayed orders that add liquidity than non-displayed orders to incentivize displayed liquidity on the Exchange to encourage and facilitate price discovery and price information, which the Exchange believes benefits all Equity Members and investors.

The Exchange also proposes to charge a flat fee for routed orders. Specifically, the Exchange proposes to charge \$0.0030 per share for routed orders in securities priced at or above \$1.00 and 0.30% of the dollar value for routed orders in securities priced below \$1.00. These rates would be applicable to all routed orders that: (i) are executed on an away market; and (ii) remove liquidity from the market to which it was routed ("Routed Removed Volume"). As described in Exchange Rule 2617(b), the Exchange uses unaffiliated routing broker-dealers to route orders to the away Trading Centers. All charges by the Exchange for routing are

¹⁰ The term "MIAX PEARL Equities Book" shall mean the electronic book of orders in equity securities maintained by the System. See Exchange Rule 1901.

¹¹ This pricing is referred to by the Exchange on the proposed Fee Schedule in the column titled "Adding Liquidity Displayed Order."

¹² See Exchange Rule 2614(c)(4).

¹³ This pricing is referred to by the Exchange on the proposed Fee Schedule in the column titled "Adding Liquidity Non-Displayed Order."

¹⁴ See Exchange Rule 2615 for a description of the Exchange's Opening and Re-Opening Processes.

applicable only in the event that an order is executed; there is no charge for orders that are routed away from the Exchange but are not filled. The Exchange notes that the fees for routing relate to orders routed through an unaffiliated routing broker-dealer. Routing services offered by the Exchange and its unaffiliated routing broker-dealers are completely optional and market participants can readily select between various providers of routing services, including other exchanges and broker-dealers.

General Notes

The Exchange proposes to include a General Notes section at the beginning of the Fee Schedule. The purpose of the General Notes section is provide additional clarity to market participants within the Fee Schedule. The Exchange proposes to include the following General Notes that will be applicable to the entire Fee Schedule:

- Rebates are indicated by parentheses ().
- All references to “per share” mean “per share executed.”
- Unless otherwise indicated, rebates and charges for adding, removing or routing liquidity are listed as per share rebates and charges.
- Web CRD fees set forth in Section 2)c) of the MIAX PEARL Options Fee Schedule will be assessed on MIAX PEARL Equity Members (as applicable) and collected by FINRA.

The Exchange notes that the proposed General Notes section is based on similar sections included in the fee schedules of other equities exchanges¹⁵ and the Exchange believes that including a General Notes section in the beginning of the Fee Schedule makes the Fee Schedule more comprehensive and user-friendly.

¹⁵ See Cboe BZX Exchange, Inc. Fee Schedule, General Notes section; Cboe BYX Exchange, Inc., General Notes section; Cboe EDGA Exchange, Inc., General Notes section; Cboe EDGX Exchange, Inc., General Notes section.

b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁶ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁷ in particular, in that it is an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

Upon launch, the Exchange will operate in a highly fragmented and competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates/incentives to be insufficient. The Exchange believes that the proposed Fee Schedule reflects a simple and competitive pricing structure designed to incentivize market participants to add aggressively priced displayed liquidity and direct their order flow to the Exchange, which the Exchange believes would promote price discovery and price formation and deepen liquidity that is subject to the Exchange's transparency, regulation, and oversight as an exchange, thereby enhancing market quality to the benefit of all Members and investors.

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(4) and (5).

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁸

As the Commission itself recognized, the market for trading services in NMS stocks has become “more fragmented and competitive.”¹⁹ Indeed, equity trading is currently dispersed across 16 exchanges,²⁰ 31 alternative trading systems,²¹ and numerous broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly-available information, no single exchange currently has more than 20% market share (whether including or excluding auction volume).²² Therefore, no exchange possesses significant pricing power in the execution of equity order flow. More specifically, as noted earlier, the Exchange has yet to launch trading operations and thus has a market share of 0% of executed volume of equities trading.

The Exchange has designed its proposed Fee Schedule to balance the need to attract order flow as a new exchange entrant with the desire to provide a simple fee structure to market

¹⁸ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (File No. S7-10-04) (“Regulation NMS”).

¹⁹ See Securities Exchange Act Release No. 82873 (March 14, 2018), 83 FR 13008 (March 26, 2018) (File No. S7-05-18) (Transaction Fee Pilot for NMS Stocks).

²⁰ See supra note 5.

²¹ See supra note 6.

²² See supra note 5.

participants. The Exchange believes its proposed structure enables the Exchange to compete for order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue to reduce use of certain categories of products, in response to fee changes. With respect to nonmarketable order which provide liquidity on an Exchange, Equity Members can choose from any one of the 16 currently operating registered exchanges to route such order flow.

