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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2022 - * 06

Amendment No. (req. for Amendments *)

Filing by MIAX PEARL, LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Proposal to amend Exchange Rule 2617(b), Routing to Away Trading Centers, to: (i) adopt two new routing options called Route to Primary Auction and Price Improvement; and (ii) make related changes and clarifications to Exchange Rules 2614(a)(2)(B) and 2617(b)(2).

Contact Information

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

First Name * Chris Last Name * Solgan

Title * VP, Senior Counsel

E-mail * csolgan@miami-holdings.com

Telephone * (609) 423-9414 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, MIAX PEARL, LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 02/15/2022

(Title *)

By Michael Slade
(Name *)

AVP, Associate Counsel

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

Michael Slade Date: 2022.02.15 10:42:16 -05'00'

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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| SR-PEARL-2022-06 19b-4 FINAL.doc | | |
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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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| SR-PEARL-2022-06-Exhibit 1.docx | | |
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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 Advanced 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 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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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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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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| SR-PEARL-2022-06-Exhibit 5 FINAL.c | | |
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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) MIAX PEARL, LLC (“MIAX Pearl” or the “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to amend Exchange Rule 2617(b), Routing to Away Trading Centers, to: (i) adopt two new routing options called Route to Primary Auction (“PAC”) and Price Improvement (“PI”); and (ii) make related changes and clarifications to Exchange Rules 2614(a)(2)(B) and 2617(b)(2).

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 or his designee pursuant to authority delegated by the MIAX Pearl Board of Directors on January 28, 2021. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority.

Questions and comments on the proposed rule change may be directed to Chris Solgan, Vice President and Senior Counsel, at (609) 423-9414.

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

a. Purpose

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The purpose of the proposed rule change is to amend Exchange Rule 2617(b), Routing to Away Trading Centers, to adopt two new routing options called PAC and PI that would be available to orders in equity securities traded on the Exchange's equity trading platform (referred to herein as "MIAX Pearl Equities"). Both of the proposed routing options are based on similar functionality offered at other equity exchanges.³ The Exchange also proposes to make related changes and clarifications to Exchange Rules 2614(a)(2)(B) and 2617(b)(2).

The Exchange offers its Equity Members⁴ optional routing functionality that allows them to use the Exchange to access liquidity on other trading centers. The functionality includes routing algorithms that determine the destination or pattern of routing. Exchange Rule 2617(b)(5) sets forth that there is a particular pattern of routing to other trading centers, known as the "System routing table", as well as setting forth the Exchange's available routing option. All routing is designed to be conducted in a manner consistent with Regulation NMS.

PAC routing option

In sum, the PAC routing option would enable an Equity Member to designate that their order be routed to the primary listing market to participate in the primary listing market's opening, re-opening or closing process. Proposed Exchange Rule 2617(b)(5)(B)

³ The PAC routing option is based on Cboe BZX Exchange, Inc. ("BZX") Rule 11.13(b)(3)(N) (describing the ROOC routing option), Cboe EDGX Exchange, Inc. ("EDGX") Rule 11.11(g)(8) (describing the ROOC routing option), and The Nasdaq Stock Market LLC ("Nasdaq") Rule 4758(a)(1)(A)(x) (describing the LIST routing option). The PI routing option is based on BZX Rule 11.13(b)(3)(G) (describing the Route To Improve ("RTI") routing option) and EDGX Rule 11.11(g)(12) (describing the RTI routing option).

⁴ The term "Equity Member" is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See Exchange Rule 1901.

would describe PAC as a routing option for Market Orders⁵ and displayed Limit Orders⁶ designated with a time-in-force of Regular Hours Only (“RHO”)⁷ that the entering firm wishes to designate for participation in the opening, re-opening (following a regulatory halt, suspension, or pause), or closing process⁸ of a primary listing market (BZX, the New York Stock Exchange LLC (“NYSE”), Nasdaq, NYSE American LLC (“NYSE American”), or NYSE Arca, Inc. (“NYSE Arca”)) if received before the opening, re-opening, or closing process of such market.⁹

⁵ See Exchange Rule 2614(a)(2).

⁶ See Exchange Rule 2614(a)(1).

⁷ Exchange Rule 2614(b)(2) defines “Regular Hours Only” or “RHO” as “[a]n order that is designated for execution only during Regular Trading Hours, which includes the Opening Process for equity securities. An order with a time-in-force of RHO entered into the System before the opening of business on the Exchange as determined pursuant to Exchange Rule 2600 will be accepted but not eligible for execution until the start of Regular Trading Hours.”

⁸ As described further below, the Exchange does not propose to route Market Orders to the primary listing market’s closing process.

⁹ The Exchange notes that proposed Exchange Rule 2617(b)(5)(B) differs from BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8) in three primary ways. First, proposed Exchange Rule 2617(b)(5)(B) would specify that the PAC routing option is limited to Market Orders and displayed Limit Orders while both BZX and EDGX rules do not include that level of specificity. However, the Exchange believes this is consistent with BZX and EDGX functionality. Second, proposed Exchange Rule 2617(b)(5)(B) would specify that an order coupled with the PAC routing option would only route to the re-opening following a regulatory halt, while BZX and EDGX refer to halts generally. Third, both BZX and EDGX require that an order be received before the primary listing market’s opening, re-opening, or closing time, but do not specify whether that order must be received prior to the primary listing market’s order entry cut-off time or how and when orders are routed to the primary listing market to participate in their opening, re-opening, or closing process. Proposed Exchange Rule 2617(b)(5)(B) would provide additional specificity as to when an order coupled with the PAC routing option would be routed to participate in the primary listing market’s opening, re-opening, or closing process. The Exchange will continue to route such orders to participate in the primary listing market’s opening, re-opening, or closing process after their order entry cut-off time to increase the order’s chances of participating in the opening, re-opening, or closing process while also accounting for the order entry cut-off time being changed/extended or where the primary listing market continues to accept orders after their established order

The following summarizes the operation of the PAC routing option based on the order type and time-in-force selected. A more detailed description of the operation of the proposed PAC routing option is provided below.

- Only Market Orders and displayed Limit Orders designated as RHO would be eligible for routing pursuant to the PAC routing option.¹⁰
- Market Orders and displayed Limit Orders designated as Immediate-or-Cancel (“IOC”)¹¹ would not be eligible for routing pursuant to the PAC routing option.
- Market Orders coupled with the PAC routing option designated as IOC would be cancelled.¹²
- Market Orders coupled with the PAC routing option designated as RHO

entry cut-off time in accordance with their rules. See infra note 22. If the primary listing market rejects or cancels the order coupled with the PAC routing option for any reason, the Exchange will pass any rejection or cancellation along to the Equity Member that entered the order.

¹⁰ The Exchange believes this is consistent with operation of the ROOC routing option on BZX and EDGX and the LIST routing option on Nasdaq because none of those exchanges’ rules state that any returned unexecuted shares of an order routed to participate in a primary listing market’s opening, closing, or re-opening process may be cancelled upon receipt. The Exchange believes this implies that BZX, EDGX, and Nasdaq only route ROOC or LIST orders, respectively, with a time-in-force of RHO or its equivalent, and not as IOC. See BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8) (stating “[i]f shares remain unexecuted after attempting to execute in the opening, re-opening, or closing process, they are either posted to the BZX Book, executed, or routed to destinations on the System routing table”). See also Nasdaq Rule 4758(a)(1)(A)(x) (describing Nasdaq’s LIST routing option and specifying that any returned shares are posted to the book, thereby implying that Nasdaq does not route LIST orders as IOC).

¹¹ See Exchange Rule 2614(b)(1).

¹² An order that is cancelled is first accepted by the System and then immediately cancelled back to the Member. An order that is rejected is not accepted by the System and immediately returned to the Member.

would be eligible to be routed to participate in the primary listing market's opening and re-opening process.

- Market Orders coupled with the PAC routing option designated as RHO would not be eligible to be routed to participate in the primary listing market's closing process and would be cancelled.
- Limit Orders coupled with the PAC routing option designated as RHO would be eligible to be routed to participate in the primary listing market's opening, re-opening, and closing process.
- Limit Orders coupled with the PAC routing option designated as IOC received before the security has opened on the primary listing market would be cancelled.
- Limit Orders coupled with the PAC routing option designated as IOC received during the time when the Exchange is routing orders to participate in the primary listing market's re-opening process would be rejected.
- Limit Orders coupled with the PAC routing option designated as IOC received during continuous trading or during the time when the Exchange is in the process of routing orders to participate in the primary listing market's closing process would be routed pursuant to the PI routing option, described below.

Time-in-Force Related Rule Changes

The Exchange proposes certain changes to its time-in-force rules related to its proposal to only route Market Orders and displayed Limit Orders pursuant to the PAC routing option when such orders are designated as RHO. The Exchange currently offers two

time-in-force instructions, IOC and RHO.

Exchange Rule 2614(a)(2)(B) provides that “[a] Market Order may only include a time-in-force of IOC.” The Exchange proposes to amend Exchange Rule 2614(a)(2)(B) to provide that a Market Order may also include a time-in-force of RHO only when coupled with the PAC routing option. Exchange Rule 2614(a)(2)(B) would further be amended to specify that all other Market Orders that include a time-in-force of RHO will be rejected. The Exchange proposes to require that only incoming Market Orders and Limit Orders designated as RHO will be eligible to be routed pursuant to the PAC routing option.¹³

As described in detail below, a Market Order coupled with the proposed PAC routing option designated as RHO would be rejected if not received: (i) before the security has opened on the primary listing market to be routed to participate in the primary listing market’s opening process; and (ii) after the announcement of a regulatory halt, suspension, or pause to be routed to participate in the primary listing market’s re-opening process. Otherwise, a Market Order coupled with the PAC routing option and designated as IOC would also be rejected. Amending Exchange Rule 2614(a)(2)(B) to provide that a Market Order coupled with the PAC routing option include a time-in-force of RHO is necessary to ensure such orders are accepted by the System prior to the opening. For example, the Exchange does not accept orders with a time-in-force of IOC prior to 9:30 a.m. Eastern Time.¹⁴ Therefore, a Market Order that is entered prior to 9:30 A.M. Eastern Time would need to include a time-in-force of RHO to be accepted and eligible to be routed to the

¹³ See supra note 9. Related changes with regard to Limit Orders are not needed because Exchange Rule 2614(a)(1)(B) already provides that “[a] Limit Order may include a time-in-force of IOC or RHO.”

¹⁴ See Exchange Rule 2600(a).

primary listing market's opening process.

The Exchange currently designates all routable orders as IOC when routing such order to an away market, regardless of the time-in-force included with the order upon entry. Exchange Rule 2617(b)(4) describes this functionality and currently provides that the System will designate Market Orders and marketable Limit Orders that are fully or partially routed to an away Trading Center as IOC.¹⁵

To ensure that orders coupled with the PAC routing option are eligible to participate in the primary listing market's opening, re-opening, or closing process, the Exchange proposes to route Market Orders and displayed Limit Orders designated as RHO upon entry with a time-in-force accepted or required by the primary listing market.¹⁶ As such, the Exchange would convert an order's time-in-force to a time-in-force accepted or required by the primary listing market when necessary only for purposes of routing that order to an away market. For example, an order in a Nasdaq listed security coupled with the PAC routing option that includes a time-in-force of RHO would be routed as IOC or "On Close" to participate in Nasdaq's closing process.¹⁷ The Exchange would not alter the time-in-force of an order coupled with the PAC routing option designated as RHO where the primary listing market accepts orders designated as RHO to participate in its opening, re-

¹⁵ As described herein, the Exchange proposes to amend Exchange Rule 2614(a)(2)(B) to provide that a Market Order may also include a time-in-force of RHO only when coupled with the PAC routing option. See supra note 13 and accompanying paragraph.

¹⁶ See proposed Exchange Rule 26174(b)(5)(B).

¹⁷ See, e.g., Nasdaq Rules 4702(b)(9)(A) (providing that "[a]n LOO Order entered after 9:29:30 a.m. ET that is designated as an IOC will be rejected"), and 4702(b)(11)(B) (stating that "a Participant may designate the Time-in-Force for an MOC Order either by designating a Time-in-Force of "On Close" or by entering a Time-in-Force of IOC and flagging the Order to participate in the Nasdaq Closing Cross").

opening, or closing process.

Routing to Primary Listing Market's Opening, Re-Opening, or Closing Process

Proposed Exchange Rule 2617(b)(5)(B)(1) would describe how an order coupled with the PAC routing option operates when being routed to participate in the primary listing market's opening, re-opening, or closing process.

Proposed Exchange Rule 2617(b)(5)(B)(1)(i) would describe when an order designated as RHO and coupled with the PAC routing option may be routed to participate in the primary listing market's opening and re-opening processes. Specifically, proposed Exchange Rule 2617(b)(5)(B)(1)(i) would provide that a displayed Limit Order or Market Order designated as RHO received before the security has opened on the primary listing market will be routed to participate in the primary listing market's opening process upon receipt.¹⁸ Proposed Exchange Rule 2617(b)(5)(B)(1)(i) would further provide that a displayed Limit Order designated as RHO will be routed to participate in a primary listing market re-opening process upon the announcement of a regulatory halt, suspension, or pause. A displayed Limit Order or Market Order designated as RHO received after the announcement of a regulatory halt, suspension, or pause, but before the time of a primary listing market re-opening process would be routed to participate in a primary listing market re-opening process upon receipt. Lastly, proposed Exchange Rule 2617(b)(5)(B)(1)(i) would provide that a Market Order designated as RHO not received during times set forth above will be cancelled.

¹⁸ Like current functionality, an order coupled with the PAC routing option that is also designated as IOC would be rejected if entered before 9:30 a.m. Eastern Time because the Exchange does not accept orders with a time-in-force of IOC prior to 9:30 a.m. Eastern Time. See Exchange Rule 2600(a).

