

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 19

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

File No. \* SR 2022 - \* 31

Amendment No. (req. for Amendments \*)

Filing by MIAX Emerald, LLC

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

<b>Initial *</b> <input checked="" type="checkbox"/>	<b>Amendment *</b> <input type="checkbox"/>	<b>Withdrawal</b> <input type="checkbox"/>	<b>Section 19(b)(2) *</b> <input type="checkbox"/>	<b>Section 19(b)(3)(A) *</b> <input checked="" type="checkbox"/>	<b>Section 19(b)(3)(B) *</b> <input type="checkbox"/>
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<b>Pilot</b> <input type="checkbox"/>	<b>Extension of Time Period for Commission Action *</b> <input type="checkbox"/>	<b>Date Expires *</b> <input type="text"/>
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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 \*).

Amend Exchange Rule 518 to adopt Do-Not-Leg complex order instruction

**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 \* Greg Last Name \* Ziegler

Title \* Senior Counsel

E-mail \* gziegler@miaxoptions.com

Telephone \* (609) 897-1483 Fax

**Signature**

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

Date 11/10/2022

(Title \*)

By Gregory P. Ziegler

Senior Counsel

(Name \*)

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.

*Gregory Ziegler* Date: 2022.11.10 14:42:04 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

SR-EMERALD-2022-31 19b4 202211

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 \***

Add Remove View

SR-EMERALD-2022-31 Exhibit 1.doc

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-EMERALD-2022-31- Exhibit 5 202

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**

Add Remove View

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 Emerald, LLC (“MIAX Emerald” or the “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend Exchange Rule 518, Complex Orders.

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 duly appointed designee pursuant to authority delegated by the MIAX Emerald Board of Directors on June 16, 2022. 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 Greg Ziegler, Vice President and Senior Counsel, at (609) 897-1483.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend Exchange Rule 518, Complex Orders, to adopt a new optional order instruction, “Do Not Leg (‘DNL’),” to paragraph (b), Types of Complex Orders.

The Exchange currently offers its Members<sup>3</sup> a number of complex order types enumerated in paragraph (b) of Rule 518. The Exchange offers a Complex Auction-on-Arrival Order,<sup>4</sup> a Complex Auction-or-Cancel Order,<sup>5</sup> a Complex Immediate-or-Cancel Order,<sup>6</sup> a Complex Customer Cross Order,<sup>7</sup> a Complex Qualified Contingent Cross Order,<sup>8</sup> a Complex PRIME Order,<sup>9</sup> a Complex Attributable Order,<sup>10</sup> and a Complex Auction-on-Arrival-Only Order.<sup>11</sup>

The Exchange now proposes to adopt a new optional order instruction for complex orders entitled, “Do Not Leg” or “DNL.” A complex order that is marked with the DNL instruction will not leg into the Simple Order Book.<sup>12</sup> Additionally, a complex order that is marked with the

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<sup>3</sup> 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.

<sup>4</sup> See Exchange Rule 518(b)(2).

<sup>5</sup> See Exchange Rule 518(b)(3).

<sup>6</sup> See Exchange Rule 518(b)(4).

<sup>7</sup> See Exchange Rule 518(b)(5).

<sup>8</sup> See Exchange Rule 518(b)(6).

<sup>9</sup> See Exchange Rule 518(b)(7).

<sup>10</sup> See Exchange Rule 518(b)(8).

<sup>11</sup> See Exchange Rule 518(b)(9).

<sup>12</sup> The “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

DNL instruction must be executed at a price that complies with Exchange Rule 518(c)(2)(ii).

The DNL order instruction will be available for use with all complex order types (excluding Complex Customer Cross Orders, Complex Qualified Contingent Cross Orders, and cPRIME Orders) offered on the Exchange.

Complex Customer Cross Orders<sup>13</sup> and Complex Qualified Contingent Cross Orders<sup>14</sup> are order types that execute immediately upon entry (provided that they satisfy certain criteria) and would therefore not leg into the Simple Order Book. Specifically, Complex Customer Cross (“cC2C”) Orders as defined in Rule 518(b)(5), are automatically executed upon entry provided that the execution is at least \$0.01 better than (inside) the icEBBO<sup>15</sup> (as defined in Rule 518(a)(12)) price or the best net price of a complex order (as defined in Rule 518(a)(5)) on the Strategy Book<sup>16</sup> (as defined in Rule 518(a)(17)), whichever is more aggressive.<sup>17</sup> Complex Qualified Contingent Cross (“cQCC”) Orders, as defined in Rule 518(b)(6), are automatically executed upon entry provided that, with respect to each option leg of the cQCC Order, the

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<sup>13</sup> See Exchange Rule 518(b)(5).