Accordingly, competitive forces reasonably constrain exchange transaction fees that relate to orders that would provide displayed liquidity on an exchange. Stated otherwise, changes to exchange transaction fees can have a direct effect on the ability of an exchange to compete for order flow. Given this competitive environment, the Exchange's proposed transaction fees and rebates represent a reasonable attempt to attract order flow to a new exchange entrant.

The Exchange believes the proposed transaction fees and rebates on MIAX PEARL Equities are reasonable, equitable and not unfairly discriminatory. The Exchange notes that it proposes a simple fee structure, with a standard fee and rebate structure for displayed and non-displayed orders priced at or above \$1.00, while also providing executions in securities priced below \$1.00 and those that occur in the Exchange's Opening and Re-Opening processes free of charge. This fee structure is designed to allow the Exchange to attract order flow from day one while providing market participants with a clear and concise Fee Schedule.

MIAX PEARL Equities will operate within a highly competitive market in which market participants can readily send order flow to several other competing venues if, among other things, they deem fees at a particular venue to be unreasonable or excessive. The proposed fee structure is intended to attract order flow to MIAX PEARL, not only from the established incumbent exchanges that have fee structures that are highly tailored to attract order flow from

specific types of market participants, but also new exchanges with similar fee structures as proposed herein.

The Exchange believes its proposed fee of \$0.0028 per share for orders that remove liquidity in securities priced above \$1.00 is reasonable, equitable and not unfairly discriminatory because it will apply to all orders from all market participants and regardless of whether they are displayed or non-displayed. The Exchange notes that this fee is also comparable to or lower than the standard fee to remove liquidity charged by other exchanges.²³

The Exchange believes that it is appropriate, reasonable, and consistent with the Act to provide a standard rebate of \$0.0028 per share for displayed orders that add liquidity in securities priced at or above \$1.00 because this rebate is consistent with transaction rebates provided by other exchanges.²⁴ The Exchange further believes that this rebate structure is equitably allocated

²³ For example, the New York Stock Exchange trading fee schedule on its public website reflects fees to “take” liquidity ranging from \$0.0024 - \$0.00275 depending on the type of market participant, order and execution; see <https://www.nyse.com/markets/nyse/trading-info/fees>. The Nasdaq Stock Market trading fee schedule on its public website reflects standard fees to “remove” liquidity of \$0.0030 per share for shares executed at or above \$1.00 or 0.30% of total dollar volume for shares executed below \$1.00; see <http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>. The Cboe BZX trading fee schedule on its public website reflects standard fees for “removing” liquidity of \$0.0030 for shares executed at or above \$1.00 or 0.30% of total dollar volume for shares executed below \$1.00; see https://markets.cboe.com/us/equities/membership/fee_schedule/bzx/.

²⁴ For example, the New York Stock Exchange trading fee schedule on its public website reflects a standard rebate for “adding” liquidity of \$0.0012 for shares executed at or above \$1.00, with various tiers that provide the ability of a firm to receive a rebate of \$0.0029 per share or higher; see <https://www.nyse.com/markets/nyse/trading-info/fees>. The Nasdaq Stock Market trading fee schedule on its public website reflects a standard rebate for “adding” liquidity for shares executed at or above \$1.00 of \$0.0020 in Tape A and B securities and \$0.0015 in Tape C securities, with various tiers that provide the ability of a firm to receive a rebate of \$0.0029 per share or higher; see <http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>. The Cboe BZX trading fee schedule on its public website reflects a standard rebate for “adding” liquidity of \$0.0020 for shares executed at or above \$1.00, with various tiers that provide the ability of a firm

and not unfairly discriminatory because it applies equally to all Equity Members. The Exchange believes that charging a fee to the Equity Member removing liquidity, and providing a rebate to the Equity Member adding liquidity, is reasonable, equitable and not unfairly discriminatory because it incentivizes liquidity provision on the Exchange. The Exchange also notes that several other exchanges charge fees for removing liquidity and provide rebates for adding liquidity, and that this aspect of the Exchange's proposed Fee Schedule does not raise any new or novel issues that have not previously been considered by the Commission in connection with the fees and rebates of other exchanges.²⁵

The Exchange also believes that it is reasonable, equitable and not unfairly discriminatory to provide a higher rebate to displayed orders that add liquidity than to non-displayed orders as this rebate structure is designed to incentivize Equity Members to send the Exchange displayable orders, thereby contributing to price discovery and price formation, consistent with the overall goal of enhancing market quality. Moreover, the Exchange notes that there is precedent for exchanges to provide rebates that distinguish between displayed and non-displayed volume to incentivize displayed orders and facilitate price discovery.²⁶

The Exchange believes its proposal to not charge transaction fees that occur as part of the Exchange's Opening and Re-Opening or in securities priced below \$1.00 is reasonable, equitable and not unfairly discriminatory because it will incentivize Equity Members to send greater order flow to the Exchange in these scenarios, potentially providing greater liquidity on the Exchange. In addition, the Exchange believes that its proposal to not charge these fees is fair and equitable

to receive a rebate of \$0.0029 per share or higher; see https://markets.cboe.com/us/equities/membership/fee_schedule/bzx/.

