

broader coverage for idiosyncratic risk scenarios, and could help address the potential increased risks NSCC may face related to its ability to liquidate a portfolio that is susceptible to such risks in the event of a member default. Specifically, the Commission has reviewed and analyzed NSCC's analysis of the improvements in its backtesting coverage,⁵³ and agrees that the analysis demonstrates that the proposal would result in better backtesting coverage and, therefore, less credit exposure to its members.

Accordingly, the Commission believes that the proposal would enable NSCC to better manage its credit risks by allowing it to respond regularly and more effectively to any material deterioration of backtesting performances, market events, market structure changes, or model validation findings, thereby helping to ensure that NSCC can take steps to collect sufficient margin to maintain sufficient financial resources to cover its exposure to its members. Therefore, the Commission believes the Proposed Rule Change is consistent with Rule 17Ad-22(e)(4)(i) under the Exchange Act.

C. Consistency With Rule 17Ad-22(e)(6)(i) Under the Exchange Act

Rule 17Ad-22(e)(6)(i) under the Exchange Act requires that each covered clearing agency that provides central counterparty services establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market.⁵⁴

The Commission understands that, as described above, the proposal as a whole is designed to enable NSCC to more effectively address the risks presented by members' concentrated positions in securities more prone to gap risk events and to produce margin levels that are more commensurate with the particular risk attributes of these concentrated holdings, including the market price risk of liquidating large positions in securities that are more prone to gap risk events. The Commission believes that the proposal would improve NSCC's ability to consider, and produce margin levels commensurate with, the risks and particular attributes presented by a portfolio that meets the concentration

threshold and, therefore, is more susceptible to the impacts of idiosyncratic risks.

First, the Commission believes that broadening the gap risk charge to an additive feature of the VaR Charge and using the two largest non-diversified positions would help NSCC to more effectively manage the idiosyncratic risks of portfolios with concentrated holdings. Specifically, the proposed changes should result in an overall increase of margin for members that have positions subject to the gap risk charge.⁵⁵

Second, given the proposed additive nature of the gap risk charge, the Commission believes the adjustments to the gap risk charge calculation (*i.e.*, establishing floors for the gap risk haircuts applicable to the two largest positions) are reasonably designed to cover NSCC's exposure to members arising from gap risks. The Commission believes the adjustments to the gap risk charge calculation are reasonable because the record shows the proposal should improve NSCC's ability to mitigate against idiosyncratic risks that NSCC may face when liquidating a portfolio that contains a concentration of positions, while balancing NSCC's consideration of the potential costs to members that may be subject to the gap risk charge.⁵⁶ The Commission believes that the established floors for the two haircuts should also help ensure that the gap risk charge collects margin sufficient to cover the potential exposure in a gap risk event.

Third, by providing additional specific objective criteria to determine which positions would be subject to the gap risk charge, the Commission believes that NSCC should be able to better identify those securities that may be more prone to idiosyncratic risks. Specifically, the proposal should ensure that ETFs identified as non-diversified (whether index-based or not) and therefore more prone to idiosyncratic risks will be subject to the gap risk charge.

⁵⁵ The impact study indicated that the proposed changes would have resulted in a 10.88% increase for the daily total VaR Charge on average and would have resulted in a 4.89% increase in the daily total clearing fund on average during that period. *See* Notice of Filing, *supra* note 3, 87 FR at 78158. In addition, the Commission reviewed confidential materials submitted to the Commission, which included more granular information, at a member level, of the impacts of this proposal as compared to the current methodology. *See* note 49 *supra*.

⁵⁶ As part of the confidential materials submitted to the Commission, NSCC provided analysis of alternative potential haircuts and thresholds that it considered when developing the proposal. *See* note 49 *supra*. The Commission's review of those materials further supports its belief as to the reasonableness of this aspect of the proposal.

