

Required fields are shown with yellow backgrounds and asterisks.

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"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
---	---

Description
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

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 * Last Name *
 Title *
 E-mail *
 Telephone * Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.
(Title *)

Date
By (Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

Add Remove View

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 *

Add Remove View

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 Advance Notice by Clearing Agencies *

Add Remove View

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, security-based swap submission, or advance notice 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

Add Remove View

Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

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 4 - Marked Copies

Add Remove View

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

Add Remove View

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

Add Remove View

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 Proposed Rule Change

(a) Miami International Securities Exchange, LLC (“MIAX Options” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend MIAX Options Rule 518, Complex Orders, to reflect a new price protection feature, the Complex MIAX Options Price Collar.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Options Board of Directors of the Exchange on December 8, 2016. 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 change may be directed to Richard S. Rudolph, Vice President and Senior Counsel, at (609) 897-1484.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

In October 2016, the Exchange adopted rules governing the trading in, and detailing the functionality of the MIAX Options System³ in the handling of, complex orders on the Exchange.⁴ In order to further support the trading of complex orders on the Exchange, the Exchange is proposing to establish an additional price protection feature for complex orders, the Complex MIAX Options Price Collar (“MPC”). The proposed MPC price protection feature is designed to help maintain a fair and orderly market by helping to mitigate the potential risk of executions at prices that are extreme and potentially erroneous.

The MPC would prevent complex orders from automatically executing at potentially erroneous prices by establishing a price range outside of which a complex order will not be executed. Accordingly, the Exchange proposes to amend Rule 518(c)(1) by adding new subparagraph (iv), which will state that a complex order or eQuote (as defined in Interpretations and Policies .02 of Rule 518) will not be executed at a price that is outside of its MPC Price (as defined in proposed Interpretations and Policies .05(f) of the Rule) or its limit price.

The Exchange also proposes to amend Exchange Rule 518(c)(2)(ii) concerning prices at which complex orders are executed on the Exchange. Specifically, the Exchange proposes to amend Rule 518(c)(2)(ii) by adding to existing rule text that states that complex orders and quotes and are subject to the MPC price protection feature described in proposed Interpretations and Policies .05(f) of Rule 518.

³ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁴ See Securities Exchange Act Release No. 79072 (October 7, 2016), 81 FR 71131 (October 14, 2016)(SR-MIAX-2016-26).

Proposed Rule 518, Interpretations and Policies .05, Price and Other Protections, lists several features that protect and help Members manage their risk in the trading of complex orders on MIAX Options. Proposed new Interpretations and Policies .05(f) describes the MPC protection feature and its functionality.

The MPC price protection feature is an Exchange-wide price protection mechanism, meaning that it will apply to all options listed on the Exchange for which complex orders are traded.⁵ Under proposed Rule 518, Interpretations and Policies .05(f), a complex order or complex eQuote⁶ to sell will not be displayed or executed at a price that is lower than the opposite side Complex National Best Bid and Offer (“cNBBO”)⁷ bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in \$0.01 increments (the “MPC Setting”), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the “MPC Price”). A complex order or a portion of a complex order that cannot be executed at or within the MPC Price will be placed on the Strategy Book, or be cancelled if it

⁵ Only those complex orders in the classes designated by the Exchange and communicated to Members via Regulatory Circular with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis and communicated to Members via Regulatory Circular, are eligible for processing. See Exchange Rule 518(a)(5).

⁶ Market Maker complex quotes may be entered as either complex Standard quotes or complex eQuotes. A complex Standard quote is a complex quote submitted by a Market Maker that cancels and replaces the Market Maker’s previous complex Standard quote for that side of the strategy, if any. A complex eQuote is a complex quote submitted by a Market Maker with a specific time in force that does not automatically cancel and replace the Market Maker’s previous complex Standard quote or complex eQuote. See Exchange Rule 518, Interpretations and Policies .02(a)(2).