²⁵ See supra notes 23 and 24.

²⁶ Id.

because it provides certainty for Equity Members with respect to execution costs across all trades, including trades occurring as part of the Exchange's Opening and Re-Opening and trades in securities priced below \$1.00. The Exchange also believes that this proposal is non-discriminatory because it will apply equally to all Equity Members.

With respect to orders routed to other markets, the Exchange also believes that it is appropriate, reasonable, and consistent with the Act to charge a standard fee for routed orders because this fee is similar to the fees charged by other exchanges for routed orders that remove liquidity from the destination market.²⁷ The Exchange's initial fee for routing is intended to be a simple and transparent fee for Equity Members that wish to use routing services provided by the Exchange. The Exchange reiterates that the routing services offered by the Exchange and its unaffiliated routing broker-dealers are completely optional and that the Exchange operates in a highly competitive market in which market participants can readily select between various providers of routing services with different product offerings and different pricing. The Exchange believes that its flat fee structure for orders routed to all away venues is a fair and equitable approach to pricing, as it will provide certainty with respect to execution fees. As a general matter, the Exchange believes that the proposed fees will allow it to recoup and cover its costs of providing routing services. The Exchange also believes the standard fee for Routed

²⁷ For example, the New York Stock Exchange trading fee schedule on its public website reflects a standard fee for routing of \$0.0035, with a tier that provides a firm the ability to pay a reduced routing fee of \$0.0030; see <https://www.nyse.com/markets/nyse/trading-info/fees>. The Nasdaq Stock Market trading fee schedule on its public website reflects a standard routing fee of \$0.0030; see <http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>. The Cboe BZX trading fee schedule on its public website reflects a standard fee for routing of \$0.0030; see https://markets.cboe.com/us/equities/membership/fee_schedule/bzx/.

Removed Volume is an equitable and not an unfairly discriminatory allocation of fees because it applies equally to all Equity Members.

The Exchange believes its proposal to include a General Notes section in the Fee Schedule promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general protects investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange believes that the proposal to adopt a General Notes section in the beginning of the Fee Schedule will provide greater clarity to Equity Members, non-Members, market participants and the public regarding the Exchange's fees and rebates, and it is in the public interest for the Fee Schedule to be transparent, comprehensive and user-friendly so as to eliminate the potential for confusion.

In conclusion, the Exchange also submits that its proposed fee structure satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act for the reasons discussed above in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities, does not permit unfair discrimination between customers, issuers, brokers, or dealers, and is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and in general to protect investors and the public interest, particularly as the proposal neither targets nor will it have a disparate impact on any particular category of market participant. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that it is subject to significant competitive forces, and that its proposed fee and rebate structure is an appropriate effort to address such forces.

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 not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed change would encourage the submission of additional order flow to a public exchange, thereby promoting market depth, execution incentives and enhanced execution opportunities, as well as price discovery and transparency for all Equity Members and non-Members. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."²⁸

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that the proposed pricing structure will increase competition and is intended to draw volume to the Exchange as it commences operations. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. As a new exchange, the Exchange expects to face intense competition from existing exchanges and other non-exchange venues that provide markets for equities trading. With respect to the Exchange's initial pricing whereby it will operate with a neutral net capture with respect to transactions being executed on MIA X PEARL

²⁸ See supra note 18.

Equities, the Exchange is proposing this pricing initially upon its launch and for a limited time thereafter in an effort to encourage market participants to join, connect to, and participate on the Exchange. The Exchange expects to modify its pricing structure after it has gained sufficient participation from market participants to eliminate the neutral net capture and instead be profitable with respect to such transactions. Although this pricing incentive is intended to attract liquidity to the Exchange, most other exchanges in operation today already offer multiple incentives to their participants, including tiered pricing that provides higher rebates or discounted executions, and other exchanges will be able to modify such incentives in order to compete with the Exchange.