Taken together, the Commission believes that the proposal should permit NSCC to calculate a gap risk charge that is more appropriately designed to address the gap risks presented by concentrated positions in portfolios. Accordingly, the Commission believes the proposal is consistent with Rule 17Ad-22(e)(6)(i) under the Exchange Act because it is designed to assist NSCC in maintaining a risk-based margin system that considers, and produces margin levels commensurate with, the risks and particular attributes of portfolios with identified concentration risks.⁵⁷

IV. Conclusion

On the basis of the foregoing, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act and in particular with the requirements of section 17A of the Act⁵⁸ and the rules and regulations promulgated thereunder.

It is therefore ordered, pursuant to section 19(b)(2) of the Act⁵⁹ that proposed rule change SR-NSCC-2022-015, be, and hereby is, approved.⁶⁰

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶¹

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2023-17302 Filed 8-11-23; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-98091; File No. SR-ISE-2023-15]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to a Stockholders' Agreement by and Among Nasdaq, Inc., Adenza Parent, LP, and the Other Parties Thereto

August 8, 2023.

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 July 28, 2023, Nasdaq ISE, LLC (the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission")

⁵⁷ 17 CFR 240.17Ad-22(e)(6)(i).

⁵⁸ 15 U.S.C. 78q-1.

⁵⁹ 15 U.S.C. 78s(b)(2).

⁶⁰ In approving the Proposed Rule Change, the Commission considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁶¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁵³ *See supra* note 49.

⁵⁴ 17 CFR 240.17Ad-22(e)(6)(i).

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 proposed rule change regarding a stockholders' agreement by and among the Exchange's parent corporation, Nasdaq, Inc. ("Nasdaq"), Adenza Parent, LP, a Delaware limited partnership ("Seller"), and the other parties thereto ("Stockholders' Agreement"). The Stockholders' Agreement will be implemented upon closing under the Merger Agreement (as defined below).

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/ise/rules>, at the principal office of the Exchange, 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

On June 10, 2023, Nasdaq entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among Nasdaq, Argus Merger Sub 1, Inc., a Delaware corporation and a direct wholly owned subsidiary of Nasdaq, Argus Merger Sub 2, LLC, a Delaware limited liability company and a direct wholly owned subsidiary of Nasdaq, Adenza Holdings, Inc., a Delaware corporation ("Adenza"), and Seller. Pursuant to the Merger Agreement, and upon the terms and subject to the conditions therein, Nasdaq will acquire 100% of the stock of Adenza (the "Transaction"). As a result of the Transaction, Seller is expected to hold,

at closing, approximately 15% of the outstanding Nasdaq common stock based upon the outstanding shares of Nasdaq common stock as of June 9, 2023.³ The shares to be held by Seller will be subject to Article Fourth of Nasdaq's Amended and Restated Certificate of Incorporation, which provides that no person who beneficially owns shares of common stock or preferred stock of Nasdaq in excess of 5% of the then-outstanding securities generally entitled to vote may vote the shares in excess of 5%. This limitation mitigates the potential for any Nasdaq shareholder to exercise undue control over the operations of Nasdaq's self-regulatory subsidiaries (including the Exchange), and facilitates the self-regulatory subsidiaries' and the Commission's ability to carry out their regulatory obligations under the Act.

Adenza and Seller are affiliates of certain funds managed by Thoma Bravo, L.P., a Delaware limited partnership ("Thoma Bravo").⁴ The Merger Agreement contemplates that, at the closing, Nasdaq, Seller and Thoma Bravo will enter into the Stockholders' Agreement. The Stockholders' Agreement provides that, among other things, Thoma Bravo will be entitled to propose one individual reasonably acceptable to Nasdaq's Nominating & Governance Committee for nomination as director for election to the Nasdaq Board ("Board Designee"), and such right will exist for so long as Thoma Bravo, together with its controlled affiliates (including Seller), continue to beneficially own at least 10% of the shares of Nasdaq common stock outstanding as of the closing date. Nasdaq will: (i) include the Board Designee as a nominee to the Nasdaq Board on each slate of nominees for election to the Nasdaq Board proposed by management of Nasdaq, (ii) recommend the election of the Board Designee to the stockholders of Nasdaq and (iii) without limiting the foregoing, otherwise use its reasonable best efforts (which shall include the solicitation of proxies) to cause the Board Designee to be elected to the Nasdaq Board.