⁷ The cNBBO is calculated using the NBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy. For stock option orders, the cNBBO for a complex strategy will be calculated using the NBBO in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(2).

would otherwise be executed or placed on the Strategy Book at a price that is outside of the MPC Price. All complex orders and eQuotes are subject to the MPC price protection feature.

MPC Example #1 – Order cancelled due to price protection

The MPC Setting is \$0.05 through the opposite cNBBO at the time of receipt

The Displayed Complex MIAX Best Bid or Offer (dcMBBO) is \$1.00 x \$1.15

The Complex National Best Bid or Offer (cNBBO) is \$1.00 x \$1.07

A market order to buy 10 Strategies is received

The order's protected offer price (the MPC Price) is \$1.12 ($\$1.07 + \$0.05 = \1.12)

The MIAX Options Best Offer in the Strategy is \$1.15, however the order will not trade through its MPC Price (\$1.12) and is cancelled due to price protection

In order to account for changes in market conditions, volatility, outside events and other issues that affect the marketplace, the Exchange is proposing to make the MPC Setting configurable, subject to a minimum and maximum value that is expressed as a dollar amount. Proposed Rule 518, Interpretations and Policies .05(f)(2) would provide that the minimum MPC Setting is \$0.00 and the maximum MPC Setting is \$1.00, as determined by the Exchange and communicated to Members via Regulatory Circular. The MPC Setting will apply equally to all options listed on the Exchange in which complex orders are available, and will be the same dollar amount for both buy and sell transactions. The Exchange is proposing to adopt the MPC Setting as a specific dollar amount to be added to the cNBBO offer in the case of buy orders, and subtracted from the cNBBO bid in the case of sell orders.

The MPC price protection feature is similar to price protections that are currently operative on other exchanges,⁸ however the Exchange's proposal would establish a specific

⁸ See, e.g., Chicago Board Options Exchange, Inc. ("CBOE") Rule 6.53C.08(e); NASDAQ PHLX LLC ("Phlx") Rule 1098(h)(i). The instant MIAX proposal is similar to each of these rules, with slight differences as described in detail in Section 8 below. It

dollar amount, rather than a percentage, as the MPC Setting. The Exchange believes that it is more efficient to establish the MPC Setting as a specific Exchange-wide dollar amount because percentages can grow very large or very small on a relative basis depending on the price of the order or the size of the bid/ask spread. For instance, a 10% MPC Setting through a \$0.09 offer is \$0.009, not even one minimum increment in a penny class, whereas a 10% MPC Setting through a \$25.00 offer is \$2.50 or 250 minimum increments through the offer in a penny class (25 minimum increments through the offer in a class where the increment is \$0.10). The Exchange believes that the establishment of a percentage, rather than a dollar amount, could render the MPC price protection feature less effective at relatively low or high prices, especially taking into account the different trading increments that apply, depending upon the price. Therefore, the Exchange has determined to establish the MPC Setting as a dollar amount.

Proposed Rule 518.05(f)(3) states that the MPC Price is established (i) upon receipt of the complex order or eQuote during free trading,⁹ or (ii) if the complex order or eQuote is not received during free trading: (A) at the beginning of a Complex Auction; (B) at the opening (or reopening following a halt) of trading in the complex strategy; or (C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Exchange Rule 518, Interpretations and Policies .05(e)(1)¹⁰ of this Rule, no longer exists. Once established, the MPC

is also substantially similar to current Exchange rules concerning price protection of simple orders as described below, under which market participants may specify the level of price protection by the number of price-points at which an order may trade. See Exchange Rule 515(c)(1).

⁹ The term “free trading” means trading that occurs during a trading session other than: (i) at the opening or re-opening for trading following a halt, or (ii) during the Complex Auction Process (as described in Rule 518(d)). See Exchange Rule 518(a)(10).