<sup>14</sup> See Exchange Rule 518(b)(6).

<sup>15</sup> The Implied Complex MIAX Emerald Best Bid or Offer (“icEBBO”) is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. For stock-option orders, the icEBBO for a complex strategy will be calculated using the best price (whether displayed or non-displayed) on the Simple Order Book in the individual option component(s), and the NBBO in the stock component. See Exchange Rule 518(a)(12).

<sup>16</sup> The “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

<sup>17</sup> See Exchange Rule 515(h)(3).

execution (i) is not at the same price as a Priority Customer Order<sup>18</sup> on the Exchange's Book;<sup>19</sup> and (ii) is at or between the NBBO.<sup>20</sup>

Additionally, the DNL instruction will not be available for cPRIME Orders, as cPRIME Orders are another type of a crossing order. Specifically, a cPRIME Order is a paired order with an established minimum execution price that must meet certain defined internal criteria to be eligible to participate in a cPRIME Auction.<sup>21</sup> Specifically, the initiating price for a cPRIME Agency Order must be better than (inside) the icEBBO for the strategy and any other complex orders on the Strategy Book. The System will reject cPRIME Agency Orders submitted with an initiating price that is equal to or worse than (outside) the icEBBO or any other complex orders on the Strategy Book.<sup>22</sup> Currently, a cPRIME Auction has a duration of 100 milliseconds.<sup>23</sup>

Additionally, the Exchange notes that at least two other option exchanges provide similar functionality.<sup>24</sup>

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<sup>18</sup> The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Exchange Rule 100.

<sup>19</sup> The term "Book" means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

<sup>20</sup> See Exchange Rule 515(h)(4). The term "NBBO" means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

<sup>21</sup> See Interpretations and Policies .12(a) of Exchange Rule 515A.

<sup>22</sup> See Interpretations and Policies .12(a)(i) of Exchange Rule 515A.

<sup>23</sup> See MIAX Emerald Exchange System Settings on the Exchange's public website, available at [https://www.miaxoptions.com/sites/default/files/page-files/MIAX\\_EMERALD\\_System\\_Settings\\_11122018.pdf](https://www.miaxoptions.com/sites/default/files/page-files/MIAX_EMERALD_System_Settings_11122018.pdf).

<sup>24</sup> See Cboe Exchange Rule 5.33(b), Complex Only, which defines a "Complex Only" order as a Day or IOC complex order a Market-Maker may designate to execute only against complex orders in the COB and not Leg into the Simple Book. The terms "Complex Order Book" and "COB" mean the Cboe Exchange's electronic book of complex orders

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>25</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>26</sup> in particular, in that 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 mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that its proposal to adopt a new order instruction for complex orders promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest. The Exchange believes it is reasonable to provide investors additional control over the disposition of their complex orders, in connection with their attempt to provide and not remove liquidity, or in connection with applicable fees for executions.

The Exchange believes its proposed rule change promotes just and equitable principles of trade and removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by allowing investors to have greater control over the execution of their orders.

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

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used for all trading sessions. See Cboe Exchange Rule 5.33(b); see also NYSEArca Options Exchange Rule 6.91P-O(e)(1)(C).

<sup>25</sup> 15 U.S.C. 78f(b).

<sup>26</sup> 15 U.S.C. 78f(b)(5).

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition as the DNL order instruction is optional and will be available for all Members on the Exchange that submit complex orders to the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition but may enhance inter-market competition. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. The Exchange believes the proposed rule change will enhance competition among the various markets for complex order execution, potentially resulting in more active complex order trading on all exchanges.

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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 Act<sup>27</sup> and Rule 19b-4(f)(6)<sup>28</sup> 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.

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<sup>27</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>28</sup> 17 CFR 240.19b-4(f)(6).

The Exchange believes its proposal to adopt a new complex order instruction does not significantly affect the protection of investors or the public interest but rather promotes the protection of investors and the public interest by providing investors greater control over the disposition of their complex orders.