The Stockholders' Agreement relates solely to the Nasdaq Board, and not to the boards of any of its subsidiaries, including the Exchange Board. Nevertheless, the provisions of the

Stockholders' Agreement described above could be considered a proposed rule change of a subsidiary that is a self-regulatory organization ("SRO"), if the provisions were viewed as potentially impacting the governance of an SRO in its capacity as wholly-owned subsidiary of Nasdaq. Accordingly, the governing boards of directors of the Exchange and its affiliated SROs have each reviewed the proposed change and determined that it should be filed with the Commission.⁵

It is expected that the Board Designee, like the other directors of the Nasdaq Board, would be nominated by the Nominating & Governance Committee, the composition of which is subject to the independence requirements of the Nasdaq By-Laws and NSM Rule 5605.⁶ The Board Designee must then be elected by the stockholders of Nasdaq, like the other directors of the Nasdaq Board. The Nasdaq Board is currently composed of 11 directors and is expected to increase to 12 directors upon the closing of the Transaction. Thus, the Board Designee would represent a small percentage (approximately 8.3%) of the Nasdaq Board.

2. Statutory Basis

The Exchange believes that its proposal is consistent with section 6(b) of the Act,⁷ in general, and furthers the objectives of section 6(b)(1) of the Act,⁸ in that it enables the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its participants, with the provisions of the Act, the rules and

⁵ The Exchange, Nasdaq BX, Inc. ("BX"), Nasdaq GEMX, LLC ("GEMX"), Nasdaq MRX, LLC ("MRX"), The Nasdaq Stock Market LLC ("NSM"), Nasdaq PHLX LLC ("Phlx"), Boston Stock Exchange Clearing Corporation ("BSECC"), and Stock Clearing Corporation of Philadelphia ("SCCP") are each submitting this filing pursuant to section 19(b)(3)(A) of the Act, 15 U.S.C. 78s(b)(3)(A)(iii).

⁶ Section 4.13 of the Nasdaq By-Laws provide that the Nominating & Governance Committee shall be appointed annually by the Nasdaq Board and shall consist of two or more directors, each of whom shall be an independent director within the meaning of the rules of NSM. The number of Non-Industry Directors (*i.e.*, directors without material ties to the securities industry) on the Nominating & Governance Committee shall equal or exceed the number of Industry Directors and at least two members of the committee shall be Public Directors (*i.e.*, directors who have no material business relationship with a broker or dealer, Nasdaq or its affiliates, or FINRA). NSM Rule 5605, which governs Nasdaq as a company whose securities are listed on NSM, requires Nominating & Governance Committee members to satisfy the definition of "independence" in NSM Rule 5605 and IM-5605 and to otherwise be deemed independent by the Nasdaq Board.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(1).

³ A copy of the Merger Agreement and a description of its terms were filed by Nasdaq on Form 8-K on June 12, 2023 and are available at: <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001120193/000119312523164839/d476077d8k.htm>.

⁴ Seller owns all of the issued and outstanding capital stock of Adenza. Both Seller and Adenza are owned by Thoma Bravo.

regulations thereunder, and the rules of the Exchange.

The proposal related to the Stockholders' Agreement would not impact the Exchange's ability to be so organized as to have the capacity to be able to carry out the purposes of the Act. In particular, the proposed changes would not alter the limitations on voting and ownership set forth in Article Fourth of Nasdaq's Amended and Restated Certificate of Incorporation, and so the proposed changes would not enable a person to exercise undue control over the operations of Nasdaq's self-regulatory subsidiaries or to restrict the ability of the Commission or the Exchange to effectively carry out their regulatory oversight responsibilities under the Act. Further, as discussed above, it is expected that the Board Designee, like the other directors of the Nasdaq Board, would be nominated by the Nominating & Governance Committee, whose members are subject to the independence requirements of the Nasdaq By-Laws and NSM Rule 5605. Further, the Board Designee must then be elected by the stockholders of Nasdaq, like the other directors of the Nasdaq Board. The Nasdaq Board is currently composed of 11 directors and is expected to increase to 12 directors upon the closing of the Transaction. Thus, the Board Designee would represent a small percentage (approximately 8.3%) of the Nasdaq Board.