¹⁰ A “wide market condition” is defined as any individual component of a complex strategy having, at the time of evaluation, an MBBO quote width that is wider than the permissible valid quote width as defined in Rule 603(b)(4). See Exchange Rule 518.05(e)(1).

Price will not change during the life of the complex order.¹¹ The purpose of this provision is to ensure that the MPC Price is established against the opposite side of the market (using the cNBBO) at the time the order is evaluated by the System either, as stated above, upon receipt or pursuant to the enumerated conditions in proposed Rule 518.05(f)(3)(ii) giving rise to the commencement or re-commencement of trading. By establishing this limit only one time and retaining it for the life of the order, the Exchange believes that it preserves the added systemic value of price protection and de facto drill-through protection for the order or quote measured against the opposite side cNBBO at or near its initial execution price.

If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price, and (B) may be subject to the managed interest process described in Rule 518(c)(4).

In addition to the proposed amendments relating to the MPC, proposed amended Rule 518(c)(4) is intended to address the situation in which a complex order is priced more aggressively than the icMBBO in the managed interest process. Specifically, should the Implied Complex MIAX Best Bid or Offer ("icMBBO")¹² change, the complex order's book and display

¹¹ Complex orders (and unexecuted portions of complex orders) with a time-in-force of Good Til Cancelled ("GTC") will retain their initial MPC Price in the System until executed or cancelled.

¹² The icMBBO is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and nondisplayed trading interest. For stock-option orders, the icMBBO for a complex strategy will be calculated using the best price (whether displayed or non-displayed) on the Simple Order Book in

price will, as today, continuously re-price to the new icMBBO until the complex order has been executed in its entirety. Under the proposal, if not executed, the complex order's book and display price will continuously re-price to the new icMBBO until the complex order has been placed on the Strategy Book at prices up to and including its limit price or, in the case of a complex market order or a limit order that is priced more aggressively than the new icMBBO (i.e., lower than the icMBBO bid for an order to sell or higher than the icMBBO offer for an order to buy), at the new icMBBO.

The cancellation in this circumstance would apply only if the MPC Price is priced less aggressively than the limit price because the System will not place complex orders on the Strategy Book at a price that is through the MPC Price. Once the MPC Price would be exceeded, any unexecuted portion is cancelled back to the submitting participant so the submitting participant can decide how they would like to proceed with the order once it has reached its MPC Price and contracts remain to be executed. The purpose of this provision is to ensure that the Exchange will not display a complex order at a price at which it would never be executed (i.e., outside of the MPC Price).

If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote, (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described

the individual option component(s), and the NBBO in the stock component. See Exchange Rule 518(a)(11).

in Rule 518(c)(4), or placed on the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.¹³

MPC Example #2 – Order is managed as part of the managed interest process

The MPC Setting is \$0.05 through the opposite cNBBO at the time of receipt

The dcMBBO is \$1.00 x \$1.10

The icMBBO is also \$1.00 x \$1.10

The cNBBO is \$1.00 x \$1.07

A market order to buy 10 Strategies is received. The Strategy is not eligible for legging.

The MPC Price is \$1.12 ($\$1.07 + \$0.05 = \1.12)

The order is placed on the Strategy Book and managed to the icMBBO offer of \$1.10

The offer remains displayed at the dcMBBO of \$1.10

The Exchange is also proposing to include the MPC Price as part of the evaluation process undertaken by the System upon receipt of a complex order. In order to account for such an evaluation by the System, the Exchange proposes to amend current Rule 518(c)(5)(i), Evaluation Upon Receipt During Trading, to state that, in addition to the other factors the System evaluates upon receipt of a complex order, the System will also evaluate and determine the complex order's MPC Price.

The Exchange believes that the proposed MPC Price and MPC Setting will enhance the ability of MIAX participants to mitigate the potential risk of executions at prices that are extreme and potentially erroneous, and thus better manage their risk tolerance levels.

