

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 not be designed to permit unfair discrimination between customers, issuers, brokers or dealers.²⁵

The Commission has previously recognized that market participants and some exchanges distinguish between individual retail investors, whose orders are considered desirable by liquidity providers because such retail investors are presumed on average to be less informed about short-term price movements, and professional traders, whose orders are presumed on average to be more informed about short-term price movements.²⁶ The Commission has also recognized that, because of this distinction, some liquidity providers may be more inclined to offer price improvement to retail orders.²⁷ And the Commission has previously stated that proposals involving segmentation of order flow on a national securities exchange—even if such order flow is retail or offers price improvement to retail orders—must be carefully evaluated.²⁸

The proposed rule change is novel in that it expands the definition of Retail Order to allow RMOs to submit Retail Orders to the Exchange in a principal capacity without requiring an offsetting riskless transaction.²⁹ In order to enter such orders, however, the RMO's sole purpose must be to provide post-execution price improvement to the retail customer in addition to any price improvement received on the Exchange.³⁰ The Exchange states that principal orders entered in this manner are for the benefit of the underlying retail customer, and are consistent with the definition of Retail Order and the purposes of its Retail Priority program. Further, the Exchange states that more retail flow may be directed to the Exchange and have the opportunity to execute on a regulated, transparent

market if RMOs are provided with this additional order capacity.³¹

In addition to the post-execution price improvement requirement described above, the RMO must be in receipt of and actively managing, at the time of order entry onto the Exchange, the Retail Order or Orders it seeks to execute on behalf of a retail customer or customers,³² the size of the principal order must not be greater than that of the underlying order(s) entered on behalf of the retail customer(s),³³ and the total number of shares executed in a principal capacity must be fully allocated to the underlying retail customer(s) in a consistent manner and within 60 seconds of execution.³⁴ These conditions are analogous to conditions imposed by FINRA with respect to riskless principal transactions, including, in relevant part, that the offsetting principal transaction occur within 60 seconds of execution.³⁵

The proposed expansion of the definition of Retail Order, in combination with the requirements imposed by new Exchange Rule 11.21(g), is reasonably designed to attract retail order flow to a registered national securities exchange, while offering the opportunity for retail investors to benefit from additional, post-execution price improvement that RMOs may be willing to offer.

Further, the proposal includes safeguards with respect to regulatory and surveillance functions. The proposed changes to Exchange Rule 11.21(b)(6) require that RMOs choosing to enter Retail Orders in a principal capacity maintain policies and procedures reasonably designed to ensure compliance with the requirements of new Exchange Rule 11.21(g).³⁶ In addition, an RMO must, upon request, be able to provide the Exchange with documentation evidencing compliance. The Exchange represents that monitoring for compliance with these requirements will occur post trade, as part of the Exchange's existing surveillance functions.³⁷ The Exchange further represents that it is accustomed to conducting surveillance of Retail Orders entered as principal such that the proposed amendment should not pose any additional issues, and its Regulatory and Surveillance departments already possess the capability to review Retail

Orders to ensure that those entered in a principal or riskless principal transaction were indeed entered and executed by the RMO on behalf of a retail customer.³⁸

The proposal to expand the definition of Retail Order to include orders entered on a principal basis, subject to the compliance requirements and monitoring discussed herein, is reasonably designed to ensure that RMOs submit only bona fide retail order flow as Retail Orders and thereby should promote just and equitable principals of trade and protect investors and the public interest.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act³⁹ that the proposed rule change (SR-CboeEDGX-2025-035), as modified by Amendment No. 1, be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁰

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104731; File No. SR-PEARL-2025-50]

Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Allow Post-Only Orders in Sub-Dollar Securities

January 28, 2026.

On December 10, 2025, MIAx PEARL, LLC ("MIAx Pearl") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend subparagraph (c)(2) of MIAx Pearl Rule 2614, Orders and Order Instructions, to allow the Post Only order instruction to be applied to orders in securities priced below \$1.00 on its equity trading platform. The proposed rule change was published for comment

²⁵ 15 U.S.C. 78f(b)(5).

²⁶ See, e.g., Securities Exchange Act Release No. 73702 (Nov. 28, 2014), 79 FR 72049, 72051 (Dec. 4, 2014) (SR-BX-2014-048) (approving the BX Retail Price Improvement Program on a pilot basis).

²⁷ *Id.*

²⁸ See Securities Exchange Act Release No. 86619 (Aug. 9, 2019) 84 FR 41769, 41771 (Aug. 15, 2019) (SR-IEX-2019-05) (approving the IEX Retail Price Improvement Program).