With respect to the specific pricing resulting in the neutral net capture, the Exchange also notes that the proposed fee to remove liquidity is neither the lowest fee in the market today²⁹ nor is the proposed rebate provided to adding liquidity the highest rebate in the market today.³⁰ Accordingly, with respect to a participant deciding to either submit an order to add liquidity or seeking to remove liquidity, there are multiple exchanges that will continue to be competitively priced for such orders when compared to the Exchange's pricing. Further, while pricing incentives do cause shifts of liquidity between trading centers, market participants make determinations on where to provide liquidity or route orders to take liquidity based on factors other than pricing, including technology, functionality, and other considerations. Consequently,

²⁹ For example, the Investors Exchange fee schedule on its public website reflects standard fees for matched liquidity of \$0.0009 for shares executed at or above \$1.00, which would apply to all orders removing liquidity; see <https://iextrading.com/trading/fees/>. Other markets offering “taker/maker” pricing provide rebates to provide liquidity; see, e.g., Nasdaq BX fee schedule, at http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing; Cboe BYX fee schedule at https://markets.cboe.com/us/equities/membership/fee_schedule/byx/.

³⁰ See supra note 24.

the Exchange believes that the degree to which its fees and rebates could impose any burden on competition is extremely limited, and does not believe that such fees would burden competition of Equity Members or competing venues in a manner that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed fees and rebates apply equally to all Equity Members. The proposed pricing structure is intended to encourage market participants to add liquidity to the Exchange by providing rebates that are comparable to those offered by other exchanges as well as to provide a competitive rate charged for removing liquidity, which the Exchange believes will help to encourage Equity Members to send orders to the Exchange to the benefit of all Exchange participants. As the proposed rates are equally applicable to all market participants, the Exchange does not believe there is any burden on intramarket competition.

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)(ii) of the Act,³¹ and Rule 19b-4(f)(2) thereunder³² the Exchange has designated this proposal as establishing or changing a due, fee, or other charge

³¹ 15 U.S.C. 78s(b)(3)(A)(ii).

³² 17 CFR 240.19b-4.

imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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. Completed notice of proposed rule change for publication in the Federal Register.
5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2020-17)

September ____, 2020

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

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 _____ 2020, MIAX PEARL, LLC (“MIAX PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposal to adopt a fee schedule setting forth transaction fees and rebates for MIAX PEARL Equities, an equities trading facility of the Exchange (the “Fee Schedule”).³ The proposed fees are scheduled to become operative September 25, 2020.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Exchange Rule 1901. The Exchange notes that it submitted a separate filing with the Commission pursuant to Section 19(b)(3)(A) of the Act to adopt non-transaction fees. See SR-PEARL-2020-18 (filed September 24, 2020).

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

On August 14, 2020, the Commission approved MIAX PEARL's proposal to adopt rules governing the trading of equity securities on MIAX PEARL Equities.⁴

The purpose of the proposed rule change is to adopt the Fee Schedule, which would set forth fees and rebates for use of MIAX PEARL Equities. The Fee Schedule will apply equally to all market participants trading equity securities on and/or using services provided by MIAX PEARL Equities. The proposed fees are scheduled to become operative September 25, 2020.

The Exchange will operate in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates/incentives to be insufficient. More specifically, the Exchange will be only one of several equities venues (including both registered exchanges and various alternative trading systems) to which market participants may direct their order flow and execute their

⁴ See Securities Exchange Act Release No. 89563 (August 14, 2020), 85 FR 51510 (August 20, 2020) (SR-PEARL-2020-03) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To Establish Rules Governing the Trading of Equity Securities) ("Approval Order").

trades. Indeed, equity trading is currently dispersed across 16 exchanges,⁵ 31 alternative trading systems,⁶ and numerous broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 20% of total market share.⁷ Thus, in such a low-concentrated and highly competitive market, no single equities trading venue possesses significant pricing power in the execution of trades, and, as it commences operations, the Exchange anticipates representing a very small percentage of the overall market.

Proposed Transaction Fees and Rebates

The Exchange proposes to adopt a simple maker/taker fee structure where it would generally provide a rebate to Equity Members⁸ that add liquidity and charge a fee to Equity Members that remove liquidity. The amount of the proposed fees and rebates described below are competitive and designed to enable the Exchange to attract order flow and to compete with other equity exchanges and trading venues. The Exchange believes its proposed fee structure is consistent with those adopted by other exchanges that employ maker/taker pricing structures and is designed to encourage additional liquidity on the Exchange through competitive rebates and fees. The proposed fees and rebates would be set forth under Section 1)a), Standard Rates, of the Fee Schedule.

⁵ See Cboe Global Markets, U.S. Equities Market Volume Summary, available at https://markets.cboe.com/us/equities/market_share/.

