

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-100028; File No. SR-MIAX-2024-21)

April 25, 2024

Self-Regulatory Organizations; Miami International Securities Exchange; Notice of Filing of a Proposed Rule Change to Amend Exchange Rule 313, Other Restrictions on Options Transactions and Exercises; and Rule 700, Exercise of Option Contracts

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 April 12, 2024, Miami International Securities Exchange, LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the 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 Rule 313, Other Restrictions on Options Transactions and Exercises; and Rule 700, Exercise of Option Contracts.³

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>, 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Exchange notes that MIAX Rule 313 and MIAX Rule 700 are incorporated by reference to the Exchange’s affiliates MIAX Pearl and MIAX Emerald.

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 Exchange Rule 313, Other Restrictions on Options Transactions and Exercises; and Rule 700, Exercise of Option Contracts.

Background

Historically, standard expiration contracts expired at 11:59 p.m. Eastern Time, on the Saturday following the third Friday of the specified expiration month. In 2013 the Options Clearing Corporation (“OCC”) proposed a rule change to allow the OCC to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.⁴ Since that time the industry has supplemented options that expire monthly by offering options that expire on Mondays and Wednesdays⁵ and also on Tuesdays and Thursdays.⁶

⁴ See Securities Exchange Act Release No. 69772 (June 17, 2013), 78 FR 37645 (June 21, 2013) (SR-OCC-2013-04) (Order Approving Proposed Rule Change to Change the Expiration Date For Most Option Contracts to the Third Friday of the Expiration Month Instead of the Saturday Following the Third Friday).

⁵ See Securities Exchange Act Release Nos. 82719 (February 15, 2018), 83 FR 7790 (February 22, 2018) (SR-MIAX-2018-05) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange, LLC To Expand the Short Term Option Series Program); 91667 (April 23, 2021), 86 FR 22734 (April 29, 2021) (SR-MIAX-2021-16) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Permit Monday and Wednesday Expirations for Options Listed Pursuant to the Short Term Option Series Program on the Invesco QQQ TrustSM Series (“QQQ”) ETF Trust); and 93251 (October 4, 2021), 86 FR 56308 (October 8, 2021) (SR-MIAX-2021-47) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Permit Monday and Wednesday Expirations for Options Listed Pursuant to the Short Term Option Series Program on the iShares Russell 2000 ETF (“IWM”).

⁶ See Securities Exchange Act Release No. 96342 (November 17, 2022), 87 FR 71727 (November 23, 2022) (SR-MIAX-2022-41) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 404, Series of Option Contracts Open for Trading and the Short Term Option Series

Proposal

While the Exchange's rule that governs the listing of options, Rule 404, Series of Option Contracts Open for Trading, has been periodically amended to account for changes to the Short Term Options Series Program,⁷ other tangentially related rules have not been simultaneously updated to adequately reflect these changes. Specifically, the Exchange now proposes to amend Exchange Rule 313, Other Restrictions on Options Transactions and Exercises, to adopt clarifying language and Rule 700, Exercise of Option Contracts, to adopt clarifying language and to amend paragraph (c) to adopt clarifying language and to also remove unnecessary rule text to align to current Rule 404.

The Exchange proposes to amend paragraph (a)(2) of Rule 313 to adopt rule text that will provide additional detail for options that expire on a business day and a non-business day. Currently, the first sentence of paragraph (a)(2) provides that, “[n]otwithstanding the foregoing, during the ten (10) business days prior to the expiration date of a given series of options, other than index options, no restriction on exercise under this Rule may be in effect with respect to that series of options.” The Exchange now proposes to amend the sentence to provide that, “[n]otwithstanding the foregoing, during the ten (10) business days prior to the expiration date of a given series of options, **which shall include such expiration date for an option contract that expires on a business day**, other than index options, no restriction on exercise under this Rule may be in effect with respect to that series of options.” The Exchange also proposes to amend the second sentence of paragraph (a)(2) of Rule 313. Currently, the second sentence provides that, “[w]ith respect to index options, restrictions on exercise may be in effect until the opening

Program).

⁷ See Interpretations and Policies .02 of Exchange Rule 404.

of business on the last business day before the expiration date.” The Exchange now proposes to amend the sentence to provide that, “[w]ith respect to index options, restrictions on exercise that may be in effect until the opening of business on the **business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the** last business day before the expiration date.”⁸

The Exchange also proposes to amend paragraph (a)(3)(ii) of Exchange Rule 313. Currently, paragraph (a)(3)(ii) provides that “Exercises of expiring American-style, cash-settled index options shall not be prohibited on the last business day prior to their expiration.” The Exchange now proposes to amend the sentence to provide that, “[e]xercises of expiring American-style, cash-settled index options shall not be prohibited on the **business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the** last business day prior to their expiration.”⁹

The Exchange proposes to amend Exchange Rule 700, Exercise of Option Contracts, to adopt new rule text related to expiring options. Currently, paragraph (b) provides that, “[s]pecial procedures apply to the exercise of equity options on the last business day before their expiration (‘expiring options’).” The Exchange now proposes to amend the sentence to provide that, “[s]pecial procedures apply to the exercise of equity options on the business day **of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before their expiration** (‘expiring options’).”¹⁰

⁸ The Exchange notes that the proposed rule text is substantively identical to BOX Rule 3170(a)(2).

⁹ The Exchange notes that the proposed rule text is substantively identical to BOX Exchange Rule 3170(a)(3)(ii).

¹⁰ The Exchange notes that the proposed rule text is substantively identical to BOX Exchange Rule 9000(b).

