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 such filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at *https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules.*

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR–OCC–2022–006 and should be submitted on or before May 5, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[18]

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2022–07948 Filed 4–13–22; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–94652; File No. SR–PEARL–2022–10]

Self-Regulatory Organizations: MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the MIAX Pearl Equities Fee Schedule

April 8, 2022.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on March 31, 2022, MIAX PEARL, LLC (''MIAX Pearl'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[18] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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

The Exchange is filing a proposal to amend the fee schedule (the ''Fee Schedule'') applicable to MIAX Pearl Equities, an equities trading facility of the Exchange.

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

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 the Exchange's Fee Schedule to (i) adopt a new Liquidity Code and associated rebate to the Liquidity Indicator Codes and Associated Fees table; (ii) adopt new Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers to improve market quality on the Exchange by offering an enhanced rebate for executions that Add Liquidity at the Midpoint of the PBBO [3] using a Midpoint Peg Order [4] in securities priced at or above $1.00 per share that add liquidity and are pegged to the midpoint of the bid and ask; and (iii) amend section 1(d) Remove Volume Tiers table to increase the fee.

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 16 registered equities exchanges, as well as a number of alternative trading systems and other off-exchange venues, to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 17% of the total market share of executed volume of equities trading, and the Exchange currently represents approximately 1% of the overall market share.[5]

Additionally, in response to the competitive environment, the Exchange also offers tiered pricing, which provides Equity Members [6] (''Members'') with opportunities to qualify for higher rebates or lower fees when certain volume criteria and thresholds are met. Tiered pricing provides an incremental incentive for Members to strive for higher tier levels, which provides increasingly higher benefits or discounts for satisfying increasingly more stringent criteria.

Adoption of Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers

The Exchange is now proposing to introduce a new tiered pricing structure applicable to rebates provided for executions that add liquidity to the Exchange at the Midpoint of the PBBO using a Midpoint Peg Order (such orders, ''Midpoint Peg Add Orders executed at the Midpoint''). Specifically, the Exchange proposes to adopt new volume-based tiers, referred to by the Exchange as, ''Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers,'' in which the Exchange will provide an enhanced rebate for executions of Midpoint Peg Add Orders executed at the Midpoint for Members that meet certain volume thresholds on the Exchange.

The Exchange currently provides a standard rebate of $0.0021 per share for executions of Added Non-Displayed Liquidity.[7] The Exchange now proposes to introduce a tiered pricing structure in which it will provide an enhanced, incremental rebate of $0.0004 per share for an effective total rebate of $0.0025

[3] The term ''PBBO'' means the best bid or offer on MIAX Pearl. *See* Exchange Rule 100.

[4] A Midpoint Peg Order is a non-displayed Limit Order that is assigned a working price pegged to the midpoint of the PBBO. A Midpoint Peg Order receives a new timestamp each time its working price changes in response to changes in the midpoint of the PBBO. *See* Exchange Rule 2614(a)(3).

[5] *See* MIAX's ''The Market at a Glance'', available at *https://www.miaxoptions.com/* (last visited March 24, 2022).

[6] The term ''Equity Member'' is a Member authorized by the Exchange to transact business on MIAX Pearl Equities. *See* Exchange Rule 1901.

[7] The Exchange notes that the standard rebate of $0.0021 per share for executions of Added Non-Displayed Liquidity in securities priced at or above $1.00 is not changing under this proposal.

for executions of Midpoint Peg Add Orders executed at the Midpoint for Members that qualify for Tier 1 of the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers by achieving a Midpoint ADAV[8] equal to or greater than 500,000 shares. The Exchange also proposes to provide an enhanced, incremental rebate of $0.0006 per share for an effective total rebate of $0.0027 for executions of Midpoint Peg Add Orders executed at the Midpoint for Members that qualify for Tier 2 of the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers by achieving a Midpoint ADAV equal to or greater than 1,000,000 shares. The rebates provided for by the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers will be applicable to executions of orders that yield fee code ''Ap'' as described below and will be provided in place of the standard rebate of $0.0021 per share for executions of Added Non-Displayed Volume. The Exchange notes that the rebates described above will not apply to executions of orders in securities priced below $1.00 per share.

