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

File No. \* SR 2024 - \* 20

Amendment No. (req. for Amendments \*)

Filing by Miami International Securities Exchange, LLC.

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input 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 \*).

Proposal to amend the Fee Schedule to amend the fees and rebates for QCC and cQCC Orders.

**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 \* Michael Last Name \* Slade

Title \* AVP, Associate Counsel

E-mail \* mslade@miaxglobal.com

Telephone \* (609) 955-0460 Fax

**Signature**

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

Date 04/08/2024 (Title \*)

By Michael Slade AVP, Associate 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.

*Michael Slade* Date: 2024.04.08 14:58:23 -04'00'

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 \***

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SR-MIAX-2024-20 - 19b4 (4-8-24).doc

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 \***

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SR-MIAX-2024-20 - Exhibit 1.docx

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-MIAX-2024-20 - Exhibit 5.docx

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**

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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) Miami International Securities Exchange, LLC (“MIAX” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend the MIAX Options Exchange Fee Schedule (the “Fee Schedule”) to amend fees for QCC and cQCC Orders.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the applicable section of the Fee Schedule is attached hereto as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

## 2. **Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by the Chief Executive Officer of the Exchange or his designee pursuant to authority delegated by the MIAX Board of Directors on January 19, 2024. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule changes may be directed to Michael Slade, AVP, Associate Counsel, (609) 955-0460.

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

a. Purpose

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

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

The Exchange proposes to amend Sections 1)a)vii)-viii) of the Fee Schedule to modify certain fees and rebates applicable to Qualified Contingent Cross (“QCC”) Orders and Complex Qualified Contingent Cross (“cQCC”) Orders (defined and described below). The Exchange previously filed this proposal on March 28, 2024 (SR-MIAX-2024-18). On April 8, 2024, the Exchange withdrew SR-MIAX-2024-18 and resubmitted this proposal.

### Background

A QCC Order is comprised of an originating order to buy or sell at least 1,000 contracts that is identified as being part of a qualified contingent trade, coupled with a contra-side order or orders totaling an equal number of contracts.<sup>3</sup> A “qualified contingent trade” is a transaction consisting of two or more component orders, executed as agent or principal, where: (a) at least one component is an NMS Stock, as defined in Rule 600 of Regulation NMS under the Exchange Act; (b) all components are effected with a product or price contingency that either has been agreed to by all the respective counterparties or arranged for by a broker-dealer as principal or agent; (c) the execution of one component is contingent upon the execution of all other components at or near the same time; (d) the specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined by the time the contingent order is placed; (e) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and (f) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.<sup>4</sup>

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<sup>3</sup> See Exchange Rule 516(j).

<sup>4</sup> See Exchange Rule 516, Interpretation and Policy .01.

Section 1)a)vii) of the Fee Schedule provides certain fees and rebates applicable to QCC Orders. Currently, the Exchange provides rebates to the Member<sup>5</sup> firm that enters the QCC Order into the MIAX System<sup>6</sup>, with the rebates only paid on the initiating side (the “initiator”) of the QCC transaction. However, no rebates are paid for QCC Orders for which both the initiator and contra-side orders are Priority Customers.<sup>7</sup> The Exchange notes that with regard to order entry, the first order submitted into the System is marked as the initiating side and the second order is marked as the contra-side.

A cQCC Order is comprised of an originating complex order<sup>8</sup> to buy or sell where each component is at least 1,000 contracts that is identified as being part of a qualified contingent trade<sup>9</sup> coupled with a contra-side complex order or orders totaling an equal number of contracts.<sup>10</sup>

Section 1)a)viii) of the Fee Schedule provides certain fees and rebates applicable to cQCC Orders. Currently, for cQCC Orders, all fees and rebates are per contract per leg. The Exchange provides rebates to the Member firm that enters the order into the MIAX System, with

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<sup>5</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>6</sup> The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

<sup>7</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). The number of orders shall be counted in accordance with the Interpretation and Policy .01. See Exchange Rule 100.

<sup>8</sup> In sum, a “complex order” is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the “legs” or “components” of the complex order), for the same account, in a conforming or non-conforming ratio for the purposes of executing a particular investment strategy. See Exchange Rule 518(a)(5). A complex order can also be a “stock-option order” with a conforming or non-conforming ratio as defined in Exchange Rule 518. See id.

<sup>9</sup> See supra note 4.

<sup>10</sup> Trading of cQCC Orders is governed by Exchange Rule 515(h)(4).

rebates only paid on the initiating side of the cQCC Order. However, no rebates are paid for cQCC Orders for which both the initiator and contra-side orders are Priority Customers.

#### Proposal to Amend QCC Order Fees and Rebates

The Exchange proposes to amend the fees and rebates applicable to QCC Orders. Currently, the Exchange assesses initiator fees as follows: \$0.00 per contract for the Priority Customer origin; and \$0.15 per contract for all other market participant origins (i.e., a Public Customer<sup>11</sup> that is not a Priority Customer, MIAX Market Makers<sup>12</sup>, non-MIAX Market Makers, non-Member Broker-Dealers, and Firm).<sup>13</sup> The Exchange assesses contra-side fees as follows: \$0.00 per contract for the Priority Customer origin; and \$0.17 per contract for all other types of market participant origins. The Exchange provides an initiator rebate of \$0.14 per contract for all origins. The Exchange also provides the following initiator rebates when the contra-side is an origin other than a Priority Customer: \$0.14 per contract for a Priority Customer; \$0.27 per contract for a Public Customer that is not a Priority Customer; and \$0.22 per contract for a Professional.

First, the Exchange proposes to clarify and amend the fees for initiators of a QCC Order so that the per contract side will be stated in the heading of the first column of fees in the table for QCC Orders. The Exchange proposes to assess initiator fees for all market participant origins, except the Priority Customer origin, as follows: \$0.12 per contract side for the Public Customer that is not a Priority Customer origin; and \$0.20 per contract side for Professional

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<sup>11</sup> The term “Public Customer” means a person that is not a broker or dealer in securities. See Exchange Rule 100.

<sup>12</sup> The term “Market Makers” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.

<sup>13</sup> For the purposes of this filing, the origins comprising MIAX Market Makers, non-MIAX Market Makers, non-Member broker-dealers and firms will be referred to as “Professional.”

origins. The Exchange does not propose to charge an initiator fee for the Priority Customer origin.