The Exchange believes its proposal does not impose any significant burden on competition, but rather improves competition, by providing an order instruction that is similar to one offered on at least two other option exchanges.<sup>29</sup> The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. The Exchange believes the proposed rule change may enhance competition among the various markets for complex order execution, potentially resulting in more active complex order trading on all exchanges.

Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act<sup>30</sup> and Rule 19b-4(f)(6) thereunder.<sup>31</sup> Accordingly, for the reasons stated above, the Exchange believes that the proposed rule change is non-controversial and is therefore eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.

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

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<sup>29</sup> See supra note 24.

<sup>30</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>31</sup> 17 CFR 240.19b-4(f)(6).

Exchange has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>32</sup> normally does not become operative for 30 days after the date of its filing.

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**

Not applicable.

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

Not applicable.

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

Not applicable.

**11. Exhibits**

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

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<sup>32</sup> 17 CFR 240.19b-4(f)(6).

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-EMERALD-2022-31)

November \_\_, 2022

Self-Regulatory Organizations: MIAX Emerald, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 518, Complex Orders

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 10, 2022, MIAX Emerald, LLC (“MIAX Emerald” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Exchange Rule 518, Complex Orders.

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings/emerald>, at MIAX Emerald’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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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 Exchange Rule 518, Complex Orders, to adopt a new optional order instruction, “Do Not Leg (‘DNL’),” to paragraph (b), Types of Complex Orders.

The Exchange currently offers its Members<sup>3</sup> a number of complex order types enumerated in paragraph (b) of Rule 518. The Exchange offers a Complex Auction-on-Arrival Order,<sup>4</sup> a Complex Auction-or-Cancel Order,<sup>5</sup> a Complex Immediate-or-Cancel Order,<sup>6</sup> a Complex Customer Cross Order,<sup>7</sup> a Complex Qualified Contingent Cross Order,<sup>8</sup> a Complex PRIME Order,<sup>9</sup> a Complex Attributable Order,<sup>10</sup> and a Complex Auction-on-Arrival-Only Order.<sup>11</sup>

The Exchange now proposes to adopt a new optional order instruction for complex orders entitled, “Do Not Leg” or “DNL.” A complex order that is marked with the DNL instruction

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<sup>3</sup> 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.

<sup>4</sup> See Exchange Rule 518(b)(2).

<sup>5</sup> See Exchange Rule 518(b)(3).

<sup>6</sup> See Exchange Rule 518(b)(4).

<sup>7</sup> See Exchange Rule 518(b)(5).

<sup>8</sup> See Exchange Rule 518(b)(6).

<sup>9</sup> See Exchange Rule 518(b)(7).

<sup>10</sup> See Exchange Rule 518(b)(8).

<sup>11</sup> See Exchange Rule 518(b)(9).

will not leg into the Simple Order Book.<sup>12</sup> Additionally, a complex order that is marked with the DNL instruction must be executed at a price that complies with Exchange Rule 518(c)(2)(ii). The DNL order instruction will be available for use with all complex order types (excluding Complex Customer Cross Orders, Complex Qualified Contingent Cross Orders, and cPRIME Orders) offered on the Exchange.

Complex Customer Cross Orders<sup>13</sup> and Complex Qualified Contingent Cross Orders<sup>14</sup> are order types that execute immediately upon entry (provided that they satisfy certain criteria) and would therefore not leg into the Simple Order Book. Specifically, Complex Customer Cross (“cC2C”) Orders as defined in Rule 518(b)(5), are automatically executed upon entry provided that the execution is at least \$0.01 better than (inside) the icEBBO<sup>15</sup> (as defined in Rule 518(a)(12)) price or the best net price of a complex order (as defined in Rule 518(a)(5)) on the Strategy Book<sup>16</sup> (as defined in Rule 518(a)(17)), whichever is more aggressive.<sup>17</sup> Complex Qualified Contingent Cross (“cQCC”) Orders, as defined in Rule 518(b)(6), are automatically executed upon entry provided that, with respect to each option leg of the cQCC Order, the

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<sup>12</sup> The “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

<sup>13</sup> See Exchange Rule 518(b)(5).

<sup>14</sup> See Exchange Rule 518(b)(6).

