

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-100779; File No. SR-SAPPHIRE-2024-12)

August 20, 2024

Self-Regulatory Organizations; MIAX Sapphire, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Its Fee Schedule for a Sales Value Fee and Web CRD Fees

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”),² and Rule 19b-4 thereunder,³ notice is hereby given that on August 6, 2024, MIAX Sapphire, LLC (“MIAX Sapphire” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposal to amend the MIAX Sapphire Options Fee Schedule (the “Fee Schedule”) to establish Section 2, Regulatory Fees. Specifically, Section 2 of the Fee Schedule will contain: a Sales Value Fee for MIAX Sapphire Members in Section 2) a);⁴ Section 2) b) which the Exchange is proposing to reserve to be amended by a later proposal; and Web Central Registration Depository (“Web CRD”) Fees in Section 2) c). MIAX Sapphire will

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100 and the Definitions section of the Fee Schedule.

commence operations as a national securities exchange registered under Section 6 of the Act⁵ on August 12, 2024.⁶

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on August 12, 2024.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/miax-sapphire/rule-filings>, at the Exchange'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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Fee Schedule to establish Section 2, Regulatory Fees. Specifically, Section 2 of the Fee Schedule will contain: Sales Value Fee for MIAX Sapphire Members in Section 2) a); Section 2) b) which the Exchange is proposing to reserve to be amended by a later proposal; and Web CRD Fees in Section 2) c).

MIAX Sapphire will commence operations as a national securities exchange registered

⁵ 15 U.S.C. 78f.

⁶ See Securities Exchange Act Release No. 100539 (July 15, 2024), 89 FR 58848 (July 19, 2024) (File No. 10-240) (order approving application of MIAX Sapphire, LLC for registration as a national securities exchange).

under Section 6 of the Act⁷ on August 12, 2024.⁸

Sales Value Fee

The Exchange proposes to amend the Fee Schedule to adopt Section 2) a) Sales Value Fee.⁹ The Sales Value Fee is proposed to be assessed by the Exchange to each Member for sales on the Exchange with respect to which the Exchange is obligated to pay a fee to the Commission pursuant to Section 31 of the Exchange Act. The Sales Value Fee is equal to the Section 31 fee rate multiplied by the Member's aggregate dollar amount of covered sales resulting from options transactions occurring on the Exchange during any computational period. The Section 31 fee rate is set annually by the United States Securities and Exchange Commission ("Commission"). To the extent that there may be any excess monies collected under this rule, the Exchange may retain those monies to help fund general operating expenses. The sales transactions to which the fee applies are sales of options (other than options on a security index) and the sales of securities resulting from the exercise of physical-delivery options. The fee is collected indirectly from Members through their clearing firms by the Options Clearing Corporation ("OCC") on behalf of MIAX Sapphire with respect to option sales and options exercises. The Sales Value Fee proposed by the Exchange is identical to the fee assessed by other exchanges, including the Exchange's affiliates, Miami International Securities Exchange, LLC ("MIAX Options"),¹⁰ MIAX PEARL, LLC ("MIAX Pearl Options"),¹¹ and MIAX Emerald, LLC ("MIAX

⁷ 15 U.S.C. 78f.

⁸ See Securities Exchange Act Release No. 100539 (July 15, 2024), 89 FR 58848 (July 19, 2024) (File No. 10-240) (order approving application of MIAX Sapphire, LLC for registration as a national securities exchange).

⁹ See Exchange Rule 1207.

¹⁰ See MIAX Options Exchange Fee Schedule at <https://www.miaxglobal.com/markets/us-options/miax-options/fees>.

¹¹ See MIAX Pearl Options Exchange Fee Schedule at <https://www.miaxglobal.com/markets/us-options/pearl-options/fees>.

Emerald”).¹²

Web CRD Fees

The Exchange also proposes to establish Section 2) c), Web CRD Fees, in the Exchange’s Fee Schedule. The Financial Industry Regulatory Authority (“FINRA”), through the Web CRD registration system for the registration of associated persons of Electronic Exchange Member¹³ and Market Maker¹⁴ organizations that are not also FINRA members, collects from those MIA X Sapphire Members, general registration fees and fingerprint processing fees. The Exchange proposes to list these fees in its Fee Schedule for convenience. The Exchange does not collect or retain these fees. The Web CRD Fees that are proposed by the Exchange are identical to the fees posted by the Exchange’s affiliates, MIA X Options,¹⁵ MIA X Pearl Options,¹⁶ and MIA X Emerald.¹⁷

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁹ in particular, in that it is an equitable allocation of reasonable dues, fees and other charges among

¹² See MIA X Emerald Exchange Fee Schedule at <https://www.miaxglobal.com/markets/us-options/emerald-options/fees>.

¹³ The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is a Member representing as agent Public Customer Orders or Non-Customer Orders on the Exchange and those non-Market Maker Members conducting proprietary trading. Electronic Exchange Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

¹⁴ The term “Market Maker” or “MM” means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the MIA X Sapphire Rulebook. See Exchange Rule 100.

¹⁵ See *supra* note 10.

¹⁶ See *supra* note 11.

¹⁷ See *supra* note 12.

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(4) and (5).

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

Sales Value Fee

The assessment by the Exchange of the proposed Sales Value Fee is reasonable, equitable and not unfairly discriminatory since it allows the Exchange to offset the cost it incurs in payment to the Commission of a transaction fee that is designed to recover the costs related to the government's supervision and regulation of the securities markets and securities professionals. The amount of the fee is the same amount assessed to the Exchange pursuant to Section 31 of the Exchange Act. The Exchange believes it is reasonable to recover the actual costs associated with the payment of Section 31 fees and other exchanges, including MIAX Options, MIAX Pearl Options, and MIAX Emerald, charge the same fee to their market participants.

Web CRD Fees

The Exchange believes it is reasonable, equitable and not unfairly discriminatory for the proposed FINRA fees to be included on the Fee Schedule because these fees are not being assessed or set by MIAX Sapphire but rather by FINRA, and these fees will be assessed to broker-dealers that register associated persons through FINRA's Web CRD system, and other exchanges, including MIAX Options, MIAX Pearl Options, and MIAX Emerald, charge the same fees to their market participants. Moreover, the Exchange believes including these fees in

the Fee Schedule is equitable and not unfairly discriminatory because the Exchange will not be collecting or retaining the fees, and therefore, the Exchange will not be in a position to apply them in an inequitable or unfairly discriminatory manner.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the Sales Value Fee does not impose an undue burden on competition as this fee is set by the Securities and Exchange Commission and is similarly assessed by all options exchanges.²⁰ Additionally, the Web CRD Fees do not impose an undue burden on competition because the Exchange will not be collecting or retaining these fees, and therefore, the Exchange will not be in a position to apply them in an inequitable or unfairly discriminatory manner.

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.²¹

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action,

²⁰ See e.g., BOX Exchange Rule 29000(b) and MEMX Exchange Rule 15.1(b).

²¹ 15 U.S.C. 78s(b)(3)(A)(ii).

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-SAPPHIRE-2024-12 on the subject line.

Paper Comments:

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

All submissions should refer to file number SR-SAPPHIRE-2024-12. 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 (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-SAPPHIRE-2024-12 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

Sherry R. Haywood,

Assistant Secretary.

²² 17 CFR 200.30-3(a)(12), (59).