²⁹ See *supra* note 14 regarding riskless principal transactions.

³⁰ See proposed Exchange Rule 11.21(g)(ii). The Exchange states that RMOs may choose to execute in this manner to satisfy certain execution quality and price improvement benchmarks or to provide additional price improvement as a service to retail customers or retail broker customers. See Notice and OIP at 43670.

³¹ See Notice and OIP at 43673.

³² See proposed Exchange Rule 11.21(g)(i).

³³ See proposed Exchange Rule 11.21(g)(iii).

³⁴ See proposed Exchange Rule 11.21(g)(iv).

³⁵ See *supra* note 16.

³⁶ See proposed Exchange Rule 11.21(g).

³⁷ See Notice and OIP at 43671.

³⁸ *Id.*

³⁹ 15 U.S.C. 78s(b)(2).

⁴⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

in the **Federal Register** on December 29, 2025.³

Section 19(b)(2) of the Act⁴ provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is February 12, 2026. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change and the issues raised therein. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,⁵ designates March 29, 2026, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-PEARL-2025-50).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104709; File No. SR-EMERALD-2026-01]

Self-Regulatory Organizations; MIAx Emerald, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a New Methodology for Assessment and Collection of the Options Regulatory Fee (ORF)

January 28, 2026.

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 January 20, 2026, MIAx Emerald, LLC (“MIAx Emerald” or “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) a 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 proposes to amend the MIAx Emerald Options Exchange Fee Schedule (the “Fee Schedule”) relating to the Options Regulatory Fee (“ORF”) to adopt a new methodology for assessment and collection of ORF for transactions that occur on the Exchange (“On-Exchange ORF”).

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/miax-options/rule-filings> and at the Exchange's principal office.

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 its current methodology for assessment and collection of a regulatory fee to assess On-Exchange ORF only for options transactions that occur on the Exchange that would clear in the “customer”³

range at The Options Clearing Corporation (“OCC”). The Exchange would no longer assess a regulatory fee for options transactions that occur on other exchanges. This proposal only proposes to amend the method of assessment and collection of the fee. A future rule filing would be filed to set the applicable On-Exchange ORF rate in advance of assessing and collecting it under the proposed method. The following provides more detail regarding the proposal.

Background

The ORF is designed to cover a material portion of the costs to the Exchange of the supervision and regulation of Members’⁴ customer options business, including performing routine surveillances and investigations, as well as policy, rulemaking, interpretive and enforcement activities. The Exchange believes that revenue generated from the ORF, when combined with all of the Exchange's other regulatory fees and fines, will cover a material portion, but not all, of the Exchange's regulatory costs.

Collection of ORF

The Exchange assesses the per-contract ORF to each Member for all options transactions cleared or ultimately cleared by the Member, which are cleared by the OCC in the “customer” range,⁵ regardless of the exchange on which the transaction occurs. The ORF is collected by OCC on behalf of the Exchange from either: (1) a Member that was the ultimate clearing firm⁶ for the transaction; or (2) a non-Member that was the ultimate clearing firm where a Member was the executing clearing firm⁷ for the transaction. The

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.

⁵ Exchange participants must record the appropriate account origin code on all orders at the time of entry in order. The Exchange represents that it has surveillances in place to verify that Members mark orders with the correct account origin code.

⁶ The Exchange takes into account any Clearing Member Trade Assignment (“CMTA”) transfers when determining the ultimate clearing firm for a transaction. CMTA is a form of “give up” whereby the position will be assigned to a specific clearing firm at the OCC.

⁷ Throughout this filing, “executing clearing firm” means the clearing firm through which the entering broker indicated that the transaction would be cleared at the time it entered the original order which executed, and that clearing firm could be a designated “give up”, if applicable. The executing clearing firm may be the ultimate clearing firm if no CMTA transfer occurs. If a CMTA transfer occurs, however, the ultimate clearing firm would be the clearing firm that the position was transferred to for clearing via CMTA.

³ See Securities Exchange Act Release No. 104462 (Dec. 19, 2025), 90 FR 60807. The Commission has received no comment letters on the proposed rule change.

⁴ 15 U.S.C. 78s(b)(2).

⁵ 15 U.S.C. 78s(b)(2).

⁶ 17 CFR 200.30-3(a)(31).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Currently, the ORF is assessed by the Exchange and collected via OCC on behalf of the Exchange from either: (1) a Member that was the ultimate clearing firm for the transaction; or (2) a non-Member that was the ultimate clearing firm where a Member was the executing clearing firm for the transaction. The Exchange uses reports from the OCC to determine the identity of the executing clearing firm and ultimate clearing firm.