Next, the Exchange proposes to clarify and amend the fees for the contra-side of a QCC Order so that the per contract side will be stated in the heading of the second column of fees in the table for QCC Orders. The Exchange proposes to assess contra-side fees for all market participant origins, except the Priority Customer origin, as follows: \$0.12 per contract side for the Public Customer that is not a Priority Customer origin; and \$0.20 per contract side for Professional origins.

Next, the Exchange proposes to amend the columns for rebates to clarify that rebates are paid to the Electronic Exchange Member (“EEM”)<sup>14</sup> that entered the QCC Order, depending upon the origin type and the origin type on the contra-side. In particular, the Exchange proposes to amend the heading of the third column of rebates in the table for QCC Orders to now state as follows: “Per Contract Rebate for EEM when Contra is a Priority Customer”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is a Priority Customer: \$0.00 per contract for the Priority Customer origin; \$0.07 per contract for the Public Customer that is not a Priority Customer origin; and \$0.17 per contract for Professional origins. The Exchange also proposes to amend the heading of the fourth column of rebates in the table for QCC Orders to now state as follows: “Per Contract Rebate for EEM when Contra is a Public Customer that is not a Priority Customer”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is a Public Customer that is not Priority Customer: \$0.07 per contract for the Priority Customer origin; \$0.17 per contract for the Public Customer

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<sup>14</sup> The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

that is not a Priority Customer origin; and \$0.25 per contract for Professional origins. Finally, the Exchange proposes to create a new fifth column of rebates in the table for QCC Orders, which will state as follows: “Per Contract Rebate for EEM when Contra is all Other Origins”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is all other origins (i.e., neither a Priority Customer nor a Public Customer that is not a Priority Customer): \$0.17 per contract for the Priority Customer origin; \$0.25 per contract for the Public Customer that is not a Priority Customer origin; and \$0.30 per contract for Professional origins.

The Exchange also proposes to amend the notes below the table of fees and rebates for QCC Orders. The Exchange proposes to specify that per contract rebates will be paid to the EEM that enters the QCC Order into the MIAX System. In connection with this change, the Exchange proposes to delete the following sentences as they are no longer applicable in light of the changes described above: “Rebates will be delivered to the Member firm that enters the order into the MIAX system, but will only be paid on the initiating side of the QCC transaction. However, no rebates will be paid for QCC transactions for which both the initiator and contra-side orders are Priority Customers.” The Exchange notes that these are non-substantive changes to remove redundant information, which is already provided in the table of fees and rebates for QCC Orders. The Exchange believes that the way the table of fees and rebates for QCC Orders is arranged more clearly expresses these two points. The Exchange also proposes to delete the references to mini-option contracts as the Exchange no longer offers mini-option contracts.

#### Proposal to Amend cQCC Order Fees and Rebates

The Exchange proposes to amend the fees and rebates applicable to cQCC Orders, which are assessed per contract per leg. Currently, the Exchange assesses initiator fees as follows: \$0.00 per contract for the Priority Customer origin; and \$0.15 per contract for all other market



participant origins. The Exchange assesses contra-side fees as follows: \$0.00 per contract for the Priority Customer origin; and \$0.17 per contract for all other market participant origins. The Exchange provides an initiator rebate of \$0.14 per contract for all origins. The Exchange also provides the following initiator rebates when the contra-side is an origin other than a Priority Customer: \$0.14 per contract for a Priority Customer; \$0.27 per contract for a Public Customer that is not a Priority Customer; and \$0.22 per contract for Professionals.

The Exchange proposes to clarify and amend the fees for initiators of a cQCC Order so that the per contract side will be stated in the heading of the first column of fees in the table for cQCC Orders. The Exchange proposes to assess initiator fees for all market participants, except the Priority Customer origin, as follows: \$0.12 per contract side for the Public Customer that is not a Priority Customer origin; and \$0.20 per contract side for Professional origins. The Exchange does not propose to charge an initiator fee for the Priority Customer origin.

Next, the Exchange proposes to clarify and amend the fees for the contra-side of a cQCC Order so that the per contract side will be stated in the heading of the second column of fees in the table for cQCC Orders. The Exchange proposes to assess contra-side fees for all market participants, except the Priority Customer origin, as follows: \$0.12 per contract side for the Public Customer that is not a Priority Customer origin; and \$0.20 per contract side for Professional origins.

Next, the Exchange proposes to amend the columns for rebates to clarify that rebates are paid to the EEM that entered the cQCC Order, depending upon the origin type and the origin type on the contra-side. In particular, the Exchange proposes to amend the heading of the third column of rebates in the table for cQCC Orders to now state as follows: "Per Contract Rebate for EEM when Contra is a Priority Customer". The Exchange proposes to provide the following

rebates for an EEM when the contra-side is a Priority Customer: \$0.00 per contract for the Priority Customer origin; \$0.07 per contract for the Public Customer that is not a Priority Customer origin; and \$0.17 per contract for Professional origins. The Exchange also proposes to amend the heading of the fourth column of rebates in the table for cQCC Orders to now state as follows: “Per Contract Rebate for EEM when Contra is a Public Customer that is not a Priority Customer”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is a Public Customer that is not Priority Customer: \$0.07 per contract for the Priority Customer origin; \$0.17 per contract for the Public Customer that is not a Priority Customer origin; and \$0.25 per contract for Professional origins. Finally, the Exchange proposes to create a new fifth column of rebates in the table for cQCC Orders, which will state as follows: “Per Contract Rebate for EEM when Contra is all Other Origins”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is all other origins (i.e., neither a Priority Customer nor a Public Customer that is not a Priority Customer): \$0.17 per contract for the Priority Customer origin; \$0.25 per contract for the Public Customer that is not a Priority Customer origin; and \$0.30 per contract for Professional origins.

The Exchange also proposes to amend the notes below the table of fees and rebates for cQCC Orders. The Exchange proposes to specify that per contract rebates will be paid to the EEM that enters the cQCC Order into the MIAX System. In connection with this change, the Exchange proposes to delete the following sentences as they are no longer applicable in light of the changes described above: “Rebates will be delivered to the Member firm that enters the order into the MIAX system, but will only be paid on the initiating side of the cQCC transaction. However, no rebates will be paid for cQCC transactions for which both the initiator and contra-side orders are Priority Customers.” The Exchange notes that these are non-substantive changes

to remove redundant information, which is already provided in the table of fees and rebates for cQCC Orders. The Exchange believes that the way the table of fees and rebates for cQCC Orders is arranged more clearly expresses these two points.