Proposed Exchange Rule 2617(b)(5)(B)(1)(i)(a) would describe how the Exchange would handle the returned unexecuted quantity of a Limit Order designated as RHO routed pursuant to the PAC routing option to participate in the primary listing market's opening or re-opening process. Specifically, proposed Exchange Rule 2617(b)(5)(B)(1)(i)(a) would provide that any shares that remain unexecuted after attempting to execute in the primary listing market's opening or re-opening process will either be posted to the MIAX Pearl Equities Book, executed, or routed pursuant to the PI routing option described below.¹⁹ Because Limit Orders must be designated as RHO upon entry to be routed pursuant to the PAC routing option, an Equity Member that wants any returned unexecuted quantity of such order to be immediately returned to them would need to submit an instruction to cancel any unexecuted shares upon their return to the Exchange.

Proposed Exchange Rule 2617(b)(5)(B)(1)(i)(b) would describe how the Exchange would handle the returned unexecuted quantity of any Market Order designated as RHO routed pursuant to the PAC routing option to participate in the primary listing market's opening or re-opening process. Today, the Exchange cancels the returned unexecuted quantity of routed Market Orders pursuant to Exchange Rule 2614(a)(2). The same would be true for a Market Order designated as RHO that is routed away pursuant to the PAC routing option. Proposed Exchange Rule 2617(b)(5)(B)(1)(i)(b) provides that any shares of a Market Order that remain unexecuted after attempting to execute in the primary listing market's opening or re-opening process will be cancelled.

¹⁹ This is consistent with the ROOC routing option available on BZX and EDGX which provides that “[i]f shares remain unexecuted after attempting to execute in the opening, re-opening, or closing process, they are either posted to the BZX Book, executed, or routed to destinations on the System routing table.” See BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8).

Proposed Exchange Rule 2617(b)(5)(B)(1)(ii) would describe when an order coupled with the PAC routing option would be routed to participate in the primary listing market's closing process. The Exchange only proposes to route Limit Orders coupled with the PAC routing option and designated as RHO to participate in the primary listing market's closing process. Market Orders would not be eligible to be routed pursuant to the PAC routing option to participate in the primary listing market's closing process, as discussed more below. Proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(a) would provide that Limit Orders designated as RHO will be routed pursuant to the PAC routing option to participate in the primary listing market's closing process prior to the primary listing market's order entry cut-off time.²⁰

Proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(a) does not provide a deadline for order entry because the Exchange will continue to route Limit Orders designated as RHO to participate in the primary listing market's opening, re-opening, or closing process after their order entry cut-off time. In addition, proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(a) would provide that if a Limit Order designated as RHO is received at or after the time the Exchange begins to route orders to participate in the primary listing market's closing process, but before market close, the Exchange will check the System for available shares and then route the remaining shares to participate in the primary listing market's closing process.²¹ This is intended to provide Equity Members with increased opportunities to participate in the primary listing market's closing

²⁰ The Exchange will publicly announce the initial time at which it would route Limit Orders to participate in the primary listing market's closing process and any updates via a regulatory circular or alert. Unexecuted shares of a Limit Order that are routed to participate in the primary listing market's closing process will be cancelled.

²¹ The Exchange notes that the portion of a Limit Order designated as RHO not executed in the primary listing market's closing process will be cancelled because the Exchange does not currently provide an afterhours trading session or time-in-force instruction that extends past Regular Trading Hours.

process while also accounting for whether the order entry cut-off time is changed/extended or should the primary listing market continue to accept orders after their established order entry cut-off time in accordance with their rules.²² If the primary listing market rejects or cancels the Limit Order routed pursuant to the PAC routing option for any reason, the Exchange will pass any rejection or cancellation along to the Equity Member that entered the order. Equity Members that seek greater certainty that their Limit Orders coupled with the PAC routing option would participate in the closing process at the primary listing market may enter their orders prior to the primary listing market's order entry cut-off time.

Market Orders coupled with the PAC routing option would not be eligible for routing to the primary listing market's closing process. Proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(b) would, therefore, provide that a Market Order designated as RHO would not be eligible to be routed to participate in the primary listing market's closing process. Proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(b) would further provide that a Market Order designated as RHO received at or after the time the Exchange begins to route existing orders to participate in the primary listing market's closing process, but before market close, will be cancelled.

²² See, e.g., NYSE Rule 7.35B(f)(1)(B) (providing for the entry of orders after the order entry cut-off time in the event a Regulatory Closing Imbalance is published). See, e.g., BZX Rules 11.23(b)(1)(A) (providing for the entry of Late Limit On Open Orders until 9:30 a.m.), (c)(1)(A) (providing for the entry of Late Limit On Close orders up until 4:00 p.m.); and (d)(1)(C) (Incremental Quote Period Extensions For Halt Auctions Following a Regulatory Halt). The Exchange notes that this differs from BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8). See *supra* note 9. This behavior is also similar to Nasdaq's LIST routing option that will continue to route orders to participate in the primary listing market's closing process after its order entry cut-off time. See Nasdaq Rule 4758(a)(1)(A)(x) (stating that "[i]f a LIST order is received at or after a time that is two minutes before market close but before market close, Nasdaq will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table; remaining shares will be routed to the security's primary listing market to participate in its closing process.").

The Exchange understands that Equity Members do not plan to utilize Market Orders to participate in the primary listing market's closing process because they would prefer to enter Limit Orders for purposes of participating in the price discovery process conducted by the primary listing market's closing process.²³ Therefore, the Exchange does not propose to accept Market Orders for purposes of routing them to a primary listing market's closing process. The Exchange seeks to make clear in its proposed rules how a Market Order coupled with the PAC routing option would be handled should an Equity Member mistakenly enter such an order when the Exchange is in the process of routing orders to participate in the primary listing market's closing process.

Continuous Trading

Proposed Exchange Rule 2617(b)(5)(B)(2) would describe how an order coupled with the PAC routing option would operate during continuous trading when the Exchange is not in the process of routing orders pursuant to the PAC routing option to participate in the primary listing market's re-opening or closing process.

Specifically, proposed Exchange Rule 2617(b)(5)(B)(2)(i) would describe the handling of Limit Orders coupled with the PAC routing option designated as RHO during continuous trading and provide that if the order is entered after the security has opened on the primary listing market, before being routed to the primary listing market's re-opening or closing process pursuant to proposed Exchange Rule 2617(b)(5)(B)(1)(i) described above, the Exchange will check the System²⁴ for available shares and then route the remaining shares pursuant to the PI

²³ The Exchange would submit a proposed rule change to route Market Orders to participate in the primary listing market's closing process should Equity Members request such a change.

²⁴ The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

routing option,²⁵ described below.²⁶ As a result, a Limit Order coupled with the PAC routing option that is designated as RHO would be treated how a re-routable Limit Order is treated today during continuous trading; i.e., it would be eligible: (i) first for execution locally on the MIAX Pearl Equities Book; and then (ii) any remaining share would be routed away to better priced away interest pursuant to the proposed PI routing option described below.

Proposed Exchange Rule 2617(b)(5)(B)(2)(i)(a) would describe how any unexecuted portion of a Limit Order designated as RHO and coupled with the PAC routing option that is routed pursuant to the PI routing option during continuous trading would be handled. Specifically, proposed Exchange Rule 2617(b)(5)(B)(2)(i)(a) would provide that any shares that remain unexecuted after routing will be either posted to the MIAX Pearl Equities Book, executed, or routed pursuant to the PI routing option, described below.²⁷

Proposed Exchange Rule 2617(b)(5)(B)(2)(ii) would describe the handling of Limit Orders coupled with the PAC routing option designated as IOC during continuous trading. As set forth above, a Limit Order coupled with the PAC routing option that is designated as IOC would not be eligible to be routed pursuant to the PAC routing option. However, such order would be eligible to be routed pursuant to the proposed PI routing option. This functionality

²⁵ A Limit Order coupled with the PAC routing option would only be defaulted to the proposed PI routing option and will not be eligible to be coupled with any other routing option.

²⁶ Proposed Exchange Rule 2617(b)(5)(B)(2) is based on Nasdaq Rule 4758(a)(1)(A)(x), which describes how their LIST routing option operates during continuous trading. See Nasdaq Rule 4758(a)(1)(A)(x) (providing that “if a LIST order is entered after the security has opened on the primary listing market (but before a time that is two minutes before market close) and the order has not been designated to participate in the opening only, Nasdaq will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table...”).

²⁷ Proposed Exchange Rule 2617(b)(5)(B)(2)(i) is based on BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8).

would be described under proposed Exchange Rule 2617(b)(5)(B)(2)(ii), which would provide that if a Limit Order designated as IOC is entered after the security has opened on the primary listing market, the Exchange will check the System for available shares and then route the remaining shares pursuant to the PI routing option described below. Any shares that remain unexecuted after routing will be cancelled in accordance with the terms of the order.

Proposed Exchange Rule 2617(b)(5)(B)(2)(ii)(a) would provide that a Limit Order coupled with the PAC routing option designated as IOC received during the time when the Exchange is in the process of routing orders to the primary listing market's re-opening process will be rejected. Such order would not be routed pursuant to the PI routing option because trading in the security would be halted pending the primary listing market conducting its re-opening process.

Proposed Exchange Rule 2617(b)(5)(B)(2)(iii) would describe the handling of Market Orders designated as RHO that are coupled with the PAC routing option during continuous trading. Specifically, proposed Exchange Rule 2617(b)(5)(B)(2)(iii) would provide that a Market Order designated as RHO that is entered after the security has opened on the primary listing market would be routed to participate in the primary listing market's re-opening process pursuant to the PAC routing option in accordance with proposed Exchange Rule 2617(b)(5)(B)(1), which is described above. In sum, a Market Order designated as RHO received after the announcement of a regulatory halt, suspension, or pause, but before the time of a primary listing market re-opening process would be routed to participate in a primary listing market re-opening process upon receipt. A Market Order designated as RHO not received during times set forth above would be cancelled.

Lastly, proposed Exchange Rule 2617(b)(5)(B)(2)(iv) would provide that a Market Order coupled with the PAC routing option that is designated as IOC entered after the security has opened on the primary listing market will be cancelled. As discussed above, the Exchange will only route Market Orders pursuant to the PAC routing option when designated as RHO. As such, a Market Order would not be eligible to be routed pursuant to the PAC routing option when designated as IOC. Nor does the Exchange propose that Market Orders be eligible for routing pursuant to the proposed PI routing option, discussed below. The proposed rule text is intended to provide completeness within the Exchange's rules regarding how Market Orders coupled with the PAC routing option would be handled when designated as IOC.

Routing During Short Sale Period

The Exchange also proposes to make a related change to Exchange Rule 2617(b)(2) to describe the routing of orders coupled with the PAC routing option during a Short Sale Period, as defined in Exchange Rule 2614(g)(3)(A).²⁸ Exchange Rule 2617(b)(2) currently provides that an order marked "short" is not eligible for routing by the Exchange during a Short Sale Period. The Exchange proposes to amend Exchange Rule 2617(b)(2) to provide for the routing of an order marked "short" where that order is being routed to participate in the primary listing market's opening, re-opening, or closing process pursuant to the PAC routing option.²⁹ Specifically, as

²⁸ Exchange Rule 2614(g)(3)(A) generally defines a Short Sale Period as the time during which a short sale price test restriction under Rule 201 of Regulation SHO is in effect.

²⁹ Rules 201(b)(1)(i) and (ii) of Regulation SHO generally require that trading centers such as the Exchange establish, maintain, and enforce written policies and procedures reasonably designed to: (i) prevent the execution or display of a short sale order of a covered security at a price that is less than or equal to the current national best bid if the price of that covered security decreases by 10% or more from the covered security's closing price; and (ii) impose this price restriction for the remainder of the day and the following day. To maintain compliance with Rule 201 of Regulation SHO, an exchange may only execute short sale orders (i.e., those not marked short exempt) if the execution would take place at a permissible price pursuant to Regulation SHO. Specifically, if a

amended, Exchange Rule 2617(b)(2) would provide that “[u]nless an order is routed pursuant to the PAC routing option set forth under paragraph (b)(5) of this Rule, an order marked ‘short’ is not eligible for routing by the Exchange during a Short Sale Period, as defined in Exchange Rule 2614(g)(3)(A).”³⁰ The Exchange notes that an order coupled with the PAC routing option that is also marked “short” would remain ineligible for routing during a Short Sale Period where that order would be routed pursuant to the PI routing option, described below.

The Exchange further notes that Equity Members must continue to ensure that their orders are marked in accordance with the requirements of Regulation SHO and Exchange Rule 2623³¹ and that it is the primary listing market’s obligation to ensure that an order marked short that is routed by the Exchange to participate in its opening, re-opening, or closing process is executed in accordance with the price restrictions of Regulation SHO.³²

PI Routing Option

security is in a Short Sale Period, an order marked short that is routed pursuant to the proposed PAC routing option may only trade in the opening, re-opening, or closing process if the process price is above the national best bid.

³⁰ The Exchange notes that proposed amended Exchange Rule 2617(b)(2) is based on BZX Rule 11.13(b)(1) and EDGX Rule 11.11(a) with regard to their ROOC routing option.

³¹ Exchange Rule 2623 provides that “[a]ll short sale orders shall be identified as ‘short’ or ‘short exempt’ when entered into the System. If marked ‘short exempt,’ the Exchange shall execute, display and/or route a short sale order marked ‘short exempt’ without regard to any short sale price test restriction in effect during a Short Sale Period, as defined in Exchange Rule 2614(g)(3)(A). The Exchange relies on the marking of an order as ‘short exempt’ when handling such order, and thus, it is the entering Equity Member’s responsibility, not the Exchange’s responsibility, to comply with the requirements of Regulation SHO relating to marking of orders as ‘short exempt.’” Exchange Rule 2603 also requires that Equity Members input accurate information into the System.

³² Any remaining unexecuted shares returned to the Exchange after routing will be handled and executed by the Exchange in accordance with the price restrictions of Regulation SHO.

