



DATE: February 19, 2019

TO: MIAX Options Members

FROM: MIAX Options Regulatory Department

RE: Change to Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors, for Transactions Being Used to Calculate the Final Settlement Price of a Volatility Index

This Regulatory Circular is to inform MIAX Options Members of a change to Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors.

The Exchange is amending Exchange Rule 521, to adopt a provision specifically related to its volatility index product. Currently, subparagraph (b)(1), Transactions at the Open, of Rule 521, provides that for a transaction occurring as part of the Opening Process (as described in Rule 503) the Exchange will determine the Theoretical Price if there is no NBB (National Best Bid) or NBO (National Best Offer) for the affected series just prior to the erroneous transaction or if the bid/ask differential of the NBB and NBO just prior to the erroneous transaction is equal to or greater than the Minimum Amount set forth in the chart contained in sub-paragraph (b)(3) of this rule. If the bid/ask differential is less than the Minimum Amount, the Theoretical Price is the NBB or NBO just prior to the erroneous transaction.

The Exchange is adopting new subparagraph (A) to state that for transactions occurring in any option series being used to calculate the final settlement price of a volatility index on the final settlement day, the Theoretical Price is the first quote after the transaction(s) in question that does not reflect the erroneous transaction(s), provided that the quote size is for at least the overall size of the opening trade, if the quote size is for less than the overall size of the opening trade, then paragraph (c) and (d) of the Rule shall not apply.

Please contact MIAX Trading Operations at TradingOperations@MIAXOptions.com or (609) 897-7302 with any questions about stock-option complex order functionality.

Regulatory inquiries should be directed to Regulatory@MIAXOptions.com or (609) 897-7309.