The Exchange will announce the implementation date of the proposed rule change by Regulatory Circular to be published no later than 60 days following the operative date of the

¹³ A complex eQuote is either a Complex Auction or Cancel eQuote (“cAOC eQuote”) or a Complex Immediate or Cancel eQuote (“cIOC eQuote”). See Exchange Rule 518, Interpretations and Policies .02(c). Because an eQuote has a time-in-force of IOC, the unexecuted portion of an eQuote would be cancelled if not executed immediately.

proposed rule. The implementation date will be no later than 60 days following the issuance of the Regulatory Circular.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁵ in particular, in that it is designed to 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, facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest, and it is not designed to permit unfair discrimination among customers, brokers, or dealers.

The Exchange believes that the proposed MIAX Options Price Collar is consistent with the Act because it is designed 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, by avoiding execution of complex orders at prices that are significantly away from the cNBBO at the time the MPC Price is initially established pursuant to proposed Rule 518.05(f)(3). The Exchange believes that the cNBBO provides reasonable guidance with respect to the current value of a complex order.

The Exchange further believes that the proposed MPC price protection parameters and mechanisms for orders and quotes protect investors and the public interest in that they are reasonably designed to provide MIAX Options participants with additional tools to assist them in managing their risk exposure. Specifically, the proposed MPC Price and MPC Setting should

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

help MIAX Options participants mitigate the potential risks associated with entering complex orders or eQuotes that result in the execution of contracts at prices that are the result of extremely volatile market conditions that were not present at the time of receipt or evaluation of the complex order or eQuote.

The Exchange believes that the proposed amendments to Exchange Rule 518(c)(4) is designed to protect investors and the public interest because those amendments ensure that the MPC provides price protection in the managed interest process in the situation where a complex limit order is priced more aggressively than the icMBBO, in the same manner as a complex market order.

Additionally, the proposed MPC Price and MPC Setting are designed to remove impediments to and perfect the mechanisms of a free and open market and a national market system and by helping MIAX Options participants avoid executions at extreme and erroneous prices that may result from, for example, technology issues with the MIAX Options participant's electronic trading system. To this extent, the MPC Price and MPC Setting may help act as a backstop to the MIAX Options participant's own controls and provide an additional layer of protection.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Complex MIAX Options Price Collar is available to all participants trading complex orders, and should provide MIAX Options participants with additional price protection from extreme and erroneous executions. Thus, the Exchange does not believe the proposal creates any significant impact on competition.

Additionally, respecting intra-market competition, the proposed MIAX Options Price Collar enhances competition because it is similar to price protections on other exchanges,¹⁶ and thus should enable the Exchange to compete for order flow by ensuring the same or similar protection.

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

The Exchange does not consent to an extension of the time period for Commission action.

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) of the Act¹⁷ and Rule 19b-4(f)(6)¹⁸ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the proposed rule change does not raise any new regulatory issues, and is substantially similar to rules that are currently operative on other exchanges,¹⁹ and

¹⁶ See supra note 8.

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f)(6).

¹⁹ See supra note 8.

that are currently operative on the Exchange with respect to the simple market.²⁰ The Exchange also notes that the proposed amendments to Rule 518(c)(4) are “non-controversial” because they simply address the System’s handling of a complex order’s book and display price, which will continuously re-price to the new icMBBO until the complex order has been executed in its entirety. The proposed amendments to Exchange Rule 518(c)(4) ensure that the MPC provides price protection in the managed interest process for aggressively priced limit orders in the same manner in which it protects the pricing of complex market orders. As such, the proposal does not significantly affect the protection of investors or the public interest; on the contrary, the proposal is designed to enhance the protection of investors and the public interest by safeguarding against the possibility of potentially extreme and erroneous execution prices. Accordingly, the Exchange believes that the proposed rule change is eligible for immediately effective treatment under the Commission’s current procedures for processing rule filings.

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. MIAX Options has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act²¹ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)²² permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

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

²⁰ Id. See also, Exchange Rule 515(c)(1).