The Exchange also proposes to amend paragraph (c) of Rule 700. Currently, paragraph (c) provides that, “[o]ption holders have until 5:30 p.m. Eastern Time on the business day immediately prior to the expiration date or, in the case of Short Term Option Series and Quarterly Options Series, on the expiration date, to make a final decision to exercise or not exercise an expiring option.” The Exchange now proposes to amend the sentence to provide that, “[o]ption holders have until 5:30 p.m. Eastern Time on the business day **of their expiration**, or, in the case of **an option contract expiring on a day that is not a business day, on the business day immediately prior to** the expiration date, to make a final decision to exercise or not exercise an expiring option.” The Exchange also proposes to remove unnecessary language from paragraph (c).¹¹ Specifically, the Exchange proposes to remove the text that provides, “[r]especting options that expire after February 1, 2015, option holders have until 5:30 p.m. Eastern Time on the expiration date to make a final decision to exercise or not exercise an expiring option. Members may set earlier cutoff times for customers submitting exercise notices,” as this text is made obsolete by the proposed changes to the first sentence of paragraph (c).

The Exchange proposes to amend paragraph (d)(iii) of Rule 700. Currently, paragraph (d)(iii) provides that, “Members have until 7:30 p.m. Eastern Time on the business day immediately prior to the expiration date or, in the case of Short Term Option Series and Quarterly Options Series, on the expiration date, to submit a Contrary Exercise Advice to the Exchange if such Member employs an electronic submission procedure with time stamp for the submission of exercise instructions by option holders.” The Exchange now proposes to amend this sentence to remove unnecessary language, such that the proposed sentence will provide,

¹¹ The Exchange notes that the proposed rule text is substantively identical to BOX Rule 9000(c).

“Members have until 7:30 p.m. Eastern Time to submit a Contrary Exercise Advice to the Exchange if such Member employs an electronic submission procedure with time stamp for the submission of exercise instructions by option holders.”

The Exchange proposes to amend paragraph (h) of Rule 700. Currently, paragraph (h) provides that, “[i]n the event the Exchange provides advance notice on or before 5:30 p.m. Eastern Time on the business day immediately prior to the last business day before the expiration date indicating that a modified time for the close of trading in equity options on such last business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in Rule 700(c).” The Exchange now proposes to amend the sentence to provide that, “[i]n the event the Exchange provides advance notice on or before 5:30 p.m. Eastern Time on the business day immediately prior to the **business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the business day immediately prior to the** last business day before the expiration date indicating that a modified time for the close of trading in equity options on such **business day or expiration, or, in the case of an option contract expiring on a day that is not a business day, such** last business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in Rule 700(c).”¹²

The Exchange proposes to amend paragraph (i)(2) of Rule 700. Currently, the last sentence of paragraph (i)(2) provides, “[f]or purposes of this subparagraph (i)(2), an ‘unusual circumstance’

¹² The Exchange notes that the proposed rule text is substantively identical to BOX Rule 9000(h).

includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day immediately prior to expiration.” The Exchange now proposes to amend the sentence to provide that, “[f]or purposes of this subparagraph (i)(2), an ‘unusual circumstance’ includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day **the option contract expires, or, in the case of an option contract expiring on a day that is not a business day, the business day** immediately prior to expiration.”¹³

Finally, the Exchange proposes to amend paragraph (l)(8)(ii) of Rule 700. Currently, paragraph (l)(8)(ii) provides, “[e]xercises of expiring American-style, cash-settled index options shall not be prohibited on the last business day prior to their expiration.” The Exchange now proposes to amend this sentence to provide, “[e]xercises of expiring American-style, cash-settled index options shall not be prohibited on the **business day of their expiration, or, in the case of option contracts expiring on a day that is not a business day, on the last business day** prior to their expiration.”¹⁴

2. Statutory Basis

The Exchange believes the proposed rule changes are consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁵ Specifically, the Exchange believes the proposed rule changes are consistent with Section 6(b)(5)¹⁶ requirements that the rules of an exchange be designed to

¹³ The Exchange notes that the proposed rule text is substantively identical to BOX Rule 9000(i)(2).

¹⁴ The Exchange notes that the proposed rule text is substantively identical to BOX Rule 9000(l)(8)(ii).

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes its proposal to amend Rule 313 promotes just and equitable principles of trade and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest as the proposal provides additional detail and clarity to the Exchange's rules. Clear and concise rules benefit investors and the public interest by clearly describing Exchange processes which removes the potential for confusion.

The Exchange believes that its proposal to amend Rule 700 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 as the proposal provides additional detail and clarity to the Exchange's rules. Additionally, the proposed changes to paragraph (c) harmonizes the Exchange's exercise cut-off time process to that of other options exchanges¹⁷ providing consistency within the industry which benefits investors and the public interest. The Exchange believes that keeping its rules consistent with those of other option exchanges will protect all participants in the market by eliminating confusion. Finally,

¹⁷ See e.g., BOX Exchange Rule 9000, Nasdaq ISE Options 6B, Section 1, and NYSE Arca Rule 6.24-O(c).

the proposed changes do not permit unfair discrimination between Members¹⁸ as the rules of the Exchange apply to all Members equally.

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

The Exchange believes that the proposed rules changes would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule changes are not intended to address a competitive issue but rather would clarify the interaction of the Exchange’s rules with one another and harmonize certain rule text regarding expiring options to that of other option exchanges. The proposal is not designed to address any aspect of competition, either between the Exchange and its competitors, or among market participants. Therefore, the Exchange does not believe the proposed rule change would impose a burden on competition.

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

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act¹⁹ and Rule 19b-4(f)(6)²⁰ thereunder.

¹⁸ 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.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-MIAX-2024-21 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-MIAX-2024-21. 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-2024-21 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.²¹

Sherry R. Haywood,

Assistant Secretary.

²¹ 17 CFR 200.30-3(a)(12).