The Exchange also notes that the proposed rule change is substantially similar to prior proposals by the Exchange's affiliated SROs related to Nasdaq stockholders' agreements that gave similar rights to recommend Nasdaq Board designees.⁹ As such, the Exchange does not believe that its proposal raises any new or novel issues not already considered by the Commission.

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

Because the proposed rule change is related solely to Thoma Bravo's right to nominate the Board Designee to the Nasdaq Board pursuant to the

⁹ See Securities Exchange Act Release No. 57099 (January 4, 2008), 73 FR 1901 (January 10, 2008) (SR-NASDAQ-2008-002) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Nasdaq Stockholders' Agreement Between the Nasdaq Stock Market, Inc. and Borse Dubai Limited). See also Securities Exchange Act Release No. 63786 (January 27, 2011), 76 FR 6168 (February 3, 2011) (SR-NASDAQ-2011-013, SR-PHLX-2011-08, SR-BX-2011-004) (Notice of Filing and Immediate Effectiveness of Proposed Rule Changes Relating to a Stockholders' Agreement Between the NASDAQ OMX Group, Inc. and Investor AB).

Stockholders' Agreement and not to the operations of the Exchange, 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.

C. 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.

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 from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to section 19(b)(3)(A)(iii) of the Act¹⁰ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹¹

A proposed rule change filed under Rule 19b-4(f)(6)¹² of the Act normally does not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹³ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii).¹⁴ The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest as the proposal raises no new or novel issues. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.¹⁵

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 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.

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6)(iii).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

¹⁵ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-ISE-2023-15 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-ISE-2023-15. 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-ISE-2023-15 and should be submitted on or before September 5, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2023-17307 Filed 8-11-23; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[[Release No. 34-98089; File No. SR-PEARL-2023-34]]

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rules 2614, 2617, and 2626 of the MIAX Pearl Equities Rulebook

August 8, 2023.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 31, 2023, MIAX PEARL, LLC ("MIAX Pearl" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposal to amend Exchange Rules 2614, Orders and Order Instructions, 2617, Order Execution and Routing and 2626, Retail Order Attribution Program, to make minor, non-substantive edits and clarifying changes to the rule text applicable to MIAX Pearl Equities ("MIAX Pearl Equities"),³ an equities trading facility of the Exchange.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-equities/pearl-equities/rule-filings>, 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 Exchange proposes to amend the hierarchical headings in Exchange Rule 2617 as follows: subparagraph (a)(2)(A) will be renumbered as (a)(2)(i); subparagraphs (a)(4)(A)-(D) will be renumbered as (a)(4)(i)-(iv); subparagraph (b)(1)(A) will be renumbered as (b)(1)(i); subparagraphs (b)(1)(A)(i)-(vi) will be renumbered as (b)(1)(i)(A)-(F); subparagraphs (b)(4)(A)-(C) will be renumbered as (b)(4)(i)-(iii); subparagraphs (b)(4)(B)(i)-(iii) will be renumbered as (b)(4)(ii)(A)-(C); subparagraphs (b)(5)(A)-(C) will be renumbered as (b)(5)(i)-(iii); subparagraphs (b)(5)(B)(1)-(2) will be renumbered as (b)(5)(ii)(A)-(B); subparagraphs (b)(5)(B)(1)(i)-(iii) will be renumbered as (b)(5)(ii)(A)1.-3.; subparagraphs (b)(5)(B)(1)(i)(a)-(b) will be renumbered as (b)(5)(ii)(A)1. a.-b.; subparagraphs (b)(5)(B)(1)(ii)(a)-(b) will be renumbered as (b)(5)(ii)(A)2. a.-b.; subparagraphs (b)(5)(B)(2)(i)-(iv) will be renumbered as (b)(5)(ii)(B)1.-4.; subparagraph (b)(5)(B)(2)(i)(a) will be renumbered as (b)(5)(ii)(B)1. a.; subparagraph (b)(5)(B)(2)(ii)(a) will be renumbered as (b)(5)(ii)(B)2. a.; subparagraphs (b)(5)(C)(1)-(2) will be renumbered as (b)(5)(iii)(A)-(B); and subparagraphs (b)(6)(A)-(E) will be renumbered as (b)(6)(i)-(v).