The Exchange also proposes to add the following reference sentence at the end of the notes section following the table of fees and rebates for cQCC Orders: “The stock handling fee for the stock leg of cQCC transactions is described in Section 1)a)x) of the Fee Schedule.” The purpose of this change is clarify and help signal to market participants that the stock handling fees for the stock leg of cQCC transactions will continue to be contained in Section 1)a)x) of the Fee Schedule and that this proposal does not amend or change that fee.

The purpose of all of the changes to the fees and rebates for QCC Orders and cQCC Orders is for business and competitive reasons. The Exchange believes the proposed changes will increase competition and potentially attract additional QCC and cQCC Order flow from various origins to the Exchange, which will grow the Exchange’s market share in this segment. The Exchange also believes it is appropriate to provide higher rebates for QCC and cQCC Orders for EEMs that trade against origins other than Priority Customer or Public Customer because Priority Customer and Public Customer QCC and cQCC Orders are already incentivized with reduced fees for the initiator and contra-side of such orders. The Exchange believes it is reasonable to provide higher rebates for all origins other than Priority Customer QCC and cQCC Orders for EEMs that trade against the Priority Customer origin because Priority Customer orders are already incentivized with no fees for the initiator and contra-side of such orders. The

Exchange also notes that competing exchanges provide similar rebate and fee structures and amounts for QCC and cQCC Orders on those exchanges.<sup>15</sup>

### Implementation

The proposed fee changes are immediately effective.

#### b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act<sup>16</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>17</sup> in particular, in that it is an equitable allocation of reasonable dues, fees, and other charges among 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<sup>18</sup> 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

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<sup>15</sup> See e.g., BOX Exchange LLC (“BOX”) Fee Schedule (dated January 2, 2024), Section IV.D., Qualified Contingent Cross (“QCC”) Transactions, available at <https://boxexchange.com/assets/BOX-Fee-Schedule-as-of-January-2-2024-2.pdf>. BOX does not assess any fee for QCC orders from public customers and professional customers and assesses broker-dealers and market makers a \$0.20 fee per contract for their agency (originating) and contra-side QCC orders. BOX provides tiered rebates depending on the parties to each QCC transaction. For example, when only one side of a QCC transaction is a broker-dealer or market maker, BOX provides rebates ranging from \$0.14 per contract to \$0.17 per contract. When both parties to a QCC transaction are a broker-dealer or market maker (i.e., professionals), BOX provides higher rebates ranging from \$0.22 per contract to \$0.27 per contract, similar to the Exchange’s proposed rebate structure. See also NYSE American LLC (“NYSE American”) Options Exchange Fee Schedule (dated March 1, 2024), Section I.F., Qualified Contingent Cross (“QCC”) Fees & Credits, available at [https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE\\_American\\_Options\\_Fee\\_Schedule.pdf](https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE_American_Options_Fee_Schedule.pdf). NYSE American does not assess any fee for QCC orders from customers or professional customers and assesses market makers, firms and broker-dealers a \$0.20 fee per contract side for their QCC orders. NYSE American provides rebates depending on the parties to each QCC transaction. For example, when a Floor Broker executes a customer or professional customer QCC order when the contra-side is a market maker, firm or broker-dealer, NYSE American provides a lower rebate of \$0.12 per contract. When a Floor Broker executes a market maker, firm or broker-dealer QCC order when the contra-side is another market maker, firm or broker-dealer, NYSE American provides a higher rebate of \$0.18 per contract.

<sup>16</sup> 15 U.S.C. 78f(b).

<sup>17</sup> 15 U.S.C. 78f(b)(4).

<sup>18</sup> 15 U.S.C. 78f(b)(5).

public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes the proposed changes to the fees and rebates for QCC and cQCC Orders is reasonable because the Exchange believes the proposed changes will increase competition and potentially attract additional QCC and cQCC Order flow from various origins to the Exchange, which will grow the Exchange's market share in this segment. The Exchange also believes it is reasonable and not unfairly discriminatory to provide higher rebates for QCC and cQCC Orders for EEMs that trade against origins other than Priority Customer or Public Customer because Priority Customer and Public Customer QCC and cQCC Orders are already incentivized with reduced fees for the initiator and contra-side of such orders. The Exchange believes that it is equitable and not unfairly discriminatory to assess lower fees to Priority Customer QCC and cQCC Order than to Professional QCC and cQCC Orders because a Priority Customer is by definition not a broker or dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).<sup>19</sup> This limitation does not apply to Professionals, who will generally submit a higher number of orders than Priority Customers. Further, the Exchange believes that it is equitable and not unfairly discriminatory that Priority Customer and Public Customer origins be treated differently than Professional origins, who are assessed higher fees for QCC and cQCC Orders. The exchanges, in general, have historically aimed to improve markets for investors and develop various features within their market structure for customer benefit. Priority Customer and Public Customer liquidity benefits all market participants by providing more trading opportunities. An increase in the activity of these market participants in turn facilitates tighter spreads, which may

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<sup>19</sup> See supra note 7.

cause an additional corresponding increase in order flow from other market participants. The Exchange also believes its proposed fee and rebate structure is reasonable, equitably allocated and not unfairly discriminatory because competing exchanges provide similar rebate and fee structures and amounts for QCC and cQCC Orders on those exchanges.<sup>20</sup>

Further, the Exchange believes its proposal provides for the equitable allocation of reasonable dues and fees and is not unfairly discriminatory since the Exchange has different net transaction revenues based on different combinations of origins and contra-side orders. For example, when a Priority Customer is both the initiator and contra-side, no rebates are paid (for both QCC and cQCC transactions). This combination is in the current version of the Exchange's Fee Schedule and in competitors' fee schedules as well.<sup>21</sup> The Exchange notes that Priority Customers are generally assessed a \$0.00 transaction fee. Accordingly, the Exchange believes that it is reasonable, equitable, and not unfairly discriminatory to provide the proposed higher EEM rebates for QCC and cQCC Orders for Public Customer and Professional origins when they trade against an origin other than Priority Customer, in order to increase competition and potentially attract different combinations of additional QCC and cQCC Order flow to the Exchange. The Exchange also believes it is reasonable, equitable, and not unfairly discriminatory to continue to provide higher rebates for EEMs for QCC and cQCC Orders for Professionals when they trade against origins other than Priority Customers or Public Customers because Priority Customers and Public Customers are already incentivized by reduced fees for submitting QCC and cQCC Orders, as compared to Professionals that submit QCC and cQCC Orders.

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<sup>20</sup> See supra note 15.