²¹ 17 CFR 240.19b-4(f)(6).

²² 17 CFR 240.19b-4(f)(6).

action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposed rule change is based on CBOE Rule 6.53C.08(e) and Phlx Rule 1098(h)(i), with slight distinctions.²³

For example, CBOE 6.53C.08(e) applies a “Percentage Distance Parameter” on an order that is marketable if, following Complex Order Auction (COA), the execution would be at a price that is not within an acceptable percentage distance from the derived net price of the individual series legs that existed at the start of the COA. This differs slightly from the instant MIAX Options proposal because the MIAX Options proposal is based upon the cNBBO at the time of evaluation²⁴ and is calculated as a specific dollar amount, and not as a percentage.

NASDAQ PHLX LLC (“Phlx”) Rule 1098(h)(i) also applies an Acceptable Complex Execution (“ACE”) Parameter, which is a price range (a percentage or number) outside of which a Complex Order will not be executed.²⁵ This differs slightly from the MPC Setting, which is

²³ See supra note 8.

²⁴ The MPC Price is established (i) upon receipt of the complex order or eQuote during free trading, or (ii) if the complex order or eQuote is not received during free trading: (A) at the beginning of a Complex Auction; (B) at the opening (or reopening following a halt) of trading in the complex strategy; or (C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e) of this Rule, no longer exists. Once established, the MPC Price will not change during the life of the complex order. See proposed Rule 518, Interpretations and Policies .05(f)(3).

²⁵ The ACE Parameter is either a percentage or number defined by Phlx and may be set at a different percentage or number for Complex Orders where one of the components is the underlying security. The ACE Parameter price range is based on the cNBBO at the time an order would be executed. A Complex Order to sell will not be executed at a price that is lower than the cNBBO bid by more than the ACE Parameter. A Complex Order to buy will not be executed at a price that is higher than the cNBBO offer by more than the ACE Parameter. A Complex Order or a portion of a Complex Order that cannot be executed

simply a fixed dollar amount outside of, and not a percentage of, the cNBBO.

The Exchange notes that the proposed rule change closely mirrors similar price protections in place on the Exchange with respect to simple orders. A small difference is that Exchange Rule 515(c), applicable to simple orders, establishes price protections in increments of a set number of Minimum Price Variations (“MPVs”), while the MPC Setting is established as a dollar amount. In both rules, protected orders may be subject to the managed interest process.

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. Text of the proposed rule change.

within the ACE Parameter pursuant to the Phlx rule will be placed on the CBOOK. See Phlx Rule 1098(h)(i).

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2017-06)

February __, 2017

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend MIAX Options Rule 518, Complex Orders, to Establish the Complex MIAX Options Price Collar (“MPC”)

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 14, 2017, Miami International Securities Exchange, LLC (“MIAX Options” 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 MIAX Options Rule 518, Complex Orders, to reflect a new price protection feature, the Complex MIAX Options Price Collar.

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

In October 2016, the Exchange adopted rules governing the trading in, and detailing the functionality of the MIAX Options System³ in the handling of, complex orders on the Exchange.⁴ In order to further support the trading of complex orders on the Exchange, the Exchange is proposing to establish an additional price protection feature for complex orders, the Complex MIAX Options Price Collar (“MPC”). The proposed MPC price protection feature is designed to help maintain a fair and orderly market by helping to mitigate the potential risk of executions at prices that are extreme and potentially erroneous.

The MPC would prevent complex orders from automatically executing at potentially erroneous prices by establishing a price range outside of which a complex order will not be executed. Accordingly, the Exchange proposes to amend Rule 518(c)(1) by adding new subparagraph (iv), which will state that a complex order or eQuote (as defined in Interpretations and Policies .02 of Rule 518) will not be executed at a price that is outside of its MPC Price (as defined in proposed Interpretations and Policies .05(f) of the Rule) or its limit price.