The purpose of the proposed enhanced rebate for executions of Midpoint Peg Add Orders executed at the Midpoint is to encourage Members that provide liquidity through non-displayed orders to strive for a higher Midpoint ADAV on the Exchange in order to qualify for the enhanced rebates for executions of Midpoint Peg Add Orders executed at the Midpoint, and as such, encourages Members to maintain or increase their order flow (particularly in the form of liquidity adding non-displayed Midpoint Peg Orders that execute at the Midpoint) to the Exchange, thereby contributing to a deeper and more liquid market to the benefit of all market participants.

The Exchange's pricing structure is generally designed to encourage the provision of liquidity, thus the proposed enhanced rebates for executions of Midpoint Peg Add Orders executed at the Midpoint is designed to encourage Members that use non-displayed orders to provide additional non-displayed liquidity through the use of orders that are designed to execute at the midpoint of the PBBO. The Exchange believes that providing enhanced rebates for executions of Midpoint Peg Add Orders executed at the Midpoint is a reasonable means to incentivize Members to provide additional liquidity at the midpoint of the PBBO, which in turn would increase the attractiveness of the Exchange as a destination venue, as Members seeking price improvement would be more motivated to direct their orders to the Exchange because they would have a heightened expectation of the availability of liquidity at the midpoint of the PBBO. The Exchange notes that the proposed enhanced rebate is comparable to, and competitive with, the rebate provided by at least one other exchange for executions of non-displayed orders in securities priced at or above $1.00 per share that are pegged to the midpoint.[9]

New Liquidity Indicator Code

In conjunction with the Exchange's proposal to (i) provide an enhanced, incremental rebate of $0.0004 per share for Midpoint Peg Orders that Add Liquidity and meet the Tier 1 requirements of the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers; and (ii) provide an enhanced, incremental rebate of $0.0006 per share for Midpoint Peg Orders that Add Liquidity and meet the Tier 2 requirements of the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers, the Exchange proposes to update the Liquidity Indicator Code and Associated Fees Table as follows:

- Add new liquidity indicator code Ap, Adds Liquidity and Executes at the Midpoint, Non-Displayed Midpoint Peg Order (All Tapes). The Liquidity Indicator Code and Associated Fees table would specify that orders that yield liquidity indicator code Ap would receive a rebate of $0.0021 per share in securities priced at or above $1.00 and 0.05% of the transaction's dollar value in securities priced below $1.00.

The Exchange also proposes to add the above liquidity indicator code to the Standard Rates table. Specifically, liquidity indicator code Ap would be added to the ''Added Liquidity Non-Displayed Order'' column.

Increase Fee for Remove Volume Tiers

Currently, the Exchange charges a standard fee of $0.0029 for all executions of Removed Volume.[10] The Exchange also offers a two-tiered pricing structure for fees charged for executions of Removed Volume on the Exchange for Members that meet certain thresholds. Members that qualify for Tier 1 by achieving an ADV[11] that is equal to or greater than 0.10% of TCV[12] are charged $0.0027 per share for executions of Removed Volume. Members that qualify for Tier 2 by achieving an ADV that is equal to or greater than 0.15% of TCV are charged a fee of $0.00265 per share for Executions of Removed Volume.

The Exchange now proposes to increase the fees charged for Removed Volume in Tier 1 and Tier 2 to $0.0028 and $0.0027 respectively, an increase of $0.0001 and $0.00005 respectively. The purpose of increasing the fee for executions of Removed Volume is for business and competitive reasons. The requirements necessary to qualify for Tier 1 and Tier 2 will remain unchanged under this proposal. The Exchange notes that despite the proposed increase the proposed fee changes for Removed Volume Tiers remain comparable to, and competitive with, the fees charged for executions of liquidity-removing orders charged by other exchanges under similar volume-based tiers.[13]

[8] For this program, Midpoint ADAV will refer to the average daily added volume consisting of Midpoint Peg Add Orders executed at the Midpoint (as described herein) for the current month calculated similarly to ADAV. ''ADAV'' means average daily added volume calculated as the number of shares added per day and ''ADV'' means average daily volume calculated as the number of shares added or removed, combined, per day. ADAV and ADV are calculated on a monthly basis. The Exchange excludes from its calculation of ADAV and ADV shares added or removed on any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during regular trading hours (''Exchange System Disruption''), on any day with a scheduled early market close, and on the ''Russell Reconstitution Day'' (typically the last Friday in June). Routed shares are not included in the ADAV or ADV calculation. With prior notice to the Exchange, an Equity Member may aggregate ADAV or ADV with other Equity Members that control, are controlled by, or are under common control with such Equity Member (as evidenced on such Equity Member's Form BD). *See* MIAX Pearl Equities Fee Schedule, ''Definitions,'' available at (*https://www.miaxoptions.com/sites/default/files/fee_schedule-files/MIAX_Pearl_Equities_Fee_Schedule_01032022.pdf*).