<sup>21</sup> See id.

The Exchange also believes its proposal is consistent with Section 6(b)(5) of the Act<sup>22</sup> and is designed to prevent fraudulent and manipulative acts and practices, promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest; and is not designed to permit unfair discrimination. This is because the Exchange believes the proposed changes will continue to incentivize QCC and cQCC Order flow and an increase in such order flow will bring greater volume and liquidity, which benefits all market participants by providing more trading opportunities and tighter spreads. To the extent QCC and cQCC Order flow is increased by the proposal, market participants will increasingly compete for the opportunity to trade on the Exchange including sending more orders and providing narrower and larger-sized quotations in the effort to trade with such order flow.

#### Cleanup

The Exchange believes its proposal to delete the references to mini-option contracts in the notes for QCC Orders is reasonable because the Exchange no longer offers mini-option contracts. Further, the Exchange believes its proposal to delete certain sentences from the notes sections below the tables of fees and rebates for QCC and cQCC Orders, as described above, are reasonable because they are non-substantive changes to remove redundant information, which is already provided in the tables of fees and rebates for QCC and cQCC Orders. The Exchange believes that the way the tables of fees and rebates for QCC and cQCC Orders are arranged more clearly expresses the point of the sentences that the Exchange proposes to delete. Accordingly,

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<sup>22</sup> 15 U.S.C. 78f(b)(1) and (b)(5).

the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Fee Schedule, including by removing outdated references to mini-options, which no longer trade on the Exchange.

**4. 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.

Intra-Market Competition

The Exchange believes that the proposed changes do not impose an undue burden on intra-market competition because the Exchange does not believe that its proposal will place any category of market participant at a competitive disadvantage. The Exchange believes that the proposed changes will encourage market participants to send their QCC and cQCC Orders to the Exchange for execution in order to obtain greater rebates and lower their costs. The Exchange believes the proposed changes to the fees and rebates for QCC and cQCC Orders will not impose an undue burden on intra-market competition because the proposed changes will increase competition and potentially attract different combinations of additional QCC and cQCC order flow to the Exchange, which will grow the Exchange's market share in this segment. The Exchange's proposal to provide higher rebates for QCC and cQCC Orders for EEMs that trade against origins other than Priority Customer or Public Customer does not impose an undue burden on intra-market competition because Priority Customer and Public Customer QCC and cQCC Orders are already incentivized with reduced fees for such orders. The Exchange's proposed fee and rebate structure is similar to that of competing exchanges that offer QCC and cQCC transaction fees and rebates.<sup>23</sup>

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<sup>23</sup> See supra note 15.



### Inter-Market Competition

The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. There are currently 17 registered options exchanges competing for order flow. For the month of February 2024, based on publicly-available information, and excluding index-based options, no single exchange exceeded approximately 13-14% of the market share of executed volume of multiply-listed equity and exchange-traded fund (“ETF”) options.<sup>24</sup> Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for the month of February 2024, the Exchange had a total market share of 6.67% for all equity options volume.<sup>25</sup> In such an environment, the Exchange must continually adjust its transaction and non-transaction fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule changes reflect this competitive environment because they modify the Exchange’s fees in a manner that encourages market participants to provide QCC and cQCC liquidity and to send order flow to the Exchange. To the extent this is achieved, all the Exchange’s market participants should benefit from the improved market quality.

### Cleanup

The Exchange believes its proposal to delete the references to mini-option contracts in the notes for QCC Orders will not impose any burden on intra-market or inter-market competition because the Exchange does not offer mini-option contracts. Further, the Exchange believes its proposal to delete certain sentences from the notes sections below the tables of fees

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<sup>24</sup> See the “Market Share” section of the Exchange’s website, available at <https://www.miaxglobal.com/>.

<sup>25</sup> See *id.*

and rebates for QCC and cQCC Orders, as described above, will not impose any burden on intra-market or inter-market competition because they are non-substantive changes to remove redundant information, which is already provided in the tables of fees and rebates for QCC and cQCC Orders. The Exchange believes that the way the tables of fees and rebates for QCC and cQCC Orders are arranged more clearly expresses the point of the sentences that the Exchange proposes to delete. Accordingly, the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Fee Schedule by removing outdated references to mini-options, which no longer trade on the Exchange.

5. **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.

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)(ii) of the Act,<sup>26</sup> and Rule 19b-4(f)(2) thereunder<sup>27</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

8. **Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

The proposed rule change is not based on the rules of another exchange or of the

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<sup>26</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>27</sup> 17 CFR 240.19b-4.

Commission.

**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. Completed notice of proposed rule change for publication in the Federal Register.
5. Copy of the applicable section of the Fee Schedule.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-MIAX-2024-20)

April\_\_\_\_, 2024

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange, LLC to Amend Fees and Rebates for QCC and cQCC 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 April \_\_\_\_, 2024, Miami International Securities Exchange, LLC (“MIAX” 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 is filing a proposal to amend the MIAX Fee Schedule (“Fee Schedule”) to amend fees and rebates for QCC and cQCC Orders. The text of the proposed rule change is available on the Exchange’s website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/rule-filings>, at MIAX’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 Sections 1(a)(vii)-(viii) of the Fee Schedule to modify certain fees and rebates applicable to Qualified Contingent Cross (“QCC”) Orders and Complex Qualified Contingent Cross (“cQCC”) Orders (defined and described below). The Exchange previously filed this proposal on March 28, 2024 (SR-MIAX-2024-18). On April 8, 2024, the Exchange withdrew SR-MIAX-2024-18 and resubmitted this proposal.

Background

A QCC Order is comprised of an originating order to buy or sell at least 1,000 contracts that is identified as being part of a qualified contingent trade, coupled with a contra-side order or orders totaling an equal number of contracts.<sup>3</sup> A “qualified contingent trade” is a transaction consisting of two or more component orders, executed as agent or principal, where: (a) at least one component is an NMS Stock, as defined in Rule 600 of Regulation NMS under the Exchange Act; (b) all components are effected with a product or price contingency that either has been agreed to by all the respective counterparties or arranged for by a broker-dealer as principal or agent; (c) the execution of one component is contingent upon the execution of all other components at or near the same time; (d) the specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined by the time the contingent order is placed; (e) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of

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<sup>3</sup> See Exchange Rule 516(j).

participants in mergers or with intentions to merge that have been announced or cancelled; and (f) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.<sup>4</sup>

Section 1)a)vii) of the Fee Schedule provides certain fees and rebates applicable to QCC Orders. Currently, the Exchange provides rebates to the Member<sup>5</sup> firm that enters the QCC Order into the MIAX System<sup>6</sup>, with the rebates only paid on the initiating side (the “initiator”) of the QCC transaction. However, no rebates are paid for QCC Orders for which both the initiator and contra-side orders are Priority Customers.<sup>7</sup> The Exchange notes that with regard to order entry, the first order submitted into the System is marked as the initiating side and the second order is marked as the contra-side.