The Exchange also proposes to amend Exchange Rule 518(c)(2)(ii) concerning prices at which complex orders are executed on the Exchange. Specifically, the Exchange proposes to amend Rule 518(c)(2)(ii) by adding to existing rule text that states that complex orders and

³ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁴ See Securities Exchange Act Release No. 79072 (October 7, 2016), 81 FR 71131 (October 14, 2016)(SR-MIAX-2016-26).

quotes and are subject to the MPC price protection feature described in proposed Interpretations and Policies .05(f) of Rule 518.

Proposed Rule 518, Interpretations and Policies .05, Price and Other Protections, lists several features that protect and help Members manage their risk in the trading of complex orders on MIAX Options. Proposed new Interpretations and Policies .05(f) describes the MPC protection feature and its functionality.

The MPC price protection feature is an Exchange-wide price protection mechanism, meaning that it will apply to all options listed on the Exchange for which complex orders are traded.⁵ Under proposed Rule 518, Interpretations and Policies .05(f), a complex order or complex eQuote⁶ to sell will not be displayed or executed at a price that is lower than the opposite side Complex National Best Bid and Offer (“cNBBO”)⁷ bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in \$0.01 increments (the “MPC Setting”), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting

⁵ Only those complex orders in the classes designated by the Exchange and communicated to Members via Regulatory Circular with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis and communicated to Members via Regulatory Circular, are eligible for processing. See Exchange Rule 518(a)(5).

⁶ Market Maker complex quotes may be entered as either complex Standard quotes or complex eQuotes. A complex Standard quote is a complex quote submitted by a Market Maker that cancels and replaces the Market Maker’s previous complex Standard quote for that side of the strategy, if any. A complex eQuote is a complex quote submitted by a Market Maker with a specific time in force that does not automatically cancel and replace the Market Maker’s previous complex Standard quote or complex eQuote. See Exchange Rule 518, Interpretations and Policies .02(a)(2).

⁷ The cNBBO is calculated using the NBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy. For stock option orders, the cNBBO for a complex strategy will be calculated using the NBBO in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(2).

(each the “MPC Price”). A complex order or a portion of a complex order that cannot be executed at or within the MPC Price will be placed on the Strategy Book, or be cancelled if it would otherwise be executed or placed on the Strategy Book at a price that is outside of the MPC Price. All complex orders and eQuotes are subject to the MPC price protection feature.

MPC Example #1 – Order cancelled due to price protection

The MPC Setting is \$0.05 through the opposite cNBBO at the time of receipt

The Displayed Complex MIAX Best Bid or Offer (dcMBBO) is \$1.00 x \$1.15

The Complex National Best Bid or Offer (cNBBO) is \$1.00 x \$1.07

A market order to buy 10 Strategies is received

The order’s protected offer price (the MPC Price) is \$1.12 ($\$1.07 + \$0.05 = \1.12)

The MIAX Options Best Offer in the Strategy is \$1.15, however the order will not trade through its MPC Price (\$1.12) and is cancelled due to price protection

In order to account for changes in market conditions, volatility, outside events and other issues that affect the marketplace, the Exchange is proposing to make the MPC Setting configurable, subject to a minimum and maximum value that is expressed as a dollar amount. Proposed Rule 518, Interpretations and Policies .05(f)(2) would provide that the minimum MPC Setting is \$0.00 and the maximum MPC Setting is \$1.00, as determined by the Exchange and communicated to Members via Regulatory Circular. The MPC Setting will apply equally to all options listed on the Exchange in which complex orders are available, and will be the same dollar amount for both buy and sell transactions. The Exchange is proposing to adopt the MPC Setting as a specific dollar amount to be added to the cNBBO offer in the case of buy orders, and subtracted from the cNBBO bid in the case of sell orders.