[9] *See* MEMX trading fee schedule on its public website (available at *https://info.memxtrading.com/fee-schedule/*) which reflects a rebate of $0.0028 per share for added non-displayed liquidity under Tier 1 of its Non-Display Add Tiers; and a rebate of $0.0024 per share for added non-displayed liquidity under Tier 2 of its Non-Display Add Tiers.

[10] The Exchange notes that the standard fee of $0.0029 for orders removing liquidity in securities priced at or above $1.00 is not changing under this proposal.

[11] *See supra* note 8.

[12] ''TCV'' means total consolidated volume calculated as the volume in shares reported by all exchanges and reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply. The Exchange excludes from this calculation of TCV volume on any given day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours, on any day with a scheduled early market close, and on the ''Russell Reconstitution Day'' (typically the last Friday in June). *See* MIAX Pearl Equities Fee Schedule, ''Definitions,'' available at *https://www.miaxoptions.com/fees/pearl-equities*).

[13] *See* the Cboe EDGX equities trading fee schedule on its public website (available at *https://www.cboe.com/us/equities/membership/fee_schedule/edgx/*) which reflects fees charged under ''Remove Volume Tiers''—tiers based on a member achieving certain step-up ADAV and ADV volume thresholds of $0.00275 per share for removing volume from the Cboe EDGX exchange; *See also*

Continued

Additionally, the Exchange notes that the Remove Volume Tiers, as modified, would continue to be available to all Members.

Implementation

The Exchange proposes to implement the changes to the Fee Schedule pursuant to this proposal on April 1, 2022.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act [14] in general, and furthers the objectives of Section 6(b)(4) of the Act [15] in particular, in that it is an equitable allocation of reasonable fees and other charges among its Equity Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5) [16] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, and 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, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange operates in a highly fragmented and competitive market in which market participants can readily direct their order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of sixteen registered equities exchanges, and there are a number of alternative trading systems and other off-exchange venues, to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 17% of the total market share of executed volume of equities trading.[17] Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow, and the Exchange currently represents less than 1% of the overall market share. The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and also recognized that current regulation of the market system ''has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.'' [18]

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. The Exchange believes the proposal reflects a reasonable and competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance liquidity and market quality to the benefit of all Members and market participants.

Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers

The Exchange believes that the proposed Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers are reasonable because they would provide Members with an additional incentive to achieve certain volume thresholds on the Exchange. The Exchange notes that volume-based incentives and discounts have been widely adopted by exchanges,[19] and are reasonable, equitable, and not unfairly discriminatory because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and the introduction of higher volumes of orders into the price and volume discovery processes. The Exchange believes that the proposal reflects a reasonable and competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, to enhance market quality and to provide price improvement through the use of orders that are designed to execute at the midpoint of the PBBO through the provision of enhanced rebates for executions of Midpoint Peg Add Orders executed at the Midpoint for Members that qualify for one of the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers.[20] The Exchange believes its proposal will promote price improvement and increased liquidity on the Exchange which will benefit all market participants.

Additionally, the Exchange believes that the proposed enhanced, incremental rebate for executions of Midpoint Peg Add Orders executed at the Midpoint under Midpoint Peg Order Adding Liquidity at Midpoint Volume Tier 1 (*i.e.,* $0.0004 per share) is reasonable, in that it does not reflect a disproportionate increase above the standard rebate of $0.0021 per share provided to all Members with respect to Added Non-Displayed Liquidity. Additionally, the Exchange believes that the proposed enhanced, incremental rebate for executions of Midpoint Peg Add Orders executed at the Midpoint under Midpoint Peg Order Adding Liquidity at Midpoint Volume Tier 2 (*i.e.,* $0.0006 per share) is reasonable, in that it does not reflect a disproportionate increase above the enhanced rebate of $0.0004 per share provided to Members that satisfy the requirements of Midpoint Peg Order Adding Liquidity at Midpoint Volume Tier 1.