⁶ See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is available at <https://www.sec.gov/foia/docs/atlist.htm>.

⁷ See Cboe Global Markets U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/.

⁸ The term “Equity Member” means a Member authorized by the Exchange to transact business on MIAX PEARL Equities. See Exchange Rule 1901.

The Exchange proposes to adopt a simple fee structure where it would charge a single fee of \$0.0028 per share for orders that remove liquidity in securities priced at or above \$1.00. The Exchange proposes to provide a rebate of \$0.0028 per share for orders that are displayed⁹ on the MIAX PEARL Equities Book¹⁰ and add liquidity in securities priced at or above \$1.00.¹¹ The Exchange proposes to provide a rebate of \$0.0022 per share for orders that are non-displayed¹² on the MIAX PEARL Equities Book and add liquidity in securities price at or above \$1.00.¹³ The Exchange proposes that orders in securities priced below \$1.00 would be free, regardless of whether they add or remove liquidity. All orders executed in the Exchange's Opening and Re-Opening processes¹⁴ would also be free.

The Exchange proposes to provide a higher rebate to displayed orders that add liquidity than non-displayed orders to incentivize displayed liquidity on the Exchange to encourage and facilitate price discovery and price information, which the Exchange believes benefits all Equity Members and investors.

The Exchange also proposes to charge a flat fee for routed orders. Specifically, the Exchange proposes to charge \$0.0030 per share for routed orders in securities priced at or above \$1.00 and 0.30% of the dollar value for routed orders in securities priced below \$1.00. These rates would be applicable to all routed orders that: (i) are executed on an away market; and (ii)

⁹ See Exchange Rule 2614(c)(3).

¹⁰ The term "MIAX PEARL Equities Book" shall mean the electronic book of orders in equity securities maintained by the System. See Exchange Rule 1901.

¹¹ This pricing is referred to by the Exchange on the proposed Fee Schedule in the column titled "Adding Liquidity Displayed Order."

¹² See Exchange Rule 2614(c)(4).

¹³ This pricing is referred to by the Exchange on the proposed Fee Schedule in the column titled "Adding Liquidity Non-Displayed Order."

¹⁴ See Exchange Rule 2615 for a description of the Exchange's Opening and Re-Opening Processes.

remove liquidity from the market to which it was routed (“Routed Removed Volume”). As described in Exchange Rule 2617(b), the Exchange uses unaffiliated routing broker-dealers to route orders to the away Trading Centers. All charges by the Exchange for routing are applicable only in the event that an order is executed; there is no charge for orders that are routed away from the Exchange but are not filled. The Exchange notes that the fees for routing relate to orders routed through an unaffiliated routing broker-dealer. Routing services offered by the Exchange and its unaffiliated routing broker-dealers are completely optional and market participants can readily select between various providers of routing services, including other exchanges and broker-dealers.

General Notes

The Exchange proposes to include a General Notes section at the beginning of the Fee Schedule. The purpose of the General Notes section is provide additional clarity to market participants within the Fee Schedule. The Exchange proposes to include the following General Notes that will be applicable to the entire Fee Schedule:

- Rebates are indicated by parentheses ().
- All references to “per share” mean “per share executed.”
- Unless otherwise indicated, rebates and charges for adding, removing or routing liquidity are listed as per share rebates and charges.
- Web CRD fees set forth in Section 2)c) of the MIAX PEARL Options Fee Schedule will be assessed on MIAX PEARL Equity Members (as applicable) and collected by FINRA.

The Exchange notes that the proposed General Notes section is based on similar sections included in the fee schedules of other equities exchanges¹⁵ and the Exchange believes that

¹⁵ See Cboe BZX Exchange, Inc. Fee Schedule, General Notes section; Cboe BYX Exchange, Inc., General Notes section; Cboe EDGA Exchange, Inc., General Notes section; Cboe EDGX Exchange, Inc., General Notes section.

including a General Notes section in the beginning of the Fee Schedule makes the Fee Schedule more comprehensive and user-friendly

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁶ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁷ in particular, in that it is an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

Upon launch, the Exchange will operate in a highly fragmented and competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates/incentives to be insufficient. The Exchange believes that the proposed Fee Schedule reflects a simple and competitive pricing structure designed to incentivize market participants to add aggressively priced displayed liquidity and direct their order flow to the Exchange, which the Exchange believes would promote price discovery and price formation and deepen liquidity that is subject to the Exchange's transparency, regulation,

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(4) and (5).

and oversight as an exchange, thereby enhancing market quality to the benefit of all Members and investors.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁸

As the Commission itself recognized, the market for trading services in NMS stocks has become “more fragmented and competitive.”¹⁹ Indeed, equity trading is currently dispersed across 16 exchanges,²⁰ 31 alternative trading systems,²¹ and numerous broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly-available information, no single exchange currently has more than 20% market share (whether including or excluding auction volume).²² Therefore, no exchange possesses significant pricing power in the execution of equity order flow. More specifically, as noted earlier, the Exchange has yet to launch trading operations and thus has a market share of 0% of executed volume of equities trading.