A cQCC Order is comprised of an originating complex order<sup>8</sup> to buy or sell where each component is at least 1,000 contracts that is identified as being part of a qualified contingent trade<sup>9</sup> coupled with a contra-side complex order or orders totaling an equal number of contracts.<sup>10</sup>

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<sup>4</sup> See Exchange Rule 516, Interpretation and Policy .01.

<sup>5</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>6</sup> The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

<sup>7</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). The number of orders shall be counted in accordance with the Interpretation and Policy .01. See Exchange Rule 100.

<sup>8</sup> In sum, a “complex order” is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the “legs” or “components” of the complex order), for the same account, in a conforming or non-conforming ratio for the purposes of executing a particular investment strategy. See Exchange Rule 518(a)(5). A complex order can also be a “stock-option order” with a conforming or non-conforming ratio as defined in Exchange Rule 518. See *id.*

<sup>9</sup> See *supra* note 4.

<sup>10</sup> Trading of cQCC Orders is governed by Exchange Rule 515(h)(4).

Section 1)a)viii) of the Fee Schedule provides certain fees and rebates applicable to cQCC Orders. Currently, for cQCC Orders, all fees and rebates are per contract per leg. The Exchange provides rebates to the Member firm that enters the order into the MIAX System, with rebates only paid on the initiating side of the cQCC Order. However, no rebates are paid for cQCC Orders for which both the initiator and contra-side orders are Priority Customers.

Proposal to Amend QCC Order Fees and Rebates

The Exchange proposes to amend the fees and rebates applicable to QCC Orders. Currently, the Exchange assesses initiator fees as follows: \$0.00 per contract for the Priority Customer origin; and \$0.15 per contract for all other market participant origins (i.e., a Public Customer<sup>11</sup> that is not a Priority Customer, MIAX Market Makers<sup>12</sup>, non-MIAX Market Makers, non-Member Broker-Dealers, and Firm).<sup>13</sup> The Exchange assesses contra-side fees as follows: \$0.00 per contract for the Priority Customer origin; and \$0.17 per contract for all other types of market participant origins. The Exchange provides an initiator rebate of \$0.14 per contract for all origins. The Exchange also provides the following initiator rebates when the contra-side is an origin other than a Priority Customer: \$0.14 per contract for a Priority Customer; \$0.27 per contract for a Public Customer that is not a Priority Customer; and \$0.22 per contract for a Professional.

First, the Exchange proposes to clarify and amend the fees for initiators of a QCC Order so that the per contract side will be stated in the heading of the first column of fees in the table for QCC Orders. The Exchange proposes to assess initiator fees for all market participant

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<sup>11</sup> The term “Public Customer” means a person that is not a broker or dealer in securities. See Exchange Rule 100.

<sup>12</sup> The term “Market Makers” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.

<sup>13</sup> For the purposes of this filing, the origins comprising MIAX Market Makers, non-MIAX Market Makers, non-Member broker-dealers and firms will be referred to as “Professional.”

origins, except the Priority Customer origin, as follows: \$0.12 per contract side for the Public Customer that is not a Priority Customer origin; and \$0.20 per contract side for Professional origins. The Exchange does not propose to charge an initiator fee for the Priority Customer origin.

Next, the Exchange proposes to clarify and amend the fees for the contra-side of a QCC Order so that the per contract side will be stated in the heading of the second column of fees in the table for QCC Orders. The Exchange proposes to assess contra-side fees for all market participant origins, except the Priority Customer origin, as follows: \$0.12 per contract side for the Public Customer that is not a Priority Customer origin; and \$0.20 per contract side for Professional origins.

Next, the Exchange proposes to amend the columns for rebates to clarify that rebates are paid to the Electronic Exchange Member (“EEM”)<sup>14</sup> that entered the QCC Order, depending upon the origin type and the origin type on the contra-side. In particular, the Exchange proposes to amend the heading of the third column of rebates in the table for QCC Orders to now state as follows: “Per Contract Rebate for EEM when Contra is a Priority Customer”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is a Priority Customer: \$0.00 per contract for the Priority Customer origin; \$0.07 per contract for the Public Customer that is not a Priority Customer origin; and \$0.17 per contract for Professional origins. The Exchange also proposes to amend the heading of the fourth column of rebates in the table for QCC Orders to now state as follows: “Per Contract Rebate for EEM when Contra is a Public Customer that is not a Priority Customer”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is a Public Customer that is not Priority Customer:

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<sup>14</sup> The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act. See Exchange Rule 100.



\$0.07 per contract for the Priority Customer origin; \$0.17 per contract for the Public Customer that is not a Priority Customer origin; and \$0.25 per contract for Professional origins. Finally, the Exchange proposes to create a new fifth column of rebates in the table for QCC Orders, which will state as follows: “Per Contract Rebate for EEM when Contra is all Other Origins”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is all other origins (i.e., neither a Priority Customer nor a Public Customer that is not a Priority Customer): \$0.17 per contract for the Priority Customer origin; \$0.25 per contract for the Public Customer that is not a Priority Customer origin; and \$0.30 per contract for Professional origins.

The Exchange also proposes to amend the notes below the table of fees and rebates for QCC Orders. The Exchange proposes to specify that per contract rebates will be paid to the EEM that enters the QCC Order into the MIAX System. In connection with this change, the Exchange proposes to delete the following sentences as they are no longer applicable in light of the changes described above: “Rebates will be delivered to the Member firm that enters the order into the MIAX system, but will only be paid on the initiating side of the QCC transaction. However, no rebates will be paid for QCC transactions for which both the initiator and contra-side orders are Priority Customers.” The Exchange notes that these are non-substantive changes to remove redundant information, which is already provided in the table of fees and rebates for QCC Orders. The Exchange believes that the way the table of fees and rebates for QCC Orders is arranged more clearly expresses these two points. The Exchange also proposes to delete the references to mini-option contracts as the Exchange no longer offers mini-option contracts.