The Exchange believes the proposed new criteria is equitable and non-discriminatory because all Members will continue to be eligible to qualify for Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers 1 and 2 and have the opportunity to receive the corresponding enhanced rebate if such criteria is achieved.

MEMX fee schedule on its public website (available at *https://info.memxtrading.com/fee-schedule/*) which reflects a fee per share charge of $0.00285 under ''Liquidity Removal Tier'' for a Member that has (1) an ADAV ≥0.30% of the TCV; or (2) an ADV ≥0.60% of the TCV.

[14] 15 U.S.C. 78f(b).

[15] 15 U.S.C. 78f(b)(4).

[16] 15 U.S.C 78f(b)(5).

[17] *See supra* note 5.

[18] Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37499 (June 29, 2005).

[19] *See* Cboe EDGX equities trading fee schedule on its public website (available at *https://www.cboe.com/us/equities/membership/fee_schedule/edgx/*); Cboe BZX equities trading fee schedule on its public website (available at *https://www.cboe.com/us/equities/membership/fee_schedule/bzx/*); and MEMX equities trading fee schedule on its public website (available at *https://info.memxtrading.com/fee-schedule/*).

[20] The Exchange notes that Members that do not qualify for one of the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tier will receive the standard rebate of $0.0021 for Non-Displayed Midpoint Peg Orders that Add Liquidity in securities priced at or above $1.00.

The Exchange further believes that the proposed new criteria for Midpoint Peg Order Adding Liquidity at Midpoint Volume Tier 1, and Midpoint Peg Order Adding Liquidity at Midpoint Volume Tier 2, are reasonable, in that the proposed new criteria for Midpoint Peg Order Adding Liquidity at Midpoint Volume Tier 2 is incrementally more difficult to achieve than that of Midpoint Peg Order Adding Liquidity at Midpoint Volume Tier 1, thus, Midpoint Peg Order Adding Liquidity at Midpoint Volume Tier 2 appropriately offers a higher rebate commensurate with the corresponding higher Midpoint ADAV requirement. Therefore, the Exchange believes the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers, as proposed, are consistent with an equitable allocation of fees and rebates, as the more stringent criteria correlates with the corresponding tier's higher rebate.

The Exchange further believes that the enhanced rebates provided under the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers, as proposed, (*i.e.,* $0.0004 per share for Tier 1; and $0.0006 per share for Tier 2) are reasonable, consistent with an equitable allocation of fees, and that it is not unfairly discriminatory to pay such higher rebates for executions of Midpoint Peg Add Orders executed at the Midpoint to Members that qualify for either Tier 1 or Tier 2 under the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers in comparison with the standard rebate in recognition of the benefits to the Exchange and market participants as described above, particularly as the magnitude of the enhanced rebate is not unreasonably high and is reasonably related to the enhanced market quality it is designed to achieve. Additionally, the Exchange believes that the proposed rebates are reasonable as such rebates are comparable to, and competitive with, the rebates for executions of liquidity-adding non-displayed orders provided by at least one other exchange under similar volume-based tiers.[21]

The Exchange believes that providing an enhanced rebate for Midpoint Peg Add Orders executed at the Midpoint that is higher than the standard rebate for executions of other non-displayed orders in securities priced at or above $1.00 per share that add liquidity to the Exchange is reasonable, as the Exchange believes this would encourage Members that provide liquidity through non-displayed orders to do so, to a greater extent, through orders designed to execute at the midpoint of the PBBO. Because such orders provide price improvement to the benefit of other market participants, the Exchange believes it is reasonable and consistent with an equitable allocation of fees to provide an enhanced rebate to encourage their use, while still maintaining an overall pricing structure that places greater emphasis on the value of liquidity in advancing transparency and price discovery.

New Liquidity Indicator Code

The Exchange believes its proposal to add new liquidity indicator code ''Ap'' to the Liquidity Indicator Codes and Associated Fees table and to add liquidity indicator code ''Ap'' to the ''Adding Liquidity Non-Displayed Order'' column, is reasonable and equitable because it will apply equally to all Members of the Exchange that submit Midpoint Peg Orders. This liquidity indicator code would be returned on the real-time trade reports sent to the Member that submitted the order. The use of liquidity indicator codes is not unique to the Exchange as liquidity indicator codes are currently utilized and described in the fee schedules of other equity exchanges.[22]

Remove Volume Tier

The Exchange believes that the proposed fee change to the Remove Volume Tiers is reasonable, consistent with an equitable allocation of fees, and not unfairly discriminatory to provide a discounted fee for executions of Remove Volume for Members that satisfy the requirements associated with Tier 1 and Tier 2. The Exchange believes the proposed fee changes are reasonable because the magnitude of the increase is not unreasonably high and is also reasonably related to the enhanced market quality it is designed to achieve.