¹⁸ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (File No. S7-10-04) (“Regulation NMS”).

¹⁹ See Securities Exchange Act Release No. 82873 (March 14, 2018), 83 FR 13008 (March 26, 2018) (File No. S7-05-18) (Transaction Fee Pilot for NMS Stocks).

²⁰ See supra note 5.

²¹ See supra note 6.

²² See supra note 5.

The Exchange has designed its proposed Fee Schedule to balance the need to attract order flow as a new exchange entrant with the desire to provide a simple fee structure to market participants. The Exchange believes its proposed structure enables the Exchange to compete for order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue to reduce use of certain categories of products, in response to fee changes. With respect to nonmarketable order which provide liquidity on an Exchange, Equity Members can choose from any one of the 16 currently operating registered exchanges to route such order flow. Accordingly, competitive forces reasonably constrain exchange transaction fees that relate to orders that would provide displayed liquidity on an exchange. Stated otherwise, changes to exchange transaction fees can have a direct effect on the ability of an exchange to compete for order flow. Given this competitive environment, the Exchange's proposed transaction fees and rebates represent a reasonable attempt to attract order flow to a new exchange entrant.

The Exchange believes the proposed transaction fees and rebates on MIAX PEARL Equities are reasonable, equitable and not unfairly discriminatory. The Exchange notes that it proposes a simple fee structure, with a standard fee and rebate structure for displayed and non-displayed orders priced at or above \$1.00, while also providing executions in securities priced below \$1.00 and those that occur in the Exchange's Opening and Re-Opening processes free of charge. This fee structure is designed to allow the Exchange to attract order flow from day one while providing market participants with a clear and concise Fee Schedule.

MIAX PEARL Equities will operate within a highly competitive market in which market participants can readily send order flow to several other competing venues if, among other things, they deem fees at a particular venue to be unreasonable or excessive. The proposed fee structure is intended to attract order flow to MIAX PEARL, not only from the established

incumbent exchanges that have fee structures that are highly tailored to attract order flow from specific types of market participants, but also new exchanges with similar fee structures as proposed herein.

The Exchange believes its proposed fee of \$0.0028 per share for orders that remove liquidity in securities priced above \$1.00 is reasonable, equitable and not unfairly discriminatory because it will apply to all orders from all market participants and regardless of whether they are displayed or non-displayed. The Exchange notes that this fee is also comparable to or lower than the standard fee to remove liquidity charged by other exchanges.²³

The Exchange believes that it is appropriate, reasonable, and consistent with the Act to provide a standard rebate of \$0.0028 per share for displayed orders that add liquidity in securities priced at or above \$1.00 because this rebate is consistent with transaction rebates provided by other exchanges.²⁴ The Exchange further believes that this rebate structure is equitably allocated

²³ For example, the New York Stock Exchange trading fee schedule on its public website reflects fees to “take” liquidity ranging from \$0.0024 - \$0.00275 depending on the type of market participant, order and execution; see <https://www.nyse.com/markets/nyse/trading-info/fees>. The Nasdaq Stock Market trading fee schedule on its public website reflects standard fees to “remove” liquidity of \$0.0030 per share for shares executed at or above \$1.00 or 0.30% of total dollar volume for shares executed below \$1.00; see <http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>. The Cboe BZX trading fee schedule on its public website reflects standard fees for “removing” liquidity of \$0.0030 for shares executed at or above \$1.00 or 0.30% of total dollar volume for shares executed below \$1.00; see https://markets.cboe.com/us/equities/membership/fee_schedule/bzx/.