#### Proposal to Amend cQCC Order Fees and Rebates

The Exchange proposes to amend the fees and rebates applicable to cQCC Orders, which are assessed per contract per leg. Currently, the Exchange assesses initiator fees as follows: \$0.00 per contract for the Priority Customer origin; and \$0.15 per contract for all other market

participant origins. The Exchange assesses contra-side fees as follows: \$0.00 per contract for the Priority Customer origin; and \$0.17 per contract for all other market participant origins. The Exchange provides an initiator rebate of \$0.14 per contract for all origins. The Exchange also provides the following initiator rebates when the contra-side is an origin other than a Priority Customer: \$0.14 per contract for a Priority Customer; \$0.27 per contract for a Public Customer that is not a Priority Customer; and \$0.22 per contract for Professionals.

The Exchange proposes to clarify and amend the fees for initiators of a cQCC Order so that the per contract side will be stated in the heading of the first column of fees in the table for cQCC Orders. The Exchange proposes to assess initiator fees for all market participants, except the Priority Customer origin, as follows: \$0.12 per contract side for the Public Customer that is not a Priority Customer origin; and \$0.20 per contract side for Professional origins. The Exchange does not propose to charge an initiator fee for the Priority Customer origin.

Next, the Exchange proposes to clarify and amend the fees for the contra-side of a cQCC Order so that the per contract side will be stated in the heading of the second column of fees in the table for cQCC Orders. The Exchange proposes to assess contra-side fees for all market participants, except the Priority Customer origin, as follows: \$0.12 per contract side for the Public Customer that is not a Priority Customer origin; and \$0.20 per contract side for Professional origins.

Next, the Exchange proposes to amend the columns for rebates to clarify that rebates are paid to the EEM that entered the cQCC Order, depending upon the origin type and the origin type on the contra-side. In particular, the Exchange proposes to amend the heading of the third column of rebates in the table for cQCC Orders to now state as follows: "Per Contract Rebate for EEM when Contra is a Priority Customer". The Exchange proposes to provide the following rebates for an EEM when the contra-side is a Priority Customer: \$0.00 per contract for the

Priority Customer origin; \$0.07 per contract for the Public Customer that is not a Priority Customer origin; and \$0.17 per contract for Professional origins. The Exchange also proposes to amend the heading of the fourth column of rebates in the table for cQCC Orders to now state as follows: “Per Contract Rebate for EEM when Contra is a Public Customer that is not a Priority Customer”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is a Public Customer that is not Priority Customer: \$0.07 per contract for the Priority Customer origin; \$0.17 per contract for the Public Customer that is not a Priority Customer origin; and \$0.25 per contract for Professional origins. Finally, the Exchange proposes to create a new fifth column of rebates in the table for cQCC Orders, which will state as follows: “Per Contract Rebate for EEM when Contra is all Other Origins”. The Exchange proposes to provide the following rebates for an EEM when the contra-side is all other origins (i.e., neither a Priority Customer nor a Public Customer that is not a Priority Customer): \$0.17 per contract for the Priority Customer origin; \$0.25 per contract for the Public Customer that is not a Priority Customer origin; and \$0.30 per contract for Professional origins.

The Exchange also proposes to amend the notes below the table of fees and rebates for cQCC Orders. The Exchange proposes to specify that per contract rebates will be paid to the EEM that enters the cQCC Order into the MIAX System. In connection with this change, the Exchange proposes to delete the following sentences as they are no longer applicable in light of the changes described above: “Rebates will be delivered to the Member firm that enters the order into the MIAX system, but will only be paid on the initiating side of the cQCC transaction. However, no rebates will be paid for cQCC transactions for which both the initiator and contra-side orders are Priority Customers.” The Exchange notes that these are non-substantive changes to remove redundant information, which is already provided in the table of fees and rebates for

cQCC Orders. The Exchange believes that the way the table of fees and rebates for cQCC Orders is arranged more clearly expresses these two points.

The Exchange also proposes to add the following reference sentence at the end of the notes section following the table of fees and rebates for cQCC Orders: “The stock handling fee for the stock leg of cQCC transactions is described in Section 1)a)x) of the Fee Schedule.” The purpose of this change is clarify and help signal to market participants that the stock handling fees for the stock leg of cQCC transactions will continue to be contained in Section 1)a)x) of the Fee Schedule and that this proposal does not amend or change that fee.

The purpose of all of the changes to the fees and rebates for QCC Orders and cQCC Orders is for business and competitive reasons. The Exchange believes the proposed changes will increase competition and potentially attract additional QCC and cQCC Order flow from various origins to the Exchange, which will grow the Exchange’s market share in this segment. The Exchange also believes it is appropriate to provide higher rebates for QCC and cQCC Orders for EEMs that trade against origins other than Priority Customer or Public Customer because Priority Customer and Public Customer QCC and cQCC Orders are already incentivized with reduced fees for the initiator and contra-side of such orders. The Exchange believes it is reasonable to provide higher rebates for all origins other than Priority Customer QCC and cQCC Orders for EEMs that trade against the Priority Customer origin because Priority Customer orders are already incentivized with no fees for the initiator and contra-side of such orders. The Exchange also notes that competing exchanges provide similar rebate and fee structures and amounts for QCC and cQCC Orders on those exchanges.<sup>15</sup>

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<sup>15</sup> See e.g., BOX Exchange LLC (“BOX”) Fee Schedule (dated January 2, 2024), Section IV.D., Qualified Contingent Cross (“QCC”) Transactions, available at <https://boxexchange.com/assets/BOX-Fee-Schedule-as-of-January-2-2024-2.pdf>. BOX does not assess any fee for QCC orders from public customers and professional customers and assesses broker-dealers and market makers a \$0.20 fee per contract for their agency (originating) and contra-side QCC orders. BOX provides tiered rebates depending on the parties to each QCC transaction. For example, when only one side of a QCC transaction is a broker-dealer or market

## Implementation

The proposed fee changes are immediately effective.

### 2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act<sup>16</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>17</sup> in particular, in that it is an equitable allocation of reasonable dues, fees, and other charges among 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<sup>18</sup> 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.