The Exchange believes the proposed increased fee for executions of Removed Volume for a qualifying Member (*i.e.,* $0.0028 and $0.0027 for Tier 1 and Tier 2 respectively) is reasonable, as competing exchanges offer tiered pricing structures similar to the proposed Remove Volume Tier, including schedules of rebates and fees that apply based upon Members achieving certain volume thresholds, and the Exchange believes the proposed Remove Volume Tier's criteria are reasonable when compared to such tiers provided for by other exchanges. For example, Cboe EDGX charges lower fees for removing volume from Cboe EDGX under its ''Remove Volume Tiers'' at $0.00275 per share, compared to its standard fee of $0.0030 per share, but requires different, but similar, criteria than the Exchange's proposed Remove Volume Tier, which are also based upon a Member's volume.[23] MEMX also charges a lower fee for removing volume from MEMX under its ''Liquidity Removal Tier'' at $0.00285 per share, compared to its standard fee of $0.0030 per share, but requires different, but similar, criteria than the Exchange's Remove Volume Tier, which are also based upon a Member's volume.[24]

The Exchange further believes the proposed Remove Volume Tier fees are fair, equitable and not unfairly discriminatory because they are available to all Members. Further, the proposed Remove Volume Tier fee changes are comparable to the fees charged for executions of liquidity-removing orders charged by Cboe EDGX and MEMX under similar volume based tiers.[25]

For the reasons discussed above, the Exchange submits that the proposal satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to unfairly discriminate between customers, issuers, brokers, or dealers. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that its transaction pricing is subject to significant competitive forces, and that the proposed fees and rebates described herein are appropriate to address such forces.

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

The Exchange does not believe that the proposed change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed change would encourage Members to maintain or increase their order flow to the Exchange, thereby contributing to a deeper and more liquid market to the benefit of all market participants and enhancing the attractiveness of the Exchange as a trading venue. As a

[21] *See supra* note 9.

[22] *See* the fee schedule of MEMX LLC (''MEMX'') available on their public website at *https://info.memxtrading.com/fee-schedule/;* and the fee schedule of the Investors Exchange LLC (''IEX'') available on their public website at *https://exchange.iex.io/resources/trading/fee-schedule/.*

[23] *See* Cboe EDGX equities trading fee schedule on its public website (available at *https://www.cboe.com/us/equities/membership/fee_schedule/edgx/*).

[24] *See* MEMX trading fee schedule on its public website (available at *https://info.memxtrading.com/fee-schedule/*).

[25] *See supra* notes 23 and 24.

result, the Exchange believes the proposal would enhance its competitiveness as a market that attracts actionable orders, thereby making it a more desirable destination venue for its customers. For these reasons, the Exchange believes that the proposal furthers the Commission's goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small." [26]

Intramarket Competition

The Exchange believes that the proposal would incentivize Members to maintain or increase their order flow, thereby contributing to a deeper and more liquid market to the benefit of all market participants and enhance the attractiveness of the Exchange as a trading venue, and to provide price improvement through the use of orders that are designed to execute at the midpoint of the PBBO, which the Exchange believes, in turn, would continue to encourage participants to direct order flow to the Exchange. Greater liquidity benefits all Members by providing more trading opportunities and encourages Members to send orders to the Exchange, thereby contributing to robust levels of liquidity, which benefits all market participants. The opportunity to qualify for enhanced, incremental rebates under the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers would be available to all Members that meet the associated requirements in any month. The Exchange believes the requirements in the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers are reasonably related to the enhanced market quality that the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers are designed to promote. Similarly, the proposed enhanced rebate for executions of Midpoint Peg Orders would apply equally to all Members. As such, the Exchange believes the proposed changes would not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The opportunity to qualify for the Remove Volume Tier, and thus receive the proposed lower fee for executions of Removed Volume, would be available to all Members that meet the associated volume requirement in any month. The Exchange believes that meeting the volume requirement of the Remove Volume Tier is attainable for market participants, as the Exchange believes the thresholds are relatively low and reasonably related to the enhanced liquidity and market quality that the Remove Volume Tier is designed to promote. As such, the Exchange believes the proposed changes would not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intermarket Competition