²⁴ For example, the New York Stock Exchange trading fee schedule on its public website reflects a standard rebate for “adding” liquidity of \$0.0012 for shares executed at or above \$1.00, with various tiers that provide the ability of a firm to receive a rebate of \$0.0029 per share or higher; see <https://www.nyse.com/markets/nyse/trading-info/fees>. The Nasdaq Stock Market trading fee schedule on its public website reflects a standard rebate for “adding” liquidity for shares executed at or above \$1.00 of \$0.0020 in Tape A and B securities and \$0.0015 in Tape C securities, with various tiers that provide the ability of a firm to receive a rebate of \$0.0029 per share or higher; see <http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>. The Cboe BZX trading fee schedule on its public website reflects a standard rebate for “adding” liquidity of \$0.0020 for shares executed at or above \$1.00, with various tiers that provide the ability of a firm

and not unfairly discriminatory because it applies equally to all Equity Members. The Exchange believes that charging a fee to the Equity Member removing liquidity, and providing a rebate to the Equity Member adding liquidity, is reasonable, equitable and not unfairly discriminatory because it incentivizes liquidity provision on the Exchange. The Exchange also notes that several other exchanges charge fees for removing liquidity and provide rebates for adding liquidity, and that this aspect of the Exchange's proposed Fee Schedule does not raise any new or novel issues that have not previously been considered by the Commission in connection with the fees and rebates of other exchanges.²⁵

The Exchange also believes that it is reasonable, equitable and not unfairly discriminatory to provide a higher rebate to displayed orders that add liquidity than to non-displayed orders as this rebate structure is designed to incentivize Equity Members to send the Exchange displayable orders, thereby contributing to price discovery and price formation, consistent with the overall goal of enhancing market quality. Moreover, the Exchange notes that there is precedent for exchanges to provide rebates that distinguish between displayed and non-displayed volume to incentivize displayed orders and facilitate price discovery.²⁶

The Exchange believes its proposal to not charge transaction fees that occur as part of the Exchange's Opening and Re-Opening or in securities priced below \$1.00 is reasonable, equitable and not unfairly discriminatory because it will incentivize Equity Members to send greater order flow to the Exchange in these scenarios, potentially providing greater liquidity on the Exchange. In addition, the Exchange believes that its proposal to not charge these fees is fair and equitable

to receive a rebate of \$0.0029 per share or higher; see https://markets.cboe.com/us/equities/membership/fee_schedule/bzx/.

²⁵ See supra notes 23 and 24.

²⁶ Id.

because it provides certainty for Equity Members with respect to execution costs across all trades, including trades occurring as part of the Exchange's Opening and Re-Opening and trades in securities priced below \$1.00. The Exchange also believes that this proposal is non-discriminatory because it will apply equally to all Equity Members.

With respect to orders routed to other markets, the Exchange also believes that it is appropriate, reasonable, and consistent with the Act to charge a standard fee for routed orders because this fee is similar to the fees charged by other exchanges for routed orders that remove liquidity from the destination market.²⁷ The Exchange's initial fee for routing is intended to be a simple and transparent fee for Equity Members that wish to use routing services provided by the Exchange. The Exchange reiterates that the routing services offered by the Exchange and its unaffiliated routing broker-dealers are completely optional and that the Exchange operates in a highly competitive market in which market participants can readily select between various providers of routing services with different product offerings and different pricing. The Exchange believes that its flat fee structure for orders routed to all away venues is a fair and equitable approach to pricing, as it will provide certainty with respect to execution fees. As a general matter, the Exchange believes that the proposed fees will allow it to recoup and cover its costs of providing routing services. The Exchange also believes the standard fee for Routed Removed Volume is an equitable and not an unfairly discriminatory allocation of fees because it applies equally to all Equity Members.

²⁷ For example, the New York Stock Exchange trading fee schedule on its public website reflects a standard fee for routing of \$0.0035, with a tier that provides a firm the ability to pay a reduced routing fee of \$0.0030; see <https://www.nyse.com/markets/nyse/trading-info/fees>. The Nasdaq Stock Market trading fee schedule on its public website reflects a standard routing fee of \$0.0030; see <http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>. The Cboe BZX trading fee schedule on its public website reflects a standard fee for routing of \$0.0030; see https://markets.cboe.com/us/equities/membership/fee_schedule/bzx/.

The Exchange believes its proposal to include a General Notes section in the Fee Schedule promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general protects investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange believes that the proposal to adopt a General Notes section in the beginning of the Fee Schedule will provide greater clarity to Equity Members, non-Members, market participants and the public regarding the Exchange's fees and rebates, and it is in the public interest for the Fee Schedule to be transparent, comprehensive and user-friendly so as to eliminate the potential for confusion.

In conclusion, the Exchange also submits that its proposed fee structure satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act for the reasons discussed above in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities, does not permit unfair discrimination between customers, issuers, brokers, or dealers, and is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and in general to protect investors and the public interest, particularly as the proposal neither targets nor will it have a disparate impact on any particular category of market participant. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that it is subject to significant competitive forces, and that its proposed fee and rebate structure is an appropriate effort to address such forces.