Next, the Exchange proposes to amend proposed renumbered subparagraph (a)(4)(iii) of Exchange Rule 2617 to replace certain internal cross references to other subparagraphs of Exchange Rule 2617 in light of the proposed hierarchical heading changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617(a)(4)(iii), that are to subparagraphs (D), (A), and (B), to now be to proposed

renumbered subparagraphs (iv), (i), and (ii), respectively. Accordingly, with all the proposed changes, Exchange Rule 2617(a)(4)(iii) will provide as follows:

(iii) Consistent with Exchange Rule 2614, based on User instructions, certain orders are permitted to post and rest on the MIAX Pearl Equities Book at prices that lock or cross contra-side liquidity, provided, however, that the System will never display a locked or crossed market. Subject to sub-paragraph (iv) below, if an Aggressing Order or an incoming order to buy (sell), pursuant to paragraph (i) or (ii) above, would execute upon entry against a resting order to sell (buy) at the same or a worse price as a resting displayed order to buy (sell), the Aggressing Order or incoming order to buy (sell) will be cancelled or posted to the MIAX Pearl Equities Book and ranked in accordance with Exchange Rule 2616.

Next, the Exchange proposes to amend proposed renumbered subparagraph (a)(4)(iv) of Exchange Rule 2617 to replace certain internal cross references to other subparagraphs of Exchange Rule 2617 in light of the hierarchical heading changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617(a)(4)(iv) that are to subparagraphs (C), (A), and (B), to now be to subparagraphs (iii), (i), and (ii), respectively. Accordingly, with all the proposed changes, Exchange Rule 2617(a)(4)(iv) will provide as follows:

(iv) For securities priced equal to or greater than \$1.00 per share, in the case where a non-displayed order to sell (buy) is posted on the MIAX Pearl Equities Book at a price that locks or crosses a displayed order to buy (sell) pursuant to sub-paragraph (iii) above, an Aggressing Order or an incoming order to buy (sell) described in sub-paragraphs (i) and (ii) above that is a Market Order or a Limit Order priced more aggressively than the order to buy (sell) displayed on the MIAX Pearl Equities Book will execute against the non-displayed order to sell (buy) resting on the MIAX Pearl Equities Book at one-half minimum price variation greater (less) than the price of the resting displayed order to buy (sell). For bids or offers under \$1.00 per share, this sub-paragraph is inapplicable.

Next, the Exchange proposes to amend proposed renumbered subparagraph (b)(5)(ii) of Exchange Rule 2617 to replace a certain internal cross reference to another subparagraph of Exchange Rule 2617 in light of the hierarchical heading changes described above. In particular, the Exchange proposes to amend the cross references contained in proposed renumbered Exchange Rule 2617(b)(5)(ii) that is to subparagraph (b)(5)(C), to now be to subparagraph (b)(5)(iii). Accordingly, with the proposed change, Exchange Rule 2617 (b)(5)(ii) will provide as follows:

¹⁶ 17 CFR 200.30-3(a)(12).

¹⁵ U.S.C. 78s(b)(1).

¹⁷ 17 CFR 240.19b-4.

³ The term "MIAX Pearl Equities" shall mean MIAX Pearl Equities, a facility of MIAX PEARL, LLC. See Exchange Rule 1901.