The Exchange believes its proposal will benefit competition, and the Exchange notes that it operates in a highly competitive market. Members have numerous alternative venues they may participate on and direct their order flow to, including fifteen other equities exchanges and numerous alternative trading systems and other off-exchange venues. As noted above, no single registered equities exchange currently has more than 17% of the total market share of executed volume of equities trading.[27] Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow. Moreover, the Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow in response to new or different pricing structures being introduced to the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates generally, including with respect to executions of Removed Volume, and market participants can readily choose to send their orders to other exchanges and off-exchange venues if they deem fee levels at those other venues to be more favorable.

As described above, the proposal is designed to enhance market quality on the Exchange and to encourage more Members to maintain or increase their order flow, thereby contributing to a deeper and more liquid market to the benefit of all market participants and enhancing the attractiveness of the Exchange as a trading venue, and to encourage Members to provide price improvement through the use of orders that are designed to execute at the midpoint of the PBBO. In turn, the Exchange believes that the proposed enhanced rebates for executions of Midpoint Peg Add Orders executed at the Midpoint that qualify for an enhanced rebate under the Midpoint Peg Order Adding Liquidity at Midpoint Volume Tiers would encourage the submission of additional order flow to the Exchange, particularly in the form of Midpoint Peg Add Orders executed at the Midpoint, thereby promoting market depth, enhanced execution opportunities, price improvement, and price discovery to the benefit of all Members and market participants. The opportunity to qualify for discounted fees for Removed Volume under the Exchange's Remove Volume Tiers continues to be available to all Members that meet the associated volume criteria. The Exchange believes the discounted fees provided under the Remove Volume Tiers are reasonably related to the enhanced market quality that such tiers are designed to promote.

As described above the Exchange's proposal is a competitive proposal designed to encourage additional order flow to the Exchange through a combination of volume based incentives and discounts, which have been widely adopted by exchanges, and standard pricing that is comparable to, and/or competitive with, pricing for similar executions in place at other exchanges.[28]

Accordingly, the Exchange believes its proposal would not burden, but rather promote, intermarket competition by enabling it to better compete with other exchanges that offer similar standard pricing for Added Midpoint Volume and Removed Volume, as well as similar pricing incentives and discounts to market participants that achieves certain volume criteria and thresholds.

Additionally, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies." [29] The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition* v. *Securities and Exchange Commission,* the D.C. circuit stated: "[n]o one disputes that competition for order flow is 'fierce.' . . . As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their routing agents, have a wide range of choices of where

[26] *See* Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 47396 (June 29, 2005).

[27] *See supra* note 5.

[28] *See supra* notes 9, 13, 19, 23 and 24.

[29] *See* Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possess a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers' . . .''.[30] Accordingly, the Exchange does not believe its proposed pricing changes impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

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

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

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

• Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or

• Send an email to *rule-comments@sec.gov.* Please include File Number SR–PEARL–2022–10 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–2022–10. This file number should be included on the subject line if email 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 website (*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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–PEARL–2022–10 and should be submitted on or before May 5, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[33]

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2022–07952 Filed 4–13–22; 8:45 am]

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[30] *NetCoalition* v. *SEC,* 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782–83 (December 9, 2008) (SR–NYSE–2006–21)).

[31] 15 U.S.C. 78s(b)(3)(A)(ii).

[32] 17 CFR 240.19b–4(f)(2).

[33] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–94643; File No. SR–FINRA–2022–007]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend FINRA Rule 2360 (Options) To Increase the Position and Exercise Limits for Conventional Options on Certain Exchange-Traded Funds

April 8, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on March 29, 2022, the Financial Industry Regulatory Authority, Inc. (''FINRA'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a ''non-controversial'' rule change under paragraph (f)(6) of Rule 19b–4 under the Act,[3] which renders the proposal effective upon receipt of this filing by the Commission. 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

FINRA is proposing to amend Rule 2360 (Options) to increase the position and exercise limits for conventional options on certain exchange-traded funds (''ETFs'').

The text of the proposed rule change is available on FINRA's website at *http://www.finra.org,* at the principal office of FINRA 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

In its filing with the Commission, FINRA 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. FINRA has prepared summaries, set forth in sections A, B,

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 17 CFR 240.19b–4(f)(6).