Proposed Exchange Rule 2617(b)(5)(C) would describe the PI routing option as a routing option that will route a Limit Order coupled with the PAC routing option to multiple destinations simultaneously at a single price level.³³ Limit Orders routed pursuant to the PI routing option would be designated as IOC in accordance with current Exchange Rule 2617(b)(4)(B). Like the proposed PAC routing option, the PI routing option is based on the rules of other equity exchanges.³⁴ Proposed Exchange Rule 2617(b)(5)(C) would further provide that PI would not be an independent routing option and may not be selected individually upon order entry. As discussed more fully below, the proposed PI routing option would only be available to displayed Limit Orders coupled with the PAC routing option. Such orders would be eligible to be routed pursuant to the proposed PI routing option when: (i) designated as RHO and entered during continuous trading and when the Exchange is not in the process of routing orders pursuant to the PAC routing option; or (ii) designated as IOC and entered during continuous trading.³⁵

Proposed Exchange Rule 2617(b)(5)(C)(i) would provide that a displayed Limit Order designated as RHO and coupled with the PAC routing option would automatically be coupled by the System with the PI routing option.³⁶ In other words, an Equity Member that elects the PAC

³³ This differs from the Exchange's existing Order Protection routing option, which routes orders to multiple destinations at multiple price levels simultaneously. See Exchange Rule 2617(b)(5)(A).

³⁴ The PI routing option is based on the Route to Improve ("RTI") routing option available on EDGX which provides that "RTI may route to multiple destinations at a single price level simultaneously ...". See EDGX Rule 11.11(g)(12). See also BZX Rule 11.13(b)(3)(G).

³⁵ The proposed PI routing option would not be available to a Market Order coupled with the PAC routing option that is designated as RHO because such order is not accepted during continuous trading, as described above.

³⁶ This is consistent with the ROOC and RTI routing option available on EDGX which provides that "[a] User may select either Route To Improve ('RTI') . . . for the following routing options: ROOC...." See id. The only difference between the Exchange's proposal and EDGX Rule 11.11(g)(12) is that on EDGX the coupling of the ROOC and

routing option also elects that its displayed Limit Order designated as RHO be subject to the PI routing option during continuous trading when not being routed to participate in the primary listing market's re-opening or closing process.

The following example illustrates the operation of the PI routing option. Assume the Exchange receives a displayed Limit Order designated as RHO to buy 300 shares at \$10.00 during continuous trading and the Equity Member selected the PAC routing option ("Order 1") and there are no orders resting on the MIAX Pearl Equities Book. Exchange A's best displayed offer is \$9.99 for 100 shares, Exchange B's best displayed offer is also \$9.99 for 100 shares, and Exchange C's best displayed offer is \$10.00 for 100 shares. During continuous trading, Order 1 is subject to the PI routing option and would be routed as follows: 100 shares are routed to Exchange A and 100 shares are routed to Exchange B at \$9.99. Assume that Order 1 executes against Exchange A and B's best displayed offers at \$9.99 exhausting that price level. Exchanges A and B update their best displayed offers to \$10.01 for 100 shares and \$10.02 for 100 shares, respectively. Exchange C is now the best displayed offer at \$10.00 for 100 shares. The remaining 100 shares of Order 1 would then be routed to Exchange C to execute 100 shares at \$10.00.

The proposed PI routing option would also be available to Limit Orders designated as IOC. However, because the PI routing option is not a standalone routing option, Equity Members would be required to couple such orders with the PAC routing option and enter them during continuous trading. This functionality would be described under proposed Exchange Rule 2617(b)(5)(C)(ii), which would provide that a Limit Order designated as IOC that is

RTI routing options is elective while the Exchange proposes to always include the PI routing option when the PAC routing is elected.

coupled with the PAC routing option received during continuous trading will automatically be defaulted by the System to the PI routing option. As stated above, only displayed Limit Orders designated as RHO would be eligible to be routed pursuant to the proposed PAC routing option. Proposed Exchange Rule 2617(b)(5)(C)(ii) would, therefore, reiterate that Limit Orders designated as IOC are not eligible to be routed pursuant the PAC routing option. As a result, Limit Orders designated as IOC that are eligible to be routed pursuant to the PI routing option will be routed as such even during the time when the Exchange is in the process of routing orders pursuant to the PAC routing option to participate in the primary listing market's closing process.

Equity Members that seek to utilize the PAC routing option, but not the PI routing option, may submit a displayed Limit Order designated as RHO coupled with the PAC routing option before the security opens on the primary listing market or during the time at which the Exchange is routing orders to participate in the primary listing market's re-opening or closing processes and, in the case of an opening and re-opening process, subsequently submit an instruction to cancel any unexecuted shares upon their return to the Exchange.³⁷ Conversely, Equity Members that seek to utilize the PI routing option, but not the PAC routing option may (i) enter a Limit Order coupled with both the PAC routing option and time-in-force of IOC during continuous trading; or (ii) enter a Limit Order coupled with both the PAC routing option and time-in-force of RHO during continuous trading and cancel such order prior to the time when the Exchange begins to route such orders to participate in the primary listing market's re-opening or closing process.³⁸

³⁷ See supra note 21. The unexecuted returned quantity of an order routed to participate in the primary listing exchange's closing process will be cancelled since the Exchange does not currently provide an after-hours trading session.

³⁸ The Exchange believes this is consistent with functionality on BZX and EDGX, which may allow for an order coupled with their RTI routing option to include a time-in-force

Clarification to Exchange Rule 2617(b)(2)

The Exchange also proposes a minor clarification to Exchange Rule 2617(b)(2). The second sentence of Exchange Rule 2617(b)(2) currently provides that, “[a]n order that is ineligible for routing during a Short Sale Period that includes a time-in-force of IOC will be cancelled upon entry.” In all cases, a non-routable order designated as IOC will first execute against contra-side interest on the MIAX Pearl Equities Book and then be cancelled because it is not eligible for routing and will never be posted to the MIAX Pearl Equities Book. The Exchange proposes to amend the second sentence of Exchange Rule 2617(b)(2) to clarify that an order that is ineligible for routing during a Short Sale Period that includes a time-in-force of IOC will first execute against contra-side interest on the MIAX Pearl Equities Book and then be cancelled. This change to Exchange Rule 2617(b)(2) is designed to better align the rule with System functionality by specifying that the order is first eligible for execution against contra-side interest before being cancelled.

Implementation

Due to the technological changes associated with this proposed change, the Exchange will issue a trading alert publicly announcing the implementation date of this proposed rule change to provide Equity Members with adequate time to prepare for the associated technological changes. The Exchange anticipates that the implementation date will be in either the first or second quarter of 2022.

b. Statutory Basis

of IOC. The Exchange believes this would allow such an order on BZX and EDGX to be routed pursuant to the RTI routing option during continuous trading with any returned shares being cancelled, thereby bypassing their ROOC routing option. See EDGX Rule 11.11(g)(12) and BZX Rule 11.13(b)(3)(G) (not limiting the time-in-force instructions available to be coupled with the RTI routing option).

The proposed rule change is consistent with Section 6(b) of the Act,³⁹ in general, and furthers the objectives of Section 6(b)(5),⁴⁰ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The proposed rule change would remove impediments to a free and open market and promote just and equitable principles of trade because it would provide market participants, including institutional firms who ultimately represent individual retail investors in many cases, with optional functionality that would provide them with better control over their orders.

The proposed PAC routing option would promote just and equitable principles of trade, facilitate transactions in securities, and remove impediments to and perfect the mechanism of a free and open market and a national market system because it would provide market participants with additional optional access to the primary listing market's opening, re-opening, and closing process. As a result, Equity Members will have access to additional sources of liquidity, potentially benefiting from improved execution prices and a more efficient marketplace. Therefore, the Exchange believes the proposed rule change will provide Equity Members with greater control and flexibility over their routing of orders, thereby facilitating transactions in securities and perfecting the mechanism of the national market system. The Exchange also notes that use of its proposed routing options is completely voluntary and no Equity Member is

³⁹ 15 U.S.C. 78f(b).

⁴⁰ 15 U.S.C. 78f(b)(5).

required to route orders through the Exchange and may choose other methods to access liquidity on other trading centers.

The proposed PAC routing option would not impede the national market system because it is not designed to disrupt the ability of the primary listing market to conduct their opening, re-opening, and closing processes. The proposed rule change is similar to existing routing options already provided by other equity exchanges,⁴¹ which the Exchange understands have not disrupted the primary listing market's ability to conduct their opening, re-opening, or closing processes. The proposed rule change would simply provide Equity Members with another means to participate in the primary listing market's opening, re-opening, and closing processes. The primary listing markets are free to reject or cancel such orders should they deem them to be inconsistent with their applicable rules.

The Exchange further believes its proposal promotes just and equitable principles of trade because the proposed operation of the proposed routing options are well established in the equity markets and are based on similar functionality at other equity exchanges.⁴² This includes the Exchange's proposal to only route Market Orders and displayed Limit Orders designated as RHO pursuant to the PAC routing option because the Exchange believes this is consistent with operation of the ROOC routing option on BZX and EDGX, and the LIST routing option on Nasdaq.⁴³

While the proposed rule change does differ from similar functionality at other exchanges, the Exchange does not believe any of these differences are material. For example, the Exchange

⁴¹ See supra notes 3 and 9.

⁴² Id.

⁴³ See supra note 9.

notes that the proposed PAC routing option under Exchange Rule 2617(b)(5)(B) would differ from BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8) in three primary ways. First, proposed Exchange Rule 2617(b)(5)(B) would specify that the PAC routing option is limited to Market Orders and displayed Limit Orders designated as RHO while both BZX and EDGX rules do not include that level of specificity. However, the Exchange believes this is consistent with BZX and EDGX functionality based on industry feedback. The Exchange believes not allowing the PAC routing option to be coupled with non-displayed Limit Orders is reasonable and consistent with the use of the routing option. The Exchange understands that potential users of the PAC routing option seek to improve the likelihood of execution of their orders and better accomplish this goal if their Limit Orders are displayed on the MIAX Pearl Equities Book.

Second, proposed Exchange Rule 2617(b)(5)(B) would specify that the PAC routing option would only route orders to the re-opening following a regulatory halt, while BZX and EDGX refer to halts generally. The Exchange believes this is not a material difference as most halts are regulatory halts and specifying regulatory halts within the rule provides additional specificity. The Exchange does not propose to route orders with a PAC routing option for other types of halts, such as an operational halt, because an operational halt indicates that the primary listing market that issued the halt has indicated that they may be experiencing a system issue across all or a subset of securities that inhibits their ability to operate normally. Additionally, some exchanges cancel all open orders as a result of an operational halt and do not accept new orders while the operational halt is in effect and/or do not conduct a re-opening process once the operational halt concludes.⁴⁴

⁴⁴ See, e.g., BZX Rule 11.23(d) (providing that BZX will conduct a halt auction after a regulatory halt and not specifying an operational halt).

Third, both BZX and EDGX require that an order be received before the primary listing market's opening, re-opening, or closing time, but do not specify whether that order must be received prior to the primary listing market's order entry cut-off time or how and when orders are routed to the primary listing market to participate in their opening, re-opening, or closing process. Proposed Exchange Rule 2617(b)(5)(B) would provide additional specificity as to when an order would be routed to participate in the primary listing market's opening, re-opening, or closing process. The Exchange will continue to route orders to participate in the primary listing market's opening, re-opening, or (in the case of a displayed Limit Order) closing process after their order entry cut-off time to increase the order's chances of participating in the opening, re-opening, or closing process while also accounting for the order entry cut-off time being changed/extended or where the primary listing market continues to accept orders after their established order entry cut-off time in accordance with their rules.⁴⁵ If the primary listing market rejects or cancels the order coupled with the PAC routing option for any reason, the Exchange will pass any rejection or cancellation along to the Equity Member that entered the order via existing protocols. This behavior is also similar to Nasdaq's LIST routing option that will continue to route orders to participate in the primary listing market's closing process after its order entry cut-off time.⁴⁶ Equity Members that seek greater certainty that their orders coupled with the PAC routing option would participate in the opening, re-opening, or closing process at

⁴⁵ See supra note 22.

⁴⁶ See Nasdaq Rule 4758(a)(1)(A)(x) (providing that "[t]wo minutes before market close, all LIST orders on the book will begin routing to the security's primary listing market for participation in its closing process. If a LIST order is received at or after a time that is two minutes before market close but before market close, Nasdaq will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table; remaining shares will be routed to the security's primary listing market to participate in its closing process.").

the primary listing market may enter their orders prior to the primary listing market's order entry cut-off time.

The Exchange also believes that not: (i) accepting Market Orders coupled with the PAC routing option during continuous trading; (ii) making Market Orders eligible for routing pursuant to the proposed PI routing option; and (iii) routing Market Orders coupled with the PAC routing option to the primary listing market's closing process promotes just and equitable principles of trade because the proposed treatment is consistent with the Exchange's understanding of how Equity Members would expect such orders to be handled. The treatment of Market Orders coupled with the PAC routing option is being proposed in response to industry feedback that Equity Members do not intend to enter Market Orders with the PAC routing option during continuous trading or for such orders to be routed to participate in a primary listing market's closing process. The Exchange understands that Equity Members would prefer to have such orders cancelled in the event they inadvertently entered such order. This proposed functionality promotes just and equitable principles of trade, and in general, protects investors and the public interest because it provides specificity within the Exchange's rules and aligns system functionality with how the Exchange understands Members would expect their Market Orders would be handled in such circumstances.