The Exchange believes the proposed changes to the fees and rebates for QCC and cQCC Orders is reasonable because the Exchange believes the proposed changes will increase competition and potentially attract additional QCC and cQCC Order flow from various origins to

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maker, BOX provides rebates ranging from \$0.14 per contract to \$0.17 per contract. When both parties to a QCC transaction are a broker-dealer or market maker (i.e., professionals), BOX provides higher rebates ranging from \$0.22 per contract to \$0.27 per contract, similar to the Exchange's proposed rebate structure. See also NYSE American LLC ("NYSE American") Options Exchange Fee Schedule (dated March 1, 2024), Section I.F., Qualified Contingent Cross ("QCC") Fees & Credits, available at [https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE\\_American\\_Options\\_Fee\\_Schedule.pdf](https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE_American_Options_Fee_Schedule.pdf). NYSE American does not assess any fee for QCC orders from customers or professional customers and assesses market makers, firms and broker-dealers a \$0.20 fee per contract side for their QCC orders. NYSE American provides rebates depending on the parties to each QCC transaction. For example, when a Floor Broker executes a customer or professional customer QCC order when the contra-side is a market maker, firm or broker-dealer, NYSE American provides a lower rebate of \$0.12 per contract. When a Floor Broker executes a market maker, firm or broker-dealer QCC order when the contra-side is another market maker, firm or broker-dealer, NYSE American provides a higher rebate of \$0.18 per contract.

<sup>16</sup> 15 U.S.C. 78f(b).

<sup>17</sup> 15 U.S.C. 78f(b)(4).

<sup>18</sup> 15 U.S.C. 78f(b)(5).

the Exchange, which will grow the Exchange's market share in this segment. The Exchange also believes it is reasonable and not unfairly discriminatory to provide higher rebates for QCC and cQCC Orders for EEMs that trade against origins other than Priority Customer or Public Customer because Priority Customer and Public Customer QCC and cQCC Orders are already incentivized with reduced fees for the initiator and contra-side of such orders. The Exchange believes that it is equitable and not unfairly discriminatory to assess lower fees to Priority Customer QCC and cQCC Order than to Professional QCC and cQCC Orders because a Priority Customer is by definition not a broker or dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).<sup>19</sup> This limitation does not apply to Professionals, who will generally submit a higher number of orders than Priority Customers. Further, the Exchange believes that it is equitable and not unfairly discriminatory that Priority Customer and Public Customer origins be treated differently than Professional origins, who are assessed higher fees for QCC and cQCC Orders. The exchanges, in general, have historically aimed to improve markets for investors and develop various features within their market structure for customer benefit. Priority Customer and Public Customer liquidity benefits all market participants by providing more trading opportunities. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange also believes its proposed fee and rebate structure is reasonable, equitably allocated and not unfairly discriminatory because competing exchanges provide similar rebate and fee structures and amounts for QCC and cQCC Orders on those exchanges.<sup>20</sup>

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<sup>19</sup> See supra note 7.

<sup>20</sup> See supra note 15.

Further, the Exchange believes its proposal provides for the equitable allocation of reasonable dues and fees and is not unfairly discriminatory since the Exchange has different net transaction revenues based on different combinations of origins and contra-side orders. For example, when a Priority Customer is both the initiator and contra-side, no rebates are paid (for both QCC and cQCC transactions). This combination is in the current version of the Exchange's Fee Schedule and in competitors' fee schedules as well.<sup>21</sup> The Exchange notes that Priority Customers are generally assessed a \$0.00 transaction fee. Accordingly, the Exchange believes that it is reasonable, equitable, and not unfairly discriminatory to provide the proposed higher EEM rebates for QCC and cQCC Orders for Public Customer and Professional origins when they trade against an origin other than Priority Customer, in order to increase competition and potentially attract different combinations of additional QCC and cQCC Order flow to the Exchange. The Exchange also believes it is reasonable, equitable, and not unfairly discriminatory to continue to provide higher rebates for EEMs for QCC and cQCC Orders for Professionals when they trade against origins other than Priority Customers or Public Customers because Priority Customers and Public Customers are already incentivized by reduced fees for submitting QCC and cQCC Orders, as compared to Professionals that submit QCC and cQCC Orders.

The Exchange also believes its proposal is consistent with Section 6(b)(5) of the Act<sup>22</sup> and is designed to prevent fraudulent and manipulative acts and practices, promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, setting, processing information with respect to, and facilitating transaction in securities, removes impediments to and perfects the mechanism of a free and open market and

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<sup>21</sup> See id.

<sup>22</sup> 15 U.S.C. 78f(b)(1) and (b)(5).

a national market system, and, in general, protects investors and the public interest; and is not designed to permit unfair discrimination. This is because the Exchange believes the proposed changes will continue to incentivize QCC and cQCC Order flow and an increase in such order flow will bring greater volume and liquidity, which benefits all market participants by providing more trading opportunities and tighter spreads. To the extent QCC and cQCC Order flow is increased by the proposal, market participants will increasingly compete for the opportunity to trade on the Exchange including sending more orders and providing narrower and larger-sized quotations in the effort to trade with such order flow.

#### Cleanup

The Exchange believes its proposal to delete the references to mini-option contracts in the notes for QCC Orders is reasonable because the Exchange no longer offers mini-option contracts. Further, the Exchange believes its proposal to delete certain sentences from the notes sections below the tables of fees and rebates for QCC and cQCC Orders, as described above, are reasonable because they are non-substantive changes to remove redundant information, which is already provided in the tables of fees and rebates for QCC and cQCC Orders. The Exchange believes that the way the tables of fees and rebates for QCC and cQCC Orders are arranged more clearly expresses the point of the sentences that the Exchange proposes to delete. Accordingly, the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Fee Schedule, including by removing outdated references to mini-options, which no longer trade on the Exchange.

#### 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.

#### Intra-Market Competition



The Exchange believes that the proposed changes do not impose an undue burden on intra-market competition because the Exchange does not believe that its proposal will place any category of market participant at a competitive disadvantage. The Exchange believes that the proposed changes will encourage market participants to send their QCC and cQCC Orders to the Exchange for execution in order to obtain greater rebates and lower their costs. The Exchange believes the proposed changes to the fees and rebates for QCC and cQCC Orders will not impose an undue burden on intra-market competition because the proposed changes will increase competition and potentially attract different combinations of additional QCC and cQCC order flow to the Exchange, which will grow the Exchange's market share in this segment. The Exchange's proposal to provide higher rebates for QCC and cQCC Orders for EEMs that trade against origins other than Priority Customer or Public Customer does not impose an undue burden on intra-market competition because Priority Customer and Public Customer QCC and cQCC Orders are already incentivized with reduced fees for such orders. The Exchange's proposed fee and rebate structure is similar to that of competing exchanges that offer QCC and cQCC transaction fees and rebates.<sup>23</sup>

#### Inter-Market Competition

The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. There are currently 17 registered options exchanges competing for order flow. For the month of February 2024, based on publicly-available information, and excluding index-based options, no single exchange exceeded approximately 13-14% of the market share of executed volume of multiply-listed equity and exchange-traded fund ("ETF") options.<sup>24</sup> Therefore, no exchange

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<sup>23</sup> See supra note 15.

