



August 5, 2019

Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE., Washington, DC 20549

Re: ***SIFMA Comment Letter on the MIAX, Pearl and Emerald Rule Proposals to Increase and Establish Connectivity Fees: File Nos. SR-MIAX-2019-31; SR-PEARL-2019-21; SR-EMERALD-2019-24***

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ submits this letter to comment on the above-referenced filings submitted to the U.S. Securities and Exchange Commission (“Commission”) to increase connectivity fees by Miami International Securities Exchange LLC (“MIAX”), MIAX PEARL, LLC (“Pearl”), and MIAX Emerald, LLC (“Emerald”),² (together, “Exchanges”). In determining whether the proposed rule changes are consistent with applicable statutory requirements under the Securities Exchange Act of 1934 (“Exchange Act”),³ the Commission should ensure the proposed fees are (i) reasonable, (ii) equitably allocated, (iii) not unfairly discriminatory, and (iv) not an undue burden on competition. The Exchanges must provide sufficient information upon which to base a determination that the fees are consistent with the requirements of the Exchange Act. The information may follow the examples of necessary information set forth in the recent Staff Guidance on SRO Rule Filings Relating to Fees,⁴ or another acceptable means. We appreciate the Exchanges providing additional information related to revenues and costs, but we urge the Commission to closely analyze the proposal in determining whether it satisfies the applicable standards under the Exchange Act.

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² See Securities Exchange Act Release Nos. 86342, 86343, and 86344 (July 10, 2019).

³ See, e.g., 15 U.S.C. 78f(b)(4); 78f(b)(5); and 78f(b)(8).

⁴ SEC’s Division of Trading and Markets, *Staff Guidance on SRO Rule Filings Relating to Fees* (“Staff Guidance”) (May 21, 2019).

As was stated in our previous comment letters in response to the Exchanges' filings to establish and increase connectivity fees,⁵ the Exchanges remain the exclusive purveyors of connectivity services, suggesting that market participants likely are deciding to connect to exchanges for a different reason—for instance, to meet regulatory obligations—than the price of the exchanges' connectivity service offerings compared to competitors. In considering the proposal, the Commission should carefully consider whether the Exchanges have provided sufficient evidence to satisfy the applicable statutory standards.

* * *

SIFMA greatly appreciates the Commission's consideration of the issues raised above and would be pleased to discuss these comments in greater detail. If you have any questions or need any additional information, please contact T.R. Lazo (at [REDACTED] or [REDACTED]) or Ellen Greene (at [REDACTED] or [REDACTED]).

Sincerely,



Theodore R. Lazo
Managing Director and
Associate General Counsel



Ellen Greene
Managing Director
Financial Services Operations

⁵ See Letter from Theodore R. Lazo and Ellen Green, SIFMA to Vanessa Countryman dated June 6, 2019; Letter from Theodore R. Lazo to Vanessa Countryman dated April 10, 2019; and Letter from Theodore R. Lazo and Ellen Greene to Brent J. Fields dated October 15, 2018.