Further, the Exchange proposes to require that Limit Orders coupled with the PAC routing option are also automatically coupled with the PI routing option. In other words, the PI routing option could not be elected individually and without also electing the PAC routing option. This is different than EDGX, which allows their ROOC routing option to be coupled with their RTI routing option but does not require it. The Exchange does not believe this is a material difference and does not propose to offer the optionality to couple the PAC and PI

routing options at this time based on input from market participants. As stated above, the Exchange understands that potential users of the PAC routing option seek to improve the likelihood of execution of their Limit Orders and better accomplish this goal if their orders are eligible for routing pursuant to the PI routing option during continuous trading and when the Exchange is not in the process of routing orders away pursuant to the PAC routing option. Requiring that the PAC routing option be coupled with the PI routing option would provide Equity Members with increased price improvement opportunities during continuous trading because their Limit Order would be eligible for routing to multiple markets at the single best price level simultaneously. Equity Members that seek to utilize the PAC routing option, but not the PI routing option, may submit a Limit Order designated as RHO and coupled with the PAC routing option before the security has opened on the primary listing market or during the time at which the Exchange is routing orders pursuant to the PAC routing option to participate in the primary listing market's re-opening or closing process and, in the case of an opening and re-opening process, subsequently to cancel any unexecuted shares upon their return to the Exchange.⁴⁷ Conversely, Equity Members that seek to utilize the PI routing option, but not the PAC routing option may (i) enter a Limit Order coupled with both the PAC routing option and time-in-force of IOC during continuous trading; or (ii) enter a Limit Order coupled with both the PAC routing option and time-in-force of RHO during continuous trading and cancel such order prior to the time when the Exchange begins to route such orders to participate in the primary listing market's re-opening or closing process.⁴⁸ The Exchange believes providing a path for

⁴⁷ See supra note 21. The unexecuted returned quantity of an order routed to participate in the primary listing exchange's closing process will be cancelled since the Exchange does not currently provide an after-hours trading session.

⁴⁸ See supra note 38.

Members to utilize the PI routing option, but not the PAC routing option, removes impediments to a free and open market because it is consistent with similar functionality available on other equity exchanges⁴⁹ and Members appreciate this consistency because it enables them to modify their systems in a singular manner that accommodates similar functionality across multiple exchanges.

By routing to a single price level at a time, the PI routing option places more emphasis on maximizing price improvement for the order as opposed to speed of execution. Therefore, the proposed PI routing option promotes just and equitable principles of trade because it provides Equity Members with additional flexibility when deciding how their orders are to be routed by providing them the ability to seek out better prices over the speed of execution. The proposed PI routing option is also based on functionality offered by other equity exchanges.⁵⁰

The Exchange also believes its proposed related change to Exchange Rule 2617(b)(2) to allow for the routing of orders coupled with the PAC routing option during a Short Sale Period promotes just and equitable principles of trade because it would provide such orders with increased possibilities to participate in the primary listing market's opening, re-opening, or closing process in the event of a prolonged Short Sale Period. Further, this proposed change to Exchange Rule 2617(b)(2) is not unique and is consistent with functionality offered by other equity exchanges.⁵¹ Finally, the proposed clarification to Exchange Rule 2617(b)(2) promotes just and equitable principles of trade and protects investors and the public interest because it better aligns the rule with System functionality by specifying that the order is first eligible for

⁴⁹ See supra note 38.

⁵⁰ See EDGX Rule 11.11(g)(12). See also BZX Rule 11.13(b)(3)(G).

⁵¹ See BZX Rule 11.13(b)(1) and EDGX Rule 11.11(a) (regarding their ROOC routing option).

execution against contra-side interest before being cancelled.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, the Exchange believes that the proposed PAC routing option and related changes may have a positive effect on competition because it will enable the Exchange to offer functionality substantially similar to that offered by BZX, EDGX, and Nasdaq.⁵² The same is true for the proposed PI routing option which is also similar to functionality offered by EDGX and BZX.⁵³ The Exchange believes its lack of this functionality has put it at a competitive disadvantage as market participants that seek to have their orders eligible to be routed for improved price improvement opportunities or to the primary listing markets' opening, re-opening, or closing process have avoided sending orders to the Exchange in favor of other exchanges that offer such functionality. This proposal is designed to allow the Exchange to directly compete with other exchanges that offer similar routing functionality. The Exchange believes that its proposal promotes competition because it is designed to attract liquidity to the Exchange by providing market participants with additional routing functionality.

The Exchange believes that the proposal will not impose any burden on inter-market competition, but rather promote competition by enhancing the value of the Exchange's available routing options. However, since the use of the Exchange's routing options is voluntary and Equity Members have numerous alternative mechanisms for order routing, the changes will not impair the ability of Equity Members to use other means to access competing trading venues.

⁵² See supra notes 3 and 9.

⁵³ See EDGX Rule 11.11(g)(12). See also BZX Rule 11.13(b)(3)(G).

The proposed rule change would improve inter-market competition because it allows the Exchange to provide another means by which market participants would be able to participate in the primary listing market's opening, re-opening, or closing processes that is similar to that currently provided by other exchanges.⁵⁴

The Exchange believes that the proposal will not impose any burden on intra-market competition because it would be available to all Equity Members. Any Equity Member that seeks to have their order routed to multiple markets at a single price level simultaneously or to participate in the primary listing market's opening, re-opening, or closing processes is free to select the PAC routing option or seek to access those markets through other means.

In addition, the Exchange also believes its proposed related change to Exchange Rule 2617(b)(2) to allow for the routing of orders coupled with the PAC routing option during a Short Sale Period will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because it is identical to functionality offered on BZX, EDGX, and Nasdaq, and, therefore, does not alone enhance the Exchange's competitive position.

Finally, the proposed clarification to Exchange Rule 2617(b)(2) will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because it also does not enhance the Exchange's competitive position. Rather, it is simply designed to better align the rule with System functionality by specifying that the order is first eligible for execution against contra-side interest before being cancelled.

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.

⁵⁴

Id.

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

Not applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act⁵⁵ and Rule 19b-4(f)(6)⁵⁶ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition because it would provide market participants with additional optional access to the primary listing market's opening, re-opening, and closing process. The Exchange also notes that use of its proposed routing options is completely voluntary and no Equity Member is required to route orders through the Exchange and may choose other methods to access liquidity on other trading centers. The proposed routing options would provide market participants with access to additional sources of liquidity, potentially benefiting from improved execution prices and a more efficient marketplace.

The proposed rule change is based on similar functionality offered by BZX, EDGX, and Nasdaq.⁵⁷ This includes the Exchange's proposal to only route Market Orders and displayed

⁵⁵ 15 U.S.C. 78s(b)(3)(A).

⁵⁶ 17 CFR 240.19b-4(f)(6).

⁵⁷ See supra notes 3 and 9.

Limit Orders designated as RHO pursuant to the PAC routing option because the Exchange believes this is consistent with operation of the ROOC routing option on BZX and EDGX, and the LIST routing option on Nasdaq.⁵⁸ Therefore, the proposed rule changes does not present any unique issues not previously considered by the Commission. While the proposed rule change does differ from similar functionality at other exchanges, the Exchange does not believe any of these differences are material or fundamentally distinguish the proposed routing strategies from that offered by other exchanges.

The Exchange notes that the proposed PAC routing option under Exchange Rule 2617(b)(5)(B) would differ from BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8) in three primary ways. First, proposed Exchange Rule 2617(b)(5)(B) would specify that the PAC routing option is limited to Market Orders and displayed Limit Orders designated as RHO while both BZX and EDGX rules do not include that level of specificity. However, based on industry feedback, the Exchange believes this is consistent with BZX and EDGX functionality. The Exchange believes not allowing the PAC routing option to be coupled with non-displayed Limit Orders is reasonable and consistent with the use of the routing option. The Exchange understands that potential users of the PAC routing option seek to improve the likelihood of execution of their orders and better accomplish this goal if their Limit Orders are displayed on the MIAX Pearl Equities Book.

Second, proposed Exchange Rule 2617(b)(5)(B) would specify that an order coupled with the PAC routing option would only route to the re-opening following a regulatory halt, while BZX and EDGX refer to halts generally. The Exchange believes this is not a material difference as most halts are regulatory halts and specifying regulatory halts within the rule provides

⁵⁸ See supra note 10.

additional specificity. The Exchange does not propose to route orders with a PAC instruction to other types of halts, such as an operational halt, because an operational halt indicates that the primary listing market that issued the halt has indicated that they may be experiencing a systems issue across all or a subset of securities that inhibits their ability to operate normally.

Additionally, some exchanges cancel all open orders as a result of an operational halt and do not accept new orders while the operational halt is in effect and/or do not conduct a re-opening process once the operational halt concludes.⁵⁹

Third, both BZX and EDGX require that an order be received before the primary listing market's opening, re-opening, or closing time, but do not specify whether that order must be received prior to the primary listing market's order entry cut-off time or how and when orders are routed to the primary listing market to participate in their opening, re-opening, or closing process. Proposed Exchange Rule 2617(b)(5)(B) would provide additional specificity as to when an order coupled with the PAC routing option would be routed to participate in the primary listing market's opening, re-opening, or closing process. The Exchange will continue to route such orders to participate in the primary listing market's opening, re-opening, or closing process after their order entry cut-off time to increase the order's chances of participating in the opening, re-opening, or (in the case of a displayed Limit Order) closing process while also accounting for the order entry cut-off time being changed/extended or where the primary listing market continues to accept orders after their established order entry cut-off time in accordance with their rules.⁶⁰ Doing so does not significantly affect the protection of investors or the public interest because it would provide Equity Members with increased opportunities to participate in the

⁵⁹ See supra note 38.

⁶⁰ See supra note 21.

opening, re-opening, or closing processes of the primary listing market while also accounting for whether the order entry cut-off time be changed/extended. If the primary listing market rejects or cancels the order coupled with the PAC routing option for any reason, the Exchange will pass any rejection or cancellation along to the Equity Member that entered the order via existing protocols. This behavior is also similar to Nasdaq's LIST routing option that will continue to route to participate in the primary listing market's closing process after its order entry cut-off time.⁶¹ Equity Members that seek greater certainty that their orders coupled with the PAC routing option would participate in the primary listing market opening, re-opening, or (in the case of a displayed Limit Order) closing process may enter their orders prior to the primary listing market's order entry cut-off time.

The Exchange also believes that: (i) not accepting Market Orders coupled with the PAC routing option during continuous trading; (ii) not making Market Orders eligible for routing pursuant to the proposed PI routing option; and (iii) not routing Market Orders coupled with the PAC routing option to the primary listing market's closing process does not significantly affect the protection of investors or the public interest because the proposed treatment is consistent with the Exchange's understanding of how Equity Members would expect such orders to be handled. The treatment of Market Orders with the PAC routing option is being proposed in response to industry feedback that Equity Members do not intend to enter Market Orders with the PAC routing option during continuous trading or for such orders to be routed to participate in the primary listing market's closing process. The Exchange understands that Equity Members would prefer to have such orders immediately rejected in the event they inadvertently entered such order.

⁶¹ See supra note 46.

Further, the Exchange proposes to require that the PAC routing option be coupled with the PI routing option for displayed Limit Orders. In other words, the PI routing option could not be elected individually and without also electing the PAC routing option. This is different than EDGX, which allows their ROOC routing option to be coupled with their RTI routing option but does not require it. The Exchange does not believe this is a material difference and has proposed to couple the PAC and PI routing options for Limit Orders based on input from market participants. As stated above, the Exchange understands that potential users of the PAC routing option seek to improve the likelihood that their Limit Orders will be executed and better accomplish this goal by being eligible for routing pursuant to the PI routing option during continuous trading and when the Exchange is not in the process of routing orders away pursuant to the PAC routing option.. Requiring that the PAC routing option be coupled with the PI routing option does not significantly affect the protection of investors or the public interest because it would provide Equity Members with increased price improvement opportunities during continuous trading because their Limit Order would be eligible for routing to multiple markets at the single best price level simultaneously. Equity Members that seek to utilize the PAC routing option, but not the PI routing option, may submit a Limit Order coupled with both the PAC routing option and time-in-force of RHO before 9:30 a.m. Eastern Time or during the time at which the Exchange is routing orders to participate in the primary listing market's re-opening or closing process and, in the case of the re-opening or opening process, subsequently to cancel any unexecuted shares upon their return to the Exchange.⁶² Conversely, Equity Members that seek to utilize the PI routing option, but not the PAC routing option may (i) enter a Limit

⁶² See supra note 21. The unexecuted returned quantity of an order routed to participate in the primary listing exchange's closing process will be cancelled since the Exchange does not currently provide an after-hours trading session.

Order coupled with both the PAC routing option and time-in-force of IOC during continuous trading; or (ii) enter a Limit Order coupled with both the PAC routing option and time-in-force of RHO during continuous trading and cancel such order prior to the time when the Exchange begins to route such orders to participate in the primary listing market's re-opening or closing process.⁶³

In addition, the Exchange also believes its proposed related change to Exchange Rule 2617(b)(2) to allow for the routing of orders coupled with the PAC routing option during a Short Sale Period does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition. This proposed change does not impose a significant burden on competition because it is identical to functionality offered on BZX, EDGX, and Nasdaq, and, therefore, does not alone enhance the Exchange's competitive position. This proposed change does not significantly affect the protection of investors or the public interest because, as said above, it is identical to functionality offered on BZX, EDGX, and Nasdaq, and therefore, does not raise any new or novel issues not previously considered by the Commission.

Finally, the proposed clarification to Exchange Rule 2617(b)(2) does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition. The proposed clarification also does not impose a significant burden on competition because it does not enhance the Exchange's competitive position. The proposed clarification does not significantly affect the protection of investors or the public interest because it is simply designed to better align the rule with System functionality by specifying that the order is first eligible for execution against contra-side interest before being cancelled. In fact, the proposed clarification seeks to improve the protection of investors and the public interest by

⁶³ See supra note 38.

better aligning the rule with current functionality and making the rule easier to comprehend.

This proposed clarification would not result in a corresponding change to functionality and makes the text of the rule consistent with how Equity Members expect an order with a time-in-force of IOC to be handled.

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

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

The proposed changes to Exchange Rule 2617(b)(2) are based on BZX Rule 11.13(b)(1) and EDGX Rule 11.11(a).

The PAC routing option under proposed Exchange Rule 2617(b)(5)(B) is based on BZX Rule 11.13(b)(3)(N), EDGX Rule 11.11(g)(8), and Nasdaq Rule 4758(a)(1)(A)(x). The PI routing option under proposed Exchange Rule 2617(b)(5)(B) is based on BZX Rule 11.13(b)(3)(G) and EDGX Rule 11.11(g)(12). Like BZX, EDGX, and Nasdaq, the PAC routing option would enable Equity Members to instruct the Exchange to route an order to participate in the primary listing market’s opening, re-opening, or closing process.