<sup>24</sup> See the "Market Share" section of the Exchange's website, available at <https://www.miaxglobal.com/>.

possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for the month of February 2024, the Exchange had a total market share of 6.67% for all equity options volume.<sup>25</sup> In such an environment, the Exchange must continually adjust its transaction and non-transaction fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule changes reflect this competitive environment because they modify the Exchange's fees in a manner that encourages market participants to provide QCC and cQCC liquidity and to send order flow to the Exchange. To the extent this is achieved, all the Exchange's market participants should benefit from the improved market quality.

#### Cleanup

The Exchange believes its proposal to delete the references to mini-option contracts in the notes for QCC Orders will not impose any burden on intra-market or inter-market competition because the Exchange does not offer mini-option contracts. Further, the Exchange believes its proposal to delete certain sentences from the notes sections below the tables of fees and rebates for QCC and cQCC Orders, as described above, will not impose any burden on intra-market or inter-market competition because they are non-substantive changes to remove redundant information, which is already provided in the tables of fees and rebates for QCC and cQCC Orders. The Exchange believes that the way the tables of fees and rebates for QCC and cQCC Orders are arranged more clearly expresses the point of the sentences that the Exchange proposes to delete. Accordingly, the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Fee Schedule by removing outdated references to mini-options, which no longer trade on the Exchange.

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<sup>25</sup> See id.

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,<sup>26</sup> and Rule 19b-4(f)(2)<sup>27</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 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-MIAX-2024-20 on the subject line.

Paper comments:

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<sup>26</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>27</sup> 17 CFR 240.19b-4(f)(2).

- 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-MIAX-2024-20. 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-MIAX-2024-20 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.<sup>28</sup>

**Sherry R. Haywood,**  
*Assistant Secretary*

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<sup>28</sup> 17 CFR 200.30-3(a)(12).

## Exhibit 5

New text is underlined;

Deleted text is in [brackets]

### MIAX Options Exchange Fee Schedule

\* \* \* \* \*

## 1) Transaction Fees

### a) Multiply-Listed Options Exchange Fees

i) – vi) No change.

### vii) QCC Fees

Types of Market Participants	QCC Order				
	Per Contract Side Fee for Initiator	Per Contract Side Fee for Contra-side	Per Contract Rebate for [Initiator] EEM when Contra is a Priority Customer	Per Contract Rebate for [Initiator] EEM when Contra is [Origin Other than Priority Customer] a Public Customer that is not a Priority Customer	Per Contract Rebate for EEM when Contra is all Other Origins
Priority Customer	\$0.00	\$0.00	[\$0.14]0.00	[\$0.14]0.07	\$0.17
Public Customer that is Not a Priority Customer	[\$0.15]0.12	[\$0.17]0.12	[\$0.14]0.07	[\$0.27]0.17	\$0.25
MIAX Market Maker	[\$0.15]0.20	[\$0.17]0.20	[\$0.14]0.17	[\$0.22]0.25	\$0.30
Non-MIAX Market Maker	[\$0.15]0.20	[\$0.17]0.20	[\$0.14]0.17	[\$0.22]0.25	\$0.30
Non-Member Broker-Dealer	[\$0.15]0.20	[\$0.17]0.20	[\$0.14]0.17	[\$0.22]0.25	\$0.30
Firm	[\$0.15]0.20	[\$0.17]0.20	[\$0.14]0.17	[\$0.22]0.25	\$0.30

Per contract rebates will be paid to the EEM that enters the order into the MIAX System. [Rebates will be delivered to the Member firm that enters the order into the MIAX system, but will only be paid on the initiating side of the QCC transaction. However, no rebates will be paid for QCC transactions for which both the initiator and contra-side orders are Priority Customers.] A QCC transaction is comprised of an ‘initiating order’ to buy (sell) at least 1,000 contracts [or 10,000 mini-option contracts,] coupled with a contra-side order

to sell (buy) an equal number of contracts. [QCC orders comprised of mini-contracts will be assessed QCC fees and afforded rebates equal to 10% of the fees and rebates applicable to QCC Orders comprised of standard option contracts.]

**viii) cQCC Fees**

Types of Market Participants	cQCC Order				
	Per Contract Side Fee for Initiator	Per Contract Side Fee for Contra-side	Per Contract Rebate for [Initiator] EEM when Contra is a Priority Customer	Per Contract Rebate for [Initiator] EEM when Contra is [Origin Other than Priority Customer] a Public Customer that is not a Priority Customer	Per Contract Rebate for EEM when Contra is all Other Origins
<i>Priority Customer</i>	\$0.00	\$0.00	[\$0.14]0.00	[\$0.14]0.07	\$0.17
<i>Public Customer that is Not a Priority Customer</i>	[\$0.15]0.12	[\$0.17]0.12	[\$0.14]0.07	[\$0.27]0.17	\$0.25
<i>MIAX Market Maker</i>	[\$0.15]0.20	[\$0.17]0.20	[\$0.14]0.17	[\$0.22]0.25	\$0.30
<i>Non-MIAX Market Maker</i>	[\$0.15]0.20	[\$0.17]0.20	[\$0.14]0.17	[\$0.22]0.25	\$0.30
<i>Non-Member Broker-Dealer</i>	[\$0.15]0.20	[\$0.17]0.20	[\$0.14]0.17	[\$0.22]0.25	\$0.30
<i>Firm</i>	[\$0.15]0.20	[\$0.17]0.20	[\$0.14]0.17	[\$0.22]0.25	\$0.30

Per contract rebates will be paid to the EEM that enters the order into the MIAX System. All fees and rebates are per contract per leg. [Rebates will be delivered to the Member firm that enters the order into the MIAX system, but will only be paid on the initiating side of the cQCC transaction. However, no rebates will be paid for cQCC transactions for which both the initiator and contra-side orders are Priority Customers.] A cQCC transaction is comprised of an ‘initiating complex order’ to buy (sell) where each component is at least 1,000 contracts that is identified as being part of a qualified contingent trade, coupled with a contra-side complex order or orders to sell (buy) an equal number of contracts. The stock handling fee for the stock leg of cQCC transactions is described in Section 1)a)x) of the Fee Schedule.

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