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 not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed change would encourage the submission of additional order

flow to a public exchange, thereby promoting market depth, execution incentives and enhanced execution opportunities, as well as price discovery and transparency for all Equity Members and non-Members. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."²⁸

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that the proposed pricing structure will increase competition and is intended to draw volume to the Exchange as it commences operations. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. As a new exchange, the Exchange expects to face intense competition from existing exchanges and other non-exchange venues that provide markets for equities trading. With respect to the Exchange's initial pricing whereby it will operate with a neutral net capture with respect to transactions being executed on MIA X PEARL Equities, the Exchange is proposing this pricing initially upon its launch and for a limited time thereafter in an effort to encourage market participants to join, connect to, and participate on the Exchange. The Exchange expects to modify its pricing structure after it has gained sufficient participation from market participants to eliminate the neutral net capture and instead be

²⁸ See supra note 18.

profitable with respect to such transactions. Although this pricing incentive is intended to attract liquidity to the Exchange, most other exchanges in operation today already offer multiple incentives to their participants, including tiered pricing that provides higher rebates or discounted executions, and other exchanges will be able to modify such incentives in order to compete with the Exchange.

With respect to the specific pricing resulting in the neutral net capture, the Exchange also notes that the proposed fee to remove liquidity is neither the lowest fee in the market today²⁹ nor is the proposed rebate provided to adding liquidity the highest rebate in the market today.³⁰ Accordingly, with respect to a participant deciding to either submit an order to add liquidity or seeking to remove liquidity, there are multiple exchanges that will continue to be competitively priced for such orders when compared to the Exchange's pricing. Further, while pricing incentives do cause shifts of liquidity between trading centers, market participants make determinations on where to provide liquidity or route orders to take liquidity based on factors other than pricing, including technology, functionality, and other considerations. Consequently, the Exchange believes that the degree to which its fees and rebates could impose any burden on competition is extremely limited, and does not believe that such fees would burden competition of Equity Members or competing venues in a manner that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in

²⁹ For example, the Investors Exchange fee schedule on its public website reflects standard fees for matched liquidity of \$0.0009 for shares executed at or above \$1.00, which would apply to all orders removing liquidity; see <https://iextrading.com/trading/fees/>. Other markets offering "taker/maker" pricing provide rebates to provide liquidity; see, e.g., Nasdaq BX fee schedule, at http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing; Cboe BYX fee schedule at https://markets.cboe.com/us/equities/membership/fee_schedule/byx/.

³⁰ See supra note 24.

furtherance of the purposes of the Act because the proposed fees and rebates apply equally to all Equity Members. The proposed pricing structure is intended to encourage market participants to add liquidity to the Exchange by providing rebates that are comparable to those offered by other exchanges as well as to provide a competitive rate charged for removing liquidity, which the Exchange believes will help to encourage Equity Members to send orders to the Exchange to the benefit of all Exchange participants. As the proposed rates are equally applicable to all market participants, the Exchange does not believe there is any burden on intramarket competition.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,³¹ and Rule 19b-4(f)(2)³² thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Comments may be submitted by any of the following methods:

³¹ 15 U.S.C. 78s(b)(3)(A)(ii).

³² 17 CFR 240.19b-4(f)(2).

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-PEARL-2020-17 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-PEARL-2020-17. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-PEARL-2020-17 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.³³

Vanessa Countryman
Secretary

³³ 17 CFR 200.30-3(a)(12).

New text is underlined;
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FEE SCHEDULE

AS OF SEPTEMBER 25, 2020

All Exchange invoices are due in full on a timely basis and payable in accordance with MIAX PEARL Equities Rule 3002(b). All disputes related to fees, dues or other charges must be submitted to the Exchange in writing no later than sixty (60) days after the date of the monthly invoice and must be accompanied by supporting documentation.

General Notes

Rebates are indicated by parentheses ().

All references to “per share” mean “per share executed.”

Unless otherwise indicated, rebates and charges for adding, removing or routing liquidity are listed as per share rebates and charges.

Web CRD fees set forth in Section 2)c) of the MIAX PEARL Options Fee Schedule will be assessed on MIAX PEARL Equity Members (as applicable) and collected by FINRA.

1) Transaction Rebates/Fees

a) Standard Rates

<u>Category</u>	<u>Adding Liquidity Displayed Order</u>	<u>Adding Liquidity Non-Displayed Order</u>	<u>Removing Liquidity</u>	<u>Routing and Removing Liquidity</u>	<u>Opening or Re- Opening Process</u>
<u>Securities at or above \$1.00</u>	<u>(\$0.0028)</u>	<u>(\$0.0022)</u>	<u>\$0.0028</u>	<u>\$0.0030</u>	<u>\$0.00</u>
<u>Securities below \$1.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.30% of Dollar Value</u>	<u>\$0.00</u>