While the proposed rule change does differ from similar functionality at other exchanges, the Exchange does not believe any of these differences are material or fundamentally alter the operation of the proposed routing strategies. For example, the Exchange notes that the proposed PAC routing option under Exchange Rule 2617(b)(5)(B) would differ from BZX Rule

11.13(b)(3)(N) and EDGX Rule 11.11(g)(8) in three primary ways. First, proposed Exchange Rule 2617(b)(5)(B) would specify that the PAC routing option is limited to Market Orders and displayed Limit Orders designated as RHO while both BZX and EDGX rules do not include that level of specificity. However, the Exchange believes this is consistent with BZX and EDGX functionality. Second, proposed Exchange Rule 2617(b)(5)(B) would specify that an order coupled with the PAC routing option would only route to the re-opening following a regulatory halt, while BZX and EDGX refer to halts generally. Third, both BZX and EDGX require that an order be received before the primary listing market's opening, re-opening, or closing time, but do not specify whether that order must be received prior to the primary listing market's order entry cut-off time or how and when orders are routed to the primary listing market to participate in their opening, re-opening, or closing process. Proposed Exchange Rule 2617(b)(5)(B) would provide additional specificity as to when an order coupled with the PAC routing option would be routed to participate in the primary listing market's opening, re-opening, or closing process. Proposed Exchange Rule 2617(b)(5)(B) would not provide a deadline for order entry because the Exchange will continue to route such orders to participate in the primary listing market's opening, re-opening, or (in the case of a Limit Order) closing process after their order entry cut-off time to increase the order's chances of participating in the opening, re-opening, or closing process while also accounting for the order entry cut-off time being changed/extended or where the primary listing market continues to accept orders after their established order entry cut-off time in accordance with their rules.⁶⁴ This behavior, however, is similar to Nasdaq's LIST routing option that will continue to route to participate in the primary listing market's closing

⁶⁴ See supra note 21.

process after its order entry cut-off time.⁶⁵

Further, the Exchange proposes to require that the PAC routing option be coupled with the PI routing option for Limit Orders and that the PI routing option would not be a standalone routing option. This is different than EDGX, which allows their ROOC routing option to be coupled with their RTI routing option but does not require it.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of proposed rule change.

⁶⁵ See supra note 46.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-PEARL-2022-06)

February __, 2022

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX PEARL, LLC to Amend Exchange Rule 2617(b), Routing to Away Trading Centers, to Adopt Two New Routing Options

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 February __, 2022 MIAX PEARL, LLC (“MIAX Pearl” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposed rule change to amend Exchange Rule 2617(b), Routing to Away Trading Centers, to: (i) adopt two new routing options called Route to Primary Auction (“PAC”) and Price Improvement (“PI”); and (ii) make related changes and clarifications to Exchange Rules 2614(a)(2)(B) and 2617(b)(2).

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to amend Exchange Rule 2617(b), Routing to Away Trading Centers, to adopt two new routing options called PAC and PI that would be available to orders in equity securities traded on the Exchange's equity trading platform (referred to herein as "MIAX Pearl Equities"). Both of the proposed routing options are based on similar functionality offered at other equity exchanges.³ The Exchange also proposes to make related changes and clarifications to Exchange Rules 2614(a)(2)(B) and 2617(b)(2).

The Exchange offers its Equity Members⁴ optional routing functionality that allows them to use the Exchange to access liquidity on other trading centers. The functionality includes routing algorithms that determine the destination or pattern of routing. Exchange Rule 2617(b)(5) sets forth that there is a particular pattern of routing to other trading

³ The PAC routing option is based on Cboe BZX Exchange, Inc. ("BZX") Rule 11.13(b)(3)(N) (describing the ROOC routing option), Cboe EDGX Exchange, Inc. ("EDGX") Rule 11.11(g)(8) (describing the ROOC routing option), and The Nasdaq Stock Market LLC ("Nasdaq") Rule 4758(a)(1)(A)(x) (describing the LIST routing option). The PI routing option is based on BZX Rule 11.13(b)(3)(G) (describing the Route To Improve ("RTI") routing option) and EDGX Rule 11.11(g)(12) (describing the RTI routing option).

⁴ The term "Equity Member" is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. See Exchange Rule 1901.

centers, known as the “System routing table”, as well as setting forth the Exchange’s available routing option. All routing is designed to be conducted in a manner consistent with Regulation NMS.

PAC routing option

In sum, the PAC routing option would enable an Equity Member to designate that their order be routed to the primary listing market to participate in the primary listing market’s opening, re-opening or closing process. Proposed Exchange Rule 2617(b)(5)(B) would describe PAC as a routing option for Market Orders⁵ and displayed Limit Orders⁶ designated with a time-in-force of Regular Hours Only (“RHO”)⁷ that the entering firm wishes to designate for participation in the opening, re-opening (following a regulatory halt, suspension, or pause), or closing process⁸ of a primary listing market (BZX, the New York Stock Exchange LLC (“NYSE”), Nasdaq, NYSE American LLC (“NYSE American”), or NYSE Arca, Inc. (“NYSE Arca”)) if received before the opening, re-opening, or closing process of such market.⁹

⁵ See Exchange Rule 2614(a)(2).

⁶ See Exchange Rule 2614(a)(1).

⁷ Exchange Rule 2614(b)(2) defines “Regular Hours Only” or “RHO” as “[a]n order that is designated for execution only during Regular Trading Hours, which includes the Opening Process for equity securities. An order with a time-in-force of RHO entered into the System before the opening of business on the Exchange as determined pursuant to Exchange Rule 2600 will be accepted but not eligible for execution until the start of Regular Trading Hours.”

⁸ As described further below, the Exchange does not propose to route Market Orders to the primary listing market’s closing process.

⁹ The Exchange notes that proposed Exchange Rule 2617(b)(5)(B) differs from BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8) in three primary ways. First, proposed Exchange Rule 2617(b)(5)(B) would specify that the PAC routing option is limited to Market Orders and displayed Limit Orders while both BZX and EDGX rules do not include that level of specificity. However, the Exchange believes this is consistent with BZX and EDGX functionality. Second, proposed Exchange Rule 2617(b)(5)(B) would specify that an order coupled with the PAC routing option would only route to the re-

The following summarizes the operation of the PAC routing option based on the order type and time-in-force selected. A more detailed description of the operation of the proposed PAC routing option is provided below.

- Only Market Orders and displayed Limit Orders designated as RHO would be eligible for routing pursuant to the PAC routing option.¹⁰
- Market Orders and displayed Limit Orders designated as Immediate-or-Cancel (“IOC”)¹¹ would not be eligible for routing pursuant to the PAC

opening following a regulatory halt, while BZX and EDGX refer to halts generally. Third, both BZX and EDGX require that an order be received before the primary listing market’s opening, re-opening, or closing time, but do not specify whether that order must be received prior to the primary listing market’s order entry cut-off time or how and when orders are routed to the primary listing market to participate in their opening, re-opening, or closing process. Proposed Exchange Rule 2617(b)(5)(B) would provide additional specificity as to when an order coupled with the PAC routing option would be routed to participate in the primary listing market’s opening, re-opening, or closing process. The Exchange will continue to route such orders to participate in the primary listing market’s opening, re-opening, or closing process after their order entry cut-off time to increase the order’s chances of participating in the opening, re-opening, or closing process while also accounting for the order entry cut-off time being changed/extended or where the primary listing market continues to accept orders after their established order entry cut-off time in accordance with their rules. See infra note 22. If the primary listing market rejects or cancels the order coupled with the PAC routing option for any reason, the Exchange will pass any rejection or cancellation along to the Equity Member that entered the order.

¹⁰ The Exchange believes this is consistent with operation of the ROOC routing option on BZX and EDGX and the LIST routing option on Nasdaq because none of those exchanges’ rules state that any returned unexecuted shares of an order routed to participate in a primary listing market’s opening, closing, or re-opening process may be cancelled upon receipt. The Exchange believes this implies that BZX, EDGX, and Nasdaq only route ROOC or LIST orders, respectively, with a time-in-force of RHO or its equivalent, and not as IOC. See BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8) (stating “[i]f shares remain unexecuted after attempting to execute in the opening, re-opening, or closing process, they are either posted to the BZX Book, executed, or routed to destinations on the System routing table”). See also Nasdaq Rule 4758(a)(1)(A)(x) (describing Nasdaq’s LIST routing option and specifying that any returned shares are posted to the book, thereby implying that Nasdaq does not route LIST orders as IOC).

¹¹ See Exchange Rule 2614(b)(1).

routing option.

- Market Orders coupled with the PAC routing option designated as IOC would be cancelled.¹²
- Market Orders coupled with the PAC routing option designated as RHO would be eligible to be routed to participate in the primary listing market's opening and re-opening process.
- Market Orders coupled with the PAC routing option designated as RHO would not be eligible to be routed to participate in the primary listing market's closing process and would be cancelled.
- Limit Orders coupled with the PAC routing option designated as RHO would be eligible to be routed to participate in the primary listing market's opening, re-opening, and closing process.
- Limit Orders coupled with the PAC routing option designated as IOC received before the security has opened on the primary listing market would be cancelled.
- Limit Orders coupled with the PAC routing option designated as IOC received during the time when the Exchange is routing orders to participate in the primary listing market's re-opening process would be rejected.
- Limit Orders coupled with the PAC routing option designated as IOC received during continuous trading or during the time when the Exchange is in the process of routing orders to participate in the primary listing market's

¹² An order that is cancelled is first accepted by the System and then immediately cancelled back to the Member. An order that is rejected is not accepted by the System and immediately returned to the Member.

closing process would be routed pursuant to the PI routing option, described below.

Time-in-Force Related Rule Changes

The Exchange proposes certain changes to its time-in-force rules related to its proposal to only route Market Orders and displayed Limit Orders pursuant to the PAC routing option when such orders are designated as RHO. The Exchange currently offers two time-in-force instructions, IOC and RHO.

Exchange Rule 2614(a)(2)(B) provides that “[a] Market Order may only include a time-in-force of IOC.” The Exchange proposes to amend Exchange Rule 2614(a)(2)(B) to provide that a Market Order may also include a time-in-force of RHO only when coupled with the PAC routing option. Exchange Rule 2614(a)(2)(B) would further be amended to specify that all other Market Orders that include a time-in-force of RHO will be rejected. The Exchange proposes to require that only incoming Market Orders and Limit Orders designated as RHO will be eligible to be routed pursuant to the PAC routing option.¹³

As described in detail below, a Market Order coupled with the proposed PAC routing option designated as RHO would be rejected if not received: (i) before the security has opened on the primary listing market to be routed to participate in the primary listing market’s opening process; and (ii) after the announcement of a regulatory halt, suspension, or pause to be routed to participate in the primary listing market’s re-opening process. Otherwise, a Market Order coupled with the PAC routing option and designated as IOC would also be rejected. Amending Exchange Rule 2614(a)(2)(B) to provide that a Market

¹³ See supra note 9. Related changes with regard to Limit Orders are not needed because Exchange Rule 2614(a)(1)(B) already provides that “[a] Limit Order may include a time-in-force of IOC or RHO.”

Order coupled with the PAC routing option include a time-in-force of RHO is necessary to ensure such orders are accepted by the System prior to the opening. For example, the Exchange does not accept orders with a time-in-force of IOC prior to 9:30 a.m. Eastern Time.¹⁴ Therefore, a Market Order that is entered prior to 9:30 A.M. Eastern Time would need to include a time-in-force of RHO to be accepted and eligible to be routed to the primary listing market's opening process.

The Exchange currently designates all routable orders as IOC when routing such order to an away market, regardless of the time-in-force included with the order upon entry. Exchange Rule 2617(b)(4) describes this functionality and currently provides that the System will designate Market Orders and marketable Limit Orders that are fully or partially routed to an away Trading Center as IOC.¹⁵

To ensure that orders coupled with the PAC routing option are eligible to participate in the primary listing market's opening, re-opening, or closing process, the Exchange proposes to route Market Orders and displayed Limit Orders designated as RHO upon entry with a time-in-force accepted or required by the primary listing market.¹⁶ As such, the Exchange would convert an order's time-in-force to a time-in-force accepted or required by the primary listing market when necessary only for purposes of routing that order to an away market. For example, an order in a Nasdaq listed security coupled with the PAC routing option that includes a time-in-force of RHO would be routed as IOC or "On Close"

¹⁴ See Exchange Rule 2600(a).

¹⁵ As described herein, the Exchange proposes to amend Exchange Rule 2614(a)(2)(B) to provide that a Market Order may also include a time-in-force of RHO only when coupled with the PAC routing option. See supra note 13 and accompanying paragraph.

¹⁶ See proposed Exchange Rule 26174(b)(5)(B).

to participate in Nasdaq's closing process.¹⁷ The Exchange would not alter the time-in-force of an order coupled with the PAC routing option designated as RHO where the primary listing market accepts orders designated as RHO to participate in its opening, re-opening, or closing process.

Routing to Primary Listing Market's Opening, Re-Opening, or Closing Process

Proposed Exchange Rule 2617(b)(5)(B)(1) would describe how an order coupled with the PAC routing option operates when being routed to participate in the primary listing market's opening, re-opening, or closing process.

Proposed Exchange Rule 2617(b)(5)(B)(1)(i) would describe when an order designated as RHO and coupled with the PAC routing option may be routed to participate in the primary listing market's opening and re-opening processes. Specifically, proposed Exchange Rule 2617(b)(5)(B)(1)(i) would provide that a displayed Limit Order or Market Order designated as RHO received before the security has opened on the primary listing market will be routed to participate in the primary listing market's opening process upon receipt.¹⁸ Proposed Exchange Rule 2617(b)(5)(B)(1)(i) would further provide that a displayed Limit Order designated as RHO will be routed to participate in a primary listing market re-opening process upon the announcement of a regulatory halt, suspension, or pause. A displayed Limit Order or Market Order designated as RHO received after the announcement of a regulatory halt, suspension, or

¹⁷ See, e.g., Nasdaq Rules 4702(b)(9)(A) (providing that “[a]n LOO Order entered after 9:29:30 a.m. ET that is designated as an IOC will be rejected”), and 4702(b)(11)(B) (stating that “a Participant may designate the Time-in-Force for an MOC Order either by designating a Time-in-Force of “On Close” or by entering a Time-in-Force of IOC and flagging the Order to participate in the Nasdaq Closing Cross”).