<sup>15</sup> The Implied Complex MIAX Emerald Best Bid or Offer (“icEBBO”) is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. For stock-option orders, the icEBBO for a complex strategy will be calculated using the best price (whether displayed or non-displayed) on the Simple Order Book in the individual option component(s), and the NBBO in the stock component. See Exchange Rule 518(a)(12).

<sup>16</sup> The “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

<sup>17</sup> See Exchange Rule 515(h)(3).

execution (i) is not at the same price as a Priority Customer Order<sup>18</sup> on the Exchange's Book;<sup>19</sup> and (ii) is at or between the NBBO.<sup>20</sup>

Additionally, the DNL instruction will not be available for cPRIME Orders, as cPRIME Orders are another type of a crossing order. Specifically, a cPRIME Order is a paired order with an established minimum execution price that must meet certain defined internal criteria to be eligible to participate in a cPRIME Auction.<sup>21</sup> Specifically, the initiating price for a cPRIME Agency Order must be better than (inside) the icEBBO for the strategy and any other complex orders on the Strategy Book. The System will reject cPRIME Agency Orders submitted with an initiating price that is equal to or worse than (outside) the icEBBO or any other complex orders on the Strategy Book.<sup>22</sup> Currently, a cPRIME Auction has a duration of 100 milliseconds.<sup>23</sup>

Additionally, the Exchange notes that at least two other option exchanges provide similar functionality.<sup>24</sup>

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<sup>18</sup> The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Exchange Rule 100.

<sup>19</sup> The term "Book" means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

<sup>20</sup> See Exchange Rule 515(h)(4). The term "NBBO" means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

<sup>21</sup> See Interpretations and Policies .12(a) of Exchange Rule 515A.

<sup>22</sup> See Interpretations and Policies .12(a)(i) of Exchange Rule 515A.

<sup>23</sup> See MIAX Emerald Exchange System Settings on the Exchange's public website, available at [https://www.miaxoptions.com/sites/default/files/page-files/MIAX\\_EMERALD\\_System\\_Settings\\_11122018.pdf](https://www.miaxoptions.com/sites/default/files/page-files/MIAX_EMERALD_System_Settings_11122018.pdf).

<sup>24</sup> See Cboe Exchange Rule 5.33(b), Complex Only, which defines a "Complex Only" order as a Day or IOC complex order a Market-Maker may designate to execute only against complex orders in the COB and not Leg into the Simple Book. The terms "Complex Order Book" and "COB" mean the Cboe Exchange's electronic book of complex orders

## 2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>25</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>26</sup> in particular, in that 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 mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that its proposal to adopt a new order instruction for complex orders promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest. The Exchange believes it is reasonable to provide investors additional control over the disposition of their complex orders, in connection with their attempt to provide and not remove liquidity, or in connection with applicable fees for executions.

The Exchange believes its proposed rule change promotes just and equitable principles of trade and removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by allowing investors to have greater control over the execution of their orders.

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

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used for all trading sessions. See Cboe Exchange Rule 5.33(b); see also NYSEArca Options Exchange Rule 6.91P-O(e)(1)(C).

<sup>25</sup> 15 U.S.C. 78f(b).

<sup>26</sup> 15 U.S.C. 78f(b)(5).

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition as the DNL order instruction is optional and will be available for all Members on the Exchange that submit complex orders to the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition but may enhance inter-market competition. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. The Exchange believes the proposed rule change will enhance competition among the various markets for complex order execution, potentially resulting in more active complex order trading on all exchanges.

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 Act<sup>27</sup> and Rule 19b-4(f)(6)<sup>28</sup> 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

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<sup>27</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>28</sup> 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:rule-comments@sec.gov). Please include File Number SR-EMERALD-2022-31 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-EMERALD-2022-31. 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-EMERALD-2022-31 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.<sup>29</sup>

Vanessa Countryman  
Secretary

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<sup>29</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 5**

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

**MIAX Emerald Options Exchange Rules**

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**Rule 518. Complex Orders**

(a) No change.

**(b) Types of Complex Orders.**

(1) – (9) No change.

(10) **Do Not Leg (“DNL”)**. Do Not Leg or “DNL” is an optional order instruction that may be applied to any complex order (excluding Complex Customer Cross Orders, Complex Qualified Contingent Cross Orders, and cPRIME Orders) to prevent the complex order from legging into the Simple Order Book. An order marked with the DNL instruction must be executed at a price that complies with Exchange Rule 518(c)(2)(ii).

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