¹⁸ Like current functionality, an order coupled with the PAC routing option that is also designated as IOC would be rejected if entered before 9:30 a.m. Eastern Time because the Exchange does not accept orders with a time-in-force of IOC prior to 9:30 a.m. Eastern Time. See Exchange Rule 2600(a).

pause, but before the time of a primary listing market re-opening process would be routed to participate in a primary listing market re-opening process upon receipt. Lastly, proposed Exchange Rule 2617(b)(5)(B)(1)(i) would provide that a Market Order designated as RHO not received during times set forth above will be cancelled.

Proposed Exchange Rule 2617(b)(5)(B)(1)(i)(a) would describe how the Exchange would handle the returned unexecuted quantity of a Limit Order designated as RHO routed pursuant to the PAC routing option to participate in the primary listing market's opening or re-opening process. Specifically, proposed Exchange Rule 2617(b)(5)(B)(1)(i)(a) would provide that any shares that remain unexecuted after attempting to execute in the primary listing market's opening or re-opening process will either be posted to the MIAX Pearl Equities Book, executed, or routed pursuant to the PI routing option described below.¹⁹ Because Limit Orders must be designated as RHO upon entry to be routed pursuant to the PAC routing option, an Equity Member that wants any returned unexecuted quantity of such order to be immediately returned to them would need to submit an instruction to cancel any unexecuted shares upon their return to the Exchange.

Proposed Exchange Rule 2617(b)(5)(B)(1)(i)(b) would describe how the Exchange would handle the returned unexecuted quantity of any Market Order designated as RHO routed pursuant to the PAC routing option to participate in the primary listing market's opening or re-opening process. Today, the Exchange cancels the returned unexecuted quantity of routed Market Orders pursuant to Exchange Rule 2614(a)(2). The same would be true for a Market Order designated as RHO that is routed away pursuant to the PAC routing option. Proposed

¹⁹ This is consistent with the ROOC routing option available on BZX and EDGX which provides that “[i]f shares remain unexecuted after attempting to execute in the opening, re-opening, or closing process, they are either posted to the BZX Book, executed, or routed to destinations on the System routing table.” See BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8).

Exchange Rule 2617(b)(5)(B)(1)(i)(b) provides that any shares of a Market Order that remain unexecuted after attempting to execute in the primary listing market's opening or re-opening process will be cancelled.

Proposed Exchange Rule 2617(b)(5)(B)(1)(ii) would describe when an order coupled with the PAC routing option would be routed to participate in the primary listing market's closing process. The Exchange only proposes to route Limit Orders coupled with the PAC routing option and designated as RHO to participate in the primary listing market's closing process. Market Orders would not be eligible to be routed pursuant to the PAC routing option to participate in the primary listing market's closing process, as discussed more below. Proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(a) would provide that Limit Orders designated as RHO will be routed pursuant to the PAC routing option to participate in the primary listing market's closing process prior to the primary listing market's order entry cut-off time.²⁰

Proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(a) does not provide a deadline for order entry because the Exchange will continue to route Limit Orders designated as RHO to participate in the primary listing market's opening, re-opening, or closing process after their order entry cut-off time. In addition, proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(a) would provide that if a Limit Order designated as RHO is received at or after the time the Exchange begins to route orders to participate in the primary listing market's closing process, but before market close, the Exchange will check the System for available shares and then route the remaining shares to participate in the primary listing market's closing process.²¹ This is intended to provide Equity

²⁰ The Exchange will publicly announce the initial time at which it would route Limit Orders to participate in the primary listing market's closing process and any updates via a regulatory circular or alert. Unexecuted shares of a Limit Order that are routed to participate in the primary listing market's closing process will be cancelled.

²¹ The Exchange notes that the portion of a Limit Order designated as RHO not executed in the primary listing market's closing process will be cancelled because the Exchange does

Members with increased opportunities to participate in the primary listing market's closing process while also accounting for whether the order entry cut-off time is changed/extended or should the primary listing market continue to accept orders after their established order entry cut-off time in accordance with their rules.²² If the primary listing market rejects or cancels the Limit Order routed pursuant to the PAC routing option for any reason, the Exchange will pass any rejection or cancellation along to the Equity Member that entered the order. Equity Members that seek greater certainty that their Limit Orders coupled with the PAC routing option would participate in the closing process at the primary listing market may enter their orders prior to the primary listing market's order entry cut-off time.

Market Orders coupled with the PAC routing option would not be eligible for routing to the primary listing market's closing process. Proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(b) would, therefore, provide that a Market Order designated as RHO would not be eligible to be routed to participate in the primary listing market's closing process. Proposed Exchange Rule 2617(b)(5)(B)(1)(ii)(b) would further provide that a Market Order designated as RHO received at

not currently provide an afterhours trading session or time-in-force instruction that extends past Regular Trading Hours.

²² See, e.g., NYSE Rule 7.35B(f)(1)(B) (providing for the entry of orders after the order entry cut-off time in the event a Regulatory Closing Imbalance is published). See, e.g., BZX Rules 11.23(b)(1)(A) (providing for the entry of Late Limit On Open Orders until 9:30 a.m.), (c)(1)(A) (providing for the entry of Late Limit On Close orders up until 4:00 p.m.); and (d)(1)(C) (Incremental Quote Period Extensions For Halt Auctions Following a Regulatory Halt). The Exchange notes that this differs from BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8). See *supra* note 9. This behavior is also similar to Nasdaq's LIST routing option that will continue to route orders to participate in the primary listing market's closing process after its order entry cut-off time. See Nasdaq Rule 4758(a)(1)(A)(x) (stating that "[i]f a LIST order is received at or after a time that is two minutes before market close but before market close, Nasdaq will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table; remaining shares will be routed to the security's primary listing market to participate in its closing process.").

or after the time the Exchange begins to route existing orders to participate in the primary listing market's closing process, but before market close, will be cancelled.

The Exchange understands that Equity Members do not plan to utilize Market Orders to participate in the primary listing market's closing process because they would prefer to enter Limit Orders for purposes of participating in the price discovery process conducted by the primary listing market's closing process.²³ Therefore, the Exchange does not propose to accept Market Orders for purposes of routing them to a primary listing market's closing process. The Exchange seeks to make clear in its proposed rules how a Market Order coupled with the PAC routing option would be handled should an Equity Member mistakenly enter such an order when the Exchange is in the process of routing orders to participate in the primary listing market's closing process.

Continuous Trading

Proposed Exchange Rule 2617(b)(5)(B)(2) would describe how an order coupled with the PAC routing option would operate during continuous trading when the Exchange is not in the process of routing orders pursuant to the PAC routing option to participate in the primary listing market's re-opening or closing process.

Specifically, proposed Exchange Rule 2617(b)(5)(B)(2)(i) would describe the handling of Limit Orders coupled with the PAC routing option designated as RHO during continuous trading and provide that if the order is entered after the security has opened on the primary listing market, before being routed to the primary listing market's re-opening or closing process pursuant to proposed Exchange Rule 2617(b)(5)(B)(1)(i) described above, the Exchange will

²³ The Exchange would submit a proposed rule change to route Market Orders to participate in the primary listing market's closing process should Equity Members request such a change.

check the System²⁴ for available shares and then route the remaining shares pursuant to the PI routing option,²⁵ described below.²⁶ As a result, a Limit Order coupled with the PAC routing option that is designated as RHO would be treated how a re-routable Limit Order is treated today during continuous trading; i.e., it would be eligible: (i) first for execution locally on the MIAX Pearl Equities Book; and then (ii) any remaining share would be routed away to better priced away interest pursuant to the proposed PI routing option described below.

Proposed Exchange Rule 2617(b)(5)(B)(2)(i)(a) would describe how any unexecuted portion of a Limit Order designated as RHO and coupled with the PAC routing option that is routed pursuant to the PI routing option during continuous trading would be handled. Specifically, proposed Exchange Rule 2617(b)(5)(B)(2)(i)(a) would provide that any shares that remain unexecuted after routing will be either posted to the MIAX Pearl Equities Book, executed, or routed pursuant to the PI routing option, described below.²⁷

Proposed Exchange Rule 2617(b)(5)(B)(2)(ii) would describe the handling of Limit Orders coupled with the PAC routing option designated as IOC during continuous trading. As set forth above, a Limit Order coupled with the PAC routing option that is designated as IOC

²⁴ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

²⁵ A Limit Order coupled with the PAC routing option would only be defaulted to the proposed PI routing option and will not be eligible to be coupled with any other routing option.

²⁶ Proposed Exchange Rule 2617(b)(5)(B)(2) is based on Nasdaq Rule 4758(a)(1)(A)(x), which describes how their LIST routing option operates during continuous trading. See Nasdaq Rule 4758(a)(1)(A)(x) (providing that “if a LIST order is entered after the security has opened on the primary listing market (but before a time that is two minutes before market close) and the order has not been designated to participate in the opening only, Nasdaq will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table...”).

²⁷ Proposed Exchange Rule 2617(b)(5)(B)(2)(i) is based on BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8).

would not be eligible to be routed pursuant to the PAC routing option. However, such order would be eligible to be routed pursuant to the proposed PI routing option. This functionality would be described under proposed Exchange Rule 2617(b)(5)(B)(2)(ii), which would provide that if a Limit Order designated as IOC is entered after the security has opened on the primary listing market, the Exchange will check the System for available shares and then route the remaining shares pursuant to the PI routing option described below. Any shares that remain unexecuted after routing will be cancelled in accordance with the terms of the order.

Proposed Exchange Rule 2617(b)(5)(B)(2)(ii)(a) would provide that a Limit Order coupled with the PAC routing option designated as IOC received during the time when the Exchange is in the process of routing orders to the primary listing market's re-opening process will be rejected. Such order would not be routed pursuant to the PI routing option because trading in the security would be halted pending the primary listing market conducting its re-opening process.

Proposed Exchange Rule 2617(b)(5)(B)(2)(iii) would describe the handling of Market Orders designated as RHO that are coupled with the PAC routing option during continuous trading. Specifically, proposed Exchange Rule 2617(b)(5)(B)(2)(iii) would provide that a Market Order designated as RHO that is entered after the security has opened on the primary listing market would be routed to participate in the primary listing market's re-opening process pursuant to the PAC routing option in accordance with proposed Exchange Rule 2617(b)(5)(B)(1), which is described above. In sum, a Market Order designated as RHO received after the announcement of a regulatory halt, suspension, or pause, but before the time of a primary listing market re-opening process would be routed to participate in a primary listing market re-opening process upon receipt. A Market Order designated as RHO not received during times set forth above would be cancelled.

Lastly, proposed Exchange Rule 2617(b)(5)(B)(2)(iv) would provide that a Market Order coupled with the PAC routing option that is designated as IOC entered after the security has opened on the primary listing market will be cancelled. As discussed above, the Exchange will only route Market Orders pursuant to the PAC routing option when designated as RHO. As such, a Market Order would not be eligible to be routed pursuant to the PAC routing option when designated as IOC. Nor does the Exchange propose that Market Orders be eligible for routing pursuant to the proposed PI routing option, discussed below. The proposed rule text is intended to provide completeness within the Exchange's rules regarding how Market Orders coupled with the PAC routing option would be handled when designated as IOC.

Routing During Short Sale Period

The Exchange also proposes to make a related change to Exchange Rule 2617(b)(2) to describe the routing of orders coupled with the PAC routing option during a Short Sale Period, as defined in Exchange Rule 2614(g)(3)(A).²⁸ Exchange Rule 2617(b)(2) currently provides that an order marked "short" is not eligible for routing by the Exchange during a Short Sale Period. The Exchange proposes to amend Exchange Rule 2617(b)(2) to provide for the routing of an order marked "short" where that order is being routed to participate in the primary listing market's opening, re-opening, or closing process pursuant to the PAC routing option.²⁹ Specifically, as

²⁸ Exchange Rule 2614(g)(3)(A) generally defines a Short Sale Period as the time during which a short sale price test restriction under Rule 201 of Regulation SHO is in effect.

²⁹ Rules 201(b)(1)(i) and (ii) of Regulation SHO generally require that trading centers such as the Exchange establish, maintain, and enforce written policies and procedures reasonably designed to: (i) prevent the execution or display of a short sale order of a covered security at a price that is less than or equal to the current national best bid if the price of that covered security decreases by 10% or more from the covered security's closing price; and (ii) impose this price restriction for the remainder of the day and the following day. To maintain compliance with Rule 201 of Regulation SHO, an exchange may only execute short sale orders (i.e., those not marked short exempt) if the execution would take place at a permissible price pursuant to Regulation SHO. Specifically, if a security is in a Short Sale Period, an order marked short that is routed pursuant to the

amended, Exchange Rule 2617(b)(2) would provide that “[u]nless an order is routed pursuant to the PAC routing option set forth under paragraph (b)(5) of this Rule, an order marked ‘short’ is not eligible for routing by the Exchange during a Short Sale Period, as defined in Exchange Rule 2614(g)(3)(A).”³⁰ The Exchange notes that an order coupled with the PAC routing option that is also marked “short” would remain ineligible for routing during a Short Sale Period where that order would be routed pursuant to the PI routing option, described below.

The Exchange further notes that Equity Members must continue to ensure that their orders are marked in accordance with the requirements of Regulation SHO and Exchange Rule 2623³¹ and that it is the primary listing market’s obligation to ensure that an order marked short that is routed by the Exchange to participate in its opening, re-opening, or closing process is executed in accordance with the price restrictions of Regulation SHO.³²

PI Routing Option

Proposed Exchange Rule 2617(b)(5)(C) would describe the PI routing option as a routing option that will route a Limit Order coupled with the PAC routing option to multiple destinations

proposed PAC routing option may only trade in the opening, re-opening, or closing process if the process price is above the national best bid.

³⁰ The Exchange notes that proposed amended Exchange Rule 2617(b)(2) is based on BZX Rule 11.13(b)(1) and EDGX Rule 11.11(a) with regard to their ROOC routing option.

³¹ Exchange Rule 2623 provides that “[a]ll short sale orders shall be identified as ‘short’ or ‘short exempt’ when entered into the System. If marked ‘short exempt,’ the Exchange shall execute, display and/or route a short sale order marked ‘short exempt’ without regard to any short sale price test restriction in effect during a Short Sale Period, as defined in Exchange Rule 2614(g)(3)(A). The Exchange relies on the marking of an order as ‘short exempt’ when handling such order, and thus, it is the entering Equity Member’s responsibility, not the Exchange’s responsibility, to comply with the requirements of Regulation SHO relating to marking of orders as ‘short exempt.’” Exchange Rule 2603 also requires that Equity Members input accurate information into the System.

³² Any remaining unexecuted shares returned to the Exchange after routing will be handled and executed by the Exchange in accordance with the price restrictions of Regulation SHO.

simultaneously at a single price level.³³ Limit Orders routed pursuant to the PI routing option would be designated as IOC in accordance with current Exchange Rule 2617(b)(4)(B). Like the proposed PAC routing option, the PI routing option is based on the rules of other equity exchanges.³⁴ Proposed Exchange Rule 2617(b)(5)(C) would further provide that PI would not be an independent routing option and may not be selected individually upon order entry. As discussed more fully below, the proposed PI routing option would only be available to displayed Limit Orders coupled with the PAC routing option. Such orders would be eligible to be routed pursuant to the proposed PI routing option when: (i) designated as RHO and entered during continuous trading and when the Exchange is not in the process of routing orders pursuant to the PAC routing option; or (ii) designated as IOC and entered during continuous trading.³⁵

Proposed Exchange Rule 2617(b)(5)(C)(i) would provide that a displayed Limit Order designated as RHO and coupled with the PAC routing option would automatically be coupled by the System with the PI routing option.³⁶ In other words, an Equity Member that elects the PAC routing option also elects that its displayed Limit Order designated as RHO be subject to the PI

³³ This differs from the Exchange's existing Order Protection routing option, which routes orders to multiple destinations at multiple price levels simultaneously. See Exchange Rule 2617(b)(5)(A).

³⁴ The PI routing option is based on the Route to Improve ("RTI") routing option available on EDGX which provides that "RTI may route to multiple destinations at a single price level simultaneously ...". See EDGX Rule 11.11(g)(12). See also BZX Rule 11.13(b)(3)(G).

³⁵ The proposed PI routing option would not be available to a Market Order coupled with the PAC routing option that is designated as RHO because such order is not accepted during continuous trading, as described above.

³⁶ This is consistent with the ROOC and RTI routing option available on EDGX which provides that "[a] User may select either Route To Improve ('RTI') . . . for the following routing options: ROOC..." See id. The only difference between the Exchange's proposal and EDGX Rule 11.11(g)(12) is that on EDGX the coupling of the ROOC and RTI routing options is elective while the Exchange proposes to always include the PI routing option when the PAC routing is elected.

routing option during continuous trading when not being routed to participate in the primary listing market's re-opening or closing process.

The following example illustrates the operation of the PI routing option. Assume the Exchange receives a displayed Limit Order designated as RHO to buy 300 shares at \$10.00 during continuous trading and the Equity Member selected the PAC routing option ("Order 1") and there are no orders resting on the MIAX Pearl Equities Book. Exchange A's best displayed offer is \$9.99 for 100 shares, Exchange B's best displayed offer is also \$9.99 for 100 shares, and Exchange C's best displayed offer is \$10.00 for 100 shares. During continuous trading, Order 1 is subject to the PI routing option and would be routed as follows: 100 shares are routed to Exchange A and 100 shares are routed to Exchange B at \$9.99. Assume that Order 1 executes against Exchange A and B's best displayed offers at \$9.99 exhausting that price level. Exchanges A and B update their best displayed offers to \$10.01 for 100 shares and \$10.02 for 100 shares, respectively. Exchange C is now the best displayed offer at \$10.00 for 100 shares. The remaining 100 shares of Order 1 would then be routed to Exchange C to execute 100 shares at \$10.00.

The proposed PI routing option would also be available to Limit Orders designated as IOC. However, because the PI routing option is not a standalone routing option, Equity Members would be required to couple such orders with the PAC routing option and enter them during continuous trading. This functionality would be described under proposed Exchange Rule 2617(b)(5)(C)(ii), which would provide that a Limit Order designated as IOC that is coupled with the PAC routing option received during continuous trading will automatically be defaulted by the System to the PI routing option. As stated above, only displayed Limit Orders designated as RHO would be eligible to be routed pursuant to the proposed PAC routing option. Proposed Exchange Rule 2617(b)(5)(C)(ii) would, therefore, reiterate that Limit Orders

designated as IOC are not eligible to be routed pursuant the PAC routing option. As a result, Limit Orders designated as IOC that are eligible to be routed pursuant to the PI routing option will be routed as such even during the time when the Exchange is in the process of routing orders pursuant to the PAC routing option to participate in the primary listing market's closing process.

Equity Members that seek to utilize the PAC routing option, but not the PI routing option, may submit a displayed Limit Order designated as RHO coupled with the PAC routing option before the security opens on the primary listing market or during the time at which the Exchange is routing orders to participate in the primary listing market's re-opening or closing processes and, in the case of an opening and re-opening process, subsequently submit an instruction to cancel any unexecuted shares upon their return to the Exchange.³⁷ Conversely, Equity Members that seek to utilize the PI routing option, but not the PAC routing option may (i) enter a Limit Order coupled with both the PAC routing option and time-in-force of IOC during continuous trading; or (ii) enter a Limit Order coupled with both the PAC routing option and time-in-force of RHO during continuous trading and cancel such order prior to the time when the Exchange begins to route such orders to participate in the primary listing market's re-opening or closing process.³⁸

Clarification to Exchange Rule 2617(b)(2)

³⁷ See supra note 21. The unexecuted returned quantity of an order routed to participate in the primary listing exchange's closing process will be cancelled since the Exchange does not currently provide an after-hours trading session.

³⁸ The Exchange believes this is consistent with functionality on BZX and EDGX, which may allow for an order coupled with their RTI routing option to include a time-in-force of IOC. The Exchange believes this would allow such an order on BZX and EDGX to be routed pursuant to the RTI routing option during continuous trading with any returned shares being cancelled, thereby bypassing their ROOC routing option. See EDGX Rule 11.11(g)(12) and BZX Rule 11.13(b)(3)(G) (not limiting the time-in-force instructions available to be coupled with the RTI routing option).

The Exchange also proposes a minor clarification to Exchange Rule 2617(b)(2). The second sentence of Exchange Rule 2617(b)(2) currently provides that, “[a]n order that is ineligible for routing during a Short Sale Period that includes a time-in-force of IOC will be cancelled upon entry.” In all cases, a non-routable order designated as IOC will first execute against contra-side interest on the MIAX Pearl Equities Book and then be cancelled because it is not eligible for routing and will never be posted to the MIAX Pearl Equities Book. The Exchange proposes to amend the second sentence of Exchange Rule 2617(b)(2) to clarify that an order that is ineligible for routing during a Short Sale Period that includes a time-in-force of IOC will first execute against contra-side interest on the MIAX Pearl Equities Book and then be cancelled. This change to Exchange Rule 2617(b)(2) is designed to better align the rule with System functionality by specifying that the order is first eligible for execution against contra-side interest before being cancelled.

Implementation

Due to the technological changes associated with this proposed change, the Exchange will issue a trading alert publicly announcing the implementation date of this proposed rule change to provide Equity Members with adequate time to prepare for the associated technological changes. The Exchange anticipates that the implementation date will be in either the first or second quarter of 2022.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,³⁹ in general, and furthers the objectives of Section 6(b)(5),⁴⁰ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to

³⁹ 15 U.S.C. 78f(b).

⁴⁰ 15 U.S.C. 78f(b)(5).

foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The proposed rule change would remove impediments to a free and open market and promote just and equitable principles of trade because it would provide market participants, including institutional firms who ultimately represent individual retail investors in many cases, with optional functionality that would provide them with better control over their orders.

The proposed PAC routing option would promote just and equitable principles of trade, facilitate transactions in securities, and remove impediments to and perfect the mechanism of a free and open market and a national market system because it would provide market participants with additional optional access to the primary listing market's opening, re-opening, and closing process. As a result, Equity Members will have access to additional sources of liquidity, potentially benefiting from improved execution prices and a more efficient marketplace. Therefore, the Exchange believes the proposed rule change will provide Equity Members with greater control and flexibility over their routing of orders, thereby facilitating transactions in securities and perfecting the mechanism of the national market system. The Exchange also notes that use of its proposed routing options is completely voluntary and no Equity Member is required to route orders through the Exchange and may choose other methods to access liquidity on other trading centers.

The proposed PAC routing option would not impede the national market system because it is not designed to disrupt the ability of the primary listing market to conduct their opening, re-opening, and closing processes. The proposed rule change is similar to existing routing options

already provided by other equity exchanges,⁴¹ which the Exchange understands have not disrupted the primary listing market's ability to conduct their opening, re-opening, or closing processes. The proposed rule change would simply provide Equity Members with another means to participate in the primary listing market's opening, re-opening, and closing processes. The primary listing markets are free to reject or cancel such orders should they deem them to be inconsistent with their applicable rules.

The Exchange further believes its proposal promotes just and equitable principles of trade because the proposed operation of the proposed routing options are well established in the equity markets and are based on similar functionality at other equity exchanges.⁴² This includes the Exchange's proposal to only route Market Orders and displayed Limit Orders designated as RHO pursuant to the PAC routing option because the Exchange believes this is consistent with operation of the ROOC routing option on BZX and EDGX, and the LIST routing option on Nasdaq.⁴³

While the proposed rule change does differ from similar functionality at other exchanges, the Exchange does not believe any of these differences are material. For example, the Exchange notes that the proposed PAC routing option under Exchange Rule 2617(b)(5)(B) would differ from BZX Rule 11.13(b)(3)(N) and EDGX Rule 11.11(g)(8) in three primary ways. First, proposed Exchange Rule 2617(b)(5)(B) would specify that the PAC routing option is limited to Market Orders and displayed Limit Orders designated as RHO while both BZX and EDGX rules do not include that level of specificity. However, the Exchange believes this is consistent with BZX and EDGX functionality based on industry feedback. The Exchange believes not allowing

⁴¹ See supra notes 3 and 9.

⁴² Id.

⁴³ See supra note 9.

the PAC routing option to be coupled with non-displayed Limit Orders is reasonable and consistent with the use of the routing option. The Exchange understands that potential users of the PAC routing option seek to improve the likelihood of execution of their orders and better accomplish this goal if their Limit Orders are displayed on the MIAX Pearl Equities Book.

Second, proposed Exchange Rule 2617(b)(5)(B) would specify that the PAC routing option would only route orders to the re-opening following a regulatory halt, while BZX and EDGX refer to halts generally. The Exchange believes this is not a material difference as most halts are regulatory halts and specifying regulatory halts within the rule provides additional specificity. The Exchange does not propose to route orders with a PAC routing option for other types of halts, such as an operational halt, because an operational halt indicates that the primary listing market that issued the halt has indicated that they may be experiencing a system issue across all or a subset of securities that inhibits their ability to operate normally. Additionally, some exchanges cancel all open orders as a result of an operational halt and do not accept new orders while the operational halt is in effect and/or do not conduct a re-opening process once the operational halt concludes.⁴⁴

Third, both BZX and EDGX require that an order be received before the primary listing market's opening, re-opening, or closing time, but do not specify whether that order must be received prior to the primary listing market's order entry cut-off time or how and when orders are routed to the primary listing market to participate in their opening, re-opening, or closing process. Proposed Exchange Rule 2617(b)(5)(B) would provide additional specificity as to when an order would be routed to participate in the primary listing market's opening, re-opening, or closing process. The Exchange will continue to route orders to participate in the primary listing

⁴⁴ See, e.g., BZX Rule 11.23(d) (providing that BZX will conduct a halt auction after a regulatory halt and not specifying an operational halt).

market's opening, re-opening, or (in the case of a displayed Limit Order) closing process after their order entry cut-off time to increase the order's chances of participating in the opening, re-opening, or closing process while also accounting for the order entry cut-off time being changed/extended or where the primary listing market continues to accept orders after their established order entry cut-off time in accordance with their rules.⁴⁵ If the primary listing market rejects or cancels the order coupled with the PAC routing option for any reason, the Exchange will pass any rejection or cancellation along to the Equity Member that entered the order via existing protocols. This behavior is also similar to Nasdaq's LIST routing option that will continue to route orders to participate in the primary listing market's closing process after its order entry cut-off time.⁴⁶ Equity Members that seek greater certainty that their orders coupled with the PAC routing option would participate in the opening, re-opening, or closing process at the primary listing market may enter their orders prior to the primary listing market's order entry cut-off time.

The Exchange also believes that not: (i) accepting Market Orders coupled with the PAC routing option during continuous trading; (ii) making Market Orders eligible for routing pursuant to the proposed PI routing option; and (iii) routing Market Orders coupled with the PAC routing option to the primary listing market's closing process promotes just and equitable principles of trade because the proposed treatment is consistent with the Exchange's understanding of how Equity Members would expect such orders to be handled. The treatment of Market Orders

⁴⁵ See supra note 22.

⁴⁶ See Nasdaq Rule 4758(a)(1)(A)(x) (providing that "[t]wo minutes before market close, all LIST orders on the book will begin routing to the security's primary listing market for participation in its closing process. If a LIST order is received at or after a time that is two minutes before market close but before market close, Nasdaq will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table; remaining shares will be routed to the security's primary listing market to participate in its closing process.").

coupled with the PAC routing option is being proposed in response to industry feedback that Equity Members do not intend to enter Market Orders with the PAC routing option during continuous trading or for such orders to be routed to participate in a primary listing market's closing process. The Exchange understands that Equity Members would prefer to have such orders cancelled in the event they inadvertently entered such order. This proposed functionality promotes just and equitable principles of trade, and in general, protects investors and the public interest because it provides specificity within the Exchange's rules and aligns system functionality with how the Exchange understands Members would expect their Market Orders would be handled in such circumstances.

Further, the Exchange proposes to require that Limit Orders coupled with the PAC routing option are also automatically coupled with the PI routing option. In other words, the PI routing option could not be elected individually and without also electing the PAC routing option. This is different than EDGX, which allows their ROOC routing option to be coupled with their RTI routing option but does not require it. The Exchange does not believe this is a material difference and does not propose to offer the optionality to couple the PAC and PI routing options at this time based on input from market participants. As stated above, the Exchange understands that potential users of the PAC routing option seek to improve the likelihood of execution of their Limit Orders and better accomplish this goal if their orders are eligible for routing pursuant to the PI routing option during continuous trading and when the Exchange is not in the process of routing orders away pursuant to the PAC routing option. Requiring that the PAC routing option be coupled with the PI routing option would provide Equity Members with increased price improvement opportunities during continuous trading because their Limit Order would be eligible for routing to multiple markets at the single best price level simultaneously. Equity Members that seek to utilize the PAC routing option, but not

the PI routing option, may submit a Limit Order designated as RHO and coupled with the PAC routing option before the security has opened on the primary listing market or during the time at which the Exchange is routing orders pursuant to the PAC routing option to participate in the primary listing market's re-opening or closing process and, in the case of an opening and re-opening process, subsequently to cancel any unexecuted shares upon their return to the Exchange.⁴⁷ Conversely, Equity Members that seek to utilize the PI routing option, but not the PAC routing option may (i) enter a Limit Order coupled with both the PAC routing option and time-in-force of IOC during continuous trading; or (ii) enter a Limit Order coupled with both the PAC routing option and time-in-force of RHO during continuous trading and cancel such order prior to the time when the Exchange begins to route such orders to participate in the primary listing market's re-opening or closing process.⁴⁸ The Exchange believes providing a path for Members to utilize the PI routing option, but not the PAC routing option, removes impediments to a free and open market because it is consistent with similar functionality available on other equity exchanges⁴⁹ and Members appreciate this consistency because it enables them to modify their systems in a singular manner that accommodates similar functionality across multiple exchanges.

By routing to a single price level at a time, the PI routing option places more emphasis on maximizing price improvement for the order as opposed to speed of execution. Therefore, the proposed PI routing option promotes just and equitable principles of trade because it provides Equity Members with additional flexibility when deciding how their orders are to be routed by

⁴⁷ See supra note 21. The unexecuted returned quantity of an order routed to participate in the primary listing exchange's closing process will be cancelled since the Exchange does not currently provide an after-hours trading session.

⁴⁸ See supra note 38.

⁴⁹ See supra note 38.

providing them the ability to seek out better prices over the speed of execution. The proposed PI routing option is also based on functionality offered by other equity exchanges.⁵⁰

The Exchange also believes its proposed related change to Exchange Rule 2617(b)(2) to allow for the routing of orders coupled with the PAC routing option during a Short Sale Period promotes just and equitable principles of trade because it would provide such orders with increased possibilities to participate in the primary listing market's opening, re-opening, or closing process in the event of a prolonged Short Sale Period. Further, this proposed change to Exchange Rule 2617(b)(2) is not unique and is consistent with functionality offered by other equity exchanges.⁵¹ Finally, the proposed clarification to Exchange Rule 2617(b)(2) promotes just and equitable principles of trade and protects investors and the public interest because it better aligns the rule with System functionality by specifying that the order is first eligible for execution against contra-side interest before being cancelled.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, the Exchange believes that the proposed PAC routing option and related changes may have a positive effect on competition because it will enable the Exchange to offer functionality substantially similar to that offered by BZX, EDGX, and Nasdaq.⁵² The same is true for the proposed PI routing option which is also similar to functionality offered by EDGX and BZX.⁵³ The Exchange believes its lack of this functionality has put it at a competitive disadvantage as

⁵⁰ See EDGX Rule 11.11(g)(12). See also BZX Rule 11.13(b)(3)(G).

⁵¹ See BZX Rule 11.13(b)(1) and EDGX Rule 11.11(a) (regarding their ROOC routing option).

⁵² See supra notes 3 and 9.

⁵³ See EDGX Rule 11.11(g)(12). See also BZX Rule 11.13(b)(3)(G).

market participants that seek to have their orders eligible to be routed for improved price improvement opportunities or to the primary listing markets' opening, re-opening, or closing process have avoided sending orders to the Exchange in favor of other exchanges that offer such functionality. This proposal is designed to allow the Exchange to directly compete with other exchanges that offer similar routing functionality. The Exchange believes that its proposal promotes competition because it is designed to attract liquidity to the Exchange by providing market participants with additional routing functionality.

The Exchange believes that the proposal will not impose any burden on inter-market competition, but rather promote competition by enhancing the value of the Exchange's available routing options. However, since the use of the Exchange's routing options is voluntary and Equity Members have numerous alternative mechanisms for order routing, the changes will not impair the ability of Equity Members to use other means to access competing trading venues. The proposed rule change would improve inter-market competition because it allows the Exchange to provide another means by which market participants would be able to participate in the primary listing market's opening, re-opening, or closing processes that is similar to that currently provided by other exchanges.⁵⁴

The Exchange believes that the proposal will not impose any burden on intra-market competition because it would be available to all Equity Members. Any Equity Member that seeks to have their order routed to multiple markets at a single price level simultaneously or to participate in the primary listing market's opening, re-opening, or closing processes is free to select the PAC routing option or seek to access those markets through other means.

In addition, the Exchange also believes its proposed related change to Exchange Rule

⁵⁴

Id.

2617(b)(2) to allow for the routing of orders coupled with the PAC routing option during a Short Sale Period will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because it is identical to functionality offered on BZX, EDGX, and Nasdaq, and, therefore, does not alone enhance the Exchange's competitive position.

Finally, the proposed clarification to Exchange Rule 2617(b)(2) will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because it also does not enhance the Exchange's competitive position. Rather, it is simply designed to better align the rule with System functionality by specifying that the order is first eligible for execution against contra-side interest before being cancelled.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act⁵⁵ and Rule 19b-4(f)(6)⁵⁶ 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

⁵⁵ 15 U.S.C. 78s(b)(3)(A).

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

action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-PEARL-2022-06 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-2022-06. 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-2022-06 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.⁵⁷

Vanessa Countryman
Secretary

⁵⁷ 17 CFR 200.30-3(a)(12).

New text is underlined;
Deleted text is in [brackets]

MIAX PEARL, LLC Rules

Rule 2614. Orders and Order Instructions

Users may enter into the System the types of orders listed in this Exchange Rule 2614, subject to the limitations set forth in this Exchange Rule or elsewhere in these Rules. Order, instruction, and parameter combinations which are disallowed by the Exchange or incompatible by their terms, will be rejected, ignored, or overridden by the Exchange, as determined by the Exchange to facilitate the most orderly handling of User instructions.

(a) General Order Types

(1) (No change).

(2) **Market Order.** An order to buy (sell) a stated amount of a security that is to be executed at the PBO (PBB) or better. A Market Order shall not trade through a Protected Quotation.

(A) (No change).

(B) A Market Order may [only] include a time-in-force of IOC. A Market Order may only include a time-in-force of RHO when it is to be routed pursuant to the PAC routing option under Rule 2617(b)(5)(B) below. All other[A] Market Orders that include[s] a time-in-force of RHO will be rejected. A Market Order is not eligible to participate in the Opening Process under Exchange Rule 2615. A Market Order is eligible to participate in the Regular Trading Session.

Rule 2617. Order Execution and Routing

Subject to the restrictions under these Exchange Rules or the Exchange Act and the rules and regulations thereunder, orders shall be matched for execution and routed in accordance with this Exchange Rule 2617.

(a) (No change).

(b) **Routing to Away Trading Centers.** Unless a User elects that the order be non-routable, if a Market Order or Marketable Limit Order has not been executed in its entirety pursuant to paragraph (a) above, the order shall be eligible for additional processing under one or more of the routing options listed under paragraph (b)(5) below.

(1) (No change).

(2) **Regulation SHO.** Unless an order is routed pursuant to the PAC routing option set forth under paragraph (b)(5) of this Rule, [A]an order marked “short” is not eligible for routing by the Exchange during a Short Sale Period, as defined in Exchange Rule 2614(g)(3)(A). An order that is ineligible for routing during a Short Sale Period that includes a time-in-force of IOC will immediately trade with contra-side interest on the MIAX Pearl Equities Book and any unexecuted quantity will be cancelled[upon entry]. If an order is ineligible for routing during a Short Sale Period and such order is a Limit Order, the Exchange will post the unfilled balance of the Limit Order to the MIAX Pearl Equities Book, subject to the Short Sale Price Sliding Process as defined in Exchange Rule 2614(g)(3)(A), unless the User has elected that the order be cancelled.

(3) – (4) (No change).

(5) **Routing Options.** Routing options may be combined with all available order types and times-in-force instructions, with the exception of order types and times-in-force instructions whose terms are inconsistent with the terms of a particular routing option. The System will consider the quotations only of accessible Trading Centers. The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

(A) (No change).

(B) Route to Primary Auction (“PAC”). PAC is a routing option for Market Orders and displayed Limit Orders designated as RHO that the entering firm wishes to designate for participation in the opening, re-opening (following a regulatory halt, suspension, or pause), or closing process of a primary listing market (Cboe BZX, NYSE, Nasdaq, NYSE American, or NYSE Arca) if received before the opening, re-opening, or closing process of such market. The System will designate such orders routed pursuant to the PAC routing option with the time-in-force accepted by the primary listing market. Displayed Limit Orders coupled with the PAC routing option will be eligible to be routed pursuant to the PI routing option described under paragraph (b)(5)(C) of this Rule.

(1) Routing to Opening, Re-Opening, or Closing Process.

(i) Opening and Re-Opening Process. A displayed Limit Order or Market Order designated as RHO received before the security has opened on the primary listing market will be routed to participate in the primary listing market’s opening process upon receipt. A displayed Limit Order designated as RHO will be routed to participate in the primary listing market’s re-opening process upon the announcement of a regulatory halt, suspension, or pause. A displayed Limit Order or Market Order designated as RHO received after the announcement of a regulatory halt, suspension,

or pause, but before the time of the primary listing market's re-opening process, will be routed to participate in the primary listing market's re-opening process upon receipt. A Market Order designated as RHO not received during times set forth above will be cancelled.

(a) Limit Orders. Any shares that remain unexecuted after attempting to execute in the primary listing market's opening or re-opening process will either be posted to the MIAX Pearl Equities Book, executed, or routed pursuant to the PI routing option described under paragraph (b)(5)(C) of this Rule.

(b) Market Orders. Any shares that remain unexecuted after attempting to execute in the primary listing market's opening or re-opening process will be cancelled.

(ii) Closing Process.

(a) Limit Orders. A Limit Order designated as RHO will be routed to participate in the primary listing market's closing process prior to the primary listing market's order entry cut-off time. If a Limit Order designated as RHO is received at or after the time the Exchange begins to route existing orders to participate in the primary listing exchange's closing process, but before market close, the Exchange will check the System for available shares and then route the remaining shares to participate in the primary listing market's closing process.

(b) Market Orders. A Market Order designated as RHO is not eligible to be routed to participate in the primary listing exchange's closing process. A Market Order designated as RHO received at or after the time the Exchange begins to route existing orders to participate in the primary listing exchange's closing process, but before market close, will be cancelled.

(2) Continuous Trading.

(i) Limit Orders Designated as RHO. If a Limit Order designated as RHO is entered after the security has opened on the primary listing market, before being routed to the primary listing market's re-opening or closing process pursuant to paragraph (1) above, the Exchange will check the System for available shares and then route the remaining shares pursuant to the PI routing option described under paragraph (b)(5)(C) of this Rule.

(a) Any shares that remain unexecuted after routing will either be posted to the MIAX Pearl Equities Book, executed, or

routed pursuant to the PI routing option described under paragraph (b)(5)(C) of this Rule.

(ii) Limit Orders Designated as IOC. If a Limit Order designated as IOC is entered after the security has opened on the primary listing market, the Exchange will check the System for available shares and then route the remaining shares pursuant to the PI routing option described under paragraph (b)(5)(C) of this Rule. Any shares that remain unexecuted after routing will be cancelled in accordance with the terms of the order.

(a) A Limit Order designated as IOC received during the time when the Exchange is in the process of routing orders to the primary listing market's re-opening process pursuant to paragraph (1) above will be rejected.

(iii) Market Orders Designated as RHO. A Market Order designated as RHO that is entered after the security has opened on the primary listing market will be handled in accordance with paragraph (1) above.

(iv) Market Orders Designated as IOC. A Market Order designated as IOC that is entered after the security has opened on the primary listing market will be cancelled.

(C) Price Improvement ("PI") is a routing option that will route a displayed Limit Order coupled with the PAC routing option to multiple destinations simultaneously at a single price level. PI is not an independent routing option and may not be selected individually upon order entry.

(1) Limit Orders Designated as RHO. A displayed Limit Order designated as RHO that is coupled with the PAC routing option described under paragraph (B)(1) above will automatically be coupled by the System with the PI routing option.

(2) Limit Orders Designated as IOC. A Limit Order designated as IOC that is coupled with the PAC routing option described under paragraph (B)(2) above received during continuous trading will be automatically defaulted by the System to the PI routing option. Such Limit Orders are not eligible to be routed pursuant the PAC routing option.