The MPC price protection feature is similar to price protections that are currently operative on other exchanges,⁸ however the Exchange’s proposal would establish a specific

⁸ See, e.g., Chicago Board Options Exchange, Inc. (“CBOE”) Rule 6.53C.08(e);

dollar amount, rather than a percentage, as the MPC Setting. The Exchange believes that it is more efficient to establish the MPC Setting as a specific Exchange-wide dollar amount because percentages can grow very large or very small on a relative basis depending on the price of the order or the size of the bid/ask spread. For instance, a 10% MPC Setting through a \$0.09 offer is \$0.009, not even one minimum increment in a penny class, whereas a 10% MPC Setting through a \$25.00 offer is \$2.50 or 250 minimum increments through the offer in a penny class (25 minimum increments through the offer in a class where the increment is \$0.10). The Exchange believes that the establishment of a percentage, rather than a dollar amount, could render the MPC price protection feature less effective at relatively low or high prices, especially taking into account the different trading increments that apply, depending upon the price. Therefore, the Exchange has determined to establish the MPC Setting as a dollar amount.

Proposed Rule 518.05(f)(3) states that the MPC Price is established (i) upon receipt of the complex order or eQuote during free trading,⁹ or (ii) if the complex order or eQuote is not received during free trading: (A) at the beginning of a Complex Auction; (B) at the opening (or reopening following a halt) of trading in the complex strategy; or (C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Exchange Rule 518, Interpretations and Policies .05(e)(1)¹⁰ of this Rule, no longer exists. Once established, the MPC

NASDAQ PHLX LLC (“Phlx”) Rule 1098(h)(i). The instant MIAX proposal is similar to each of these rules, with slight differences as described in detail in Section 8 below. It is also substantially similar to current Exchange rules concerning price protection of simple orders as described below, under which market participants may specify the level of price protection by the number of price-points at which an order may trade. See Exchange Rule 515(c)(1).

⁹ The term “free trading” means trading that occurs during a trading session other than: (i) at the opening or re-opening for trading following a halt, or (ii) during the Complex Auction Process (as described in Rule 518(d)). See Exchange Rule 518(a)(10).

¹⁰ A “wide market condition” is defined as any individual component of a complex strategy

Price will not change during the life of the complex order.¹¹ The purpose of this provision is to ensure that the MPC Price is established against the opposite side of the market (using the cNBBO) at the time the order is evaluated by the System either, as stated above, upon receipt or pursuant to the enumerated conditions in proposed Rule 518.05(f)(3)(ii) giving rise to the commencement or re-commencement of trading. By establishing this limit only one time and retaining it for the life of the order, the Exchange believes that it preserves the added systemic value of price protection and de facto drill-through protection for the order or quote measured against the opposite side cNBBO at or near its initial execution price.

If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price, and (B) may be subject to the managed interest process described in Rule 518(c)(4).

In addition to the proposed amendments relating to the MPC, proposed amended Rule 518(c)(4) is intended to address the situation in which a complex order is priced more aggressively than the icMBBO in the managed interest process. Specifically, should the Implied Complex MIAX Best Bid or Offer ("icMBBO")¹² change, the complex order's book and display

having, at the time of evaluation, an MBBO quote width that is wider than the permissible valid quote width as defined in Rule 603(b)(4). See Exchange Rule 518.05(e)(1).

¹¹ Complex orders (and unexecuted portions of complex orders) with a time-in-force of Good Til Cancelled ("GTC") will retain their initial MPC Price in the System until executed or cancelled.

¹² The icMBBO is a calculation that uses the best price from the Simple Order Book for

price will, as today, continuously re-price to the new icMBBO until the complex order has been executed in its entirety. Under the proposal, if not executed, the complex order's book and display price will continuously re-price to the new icMBBO until the complex order has been placed on the Strategy Book at prices up to and including its limit price or, in the case of a complex market order or a limit order that is priced more aggressively than the new icMBBO (i.e., lower than the icMBBO bid for an order to sell or higher than the icMBBO offer for an order to buy), at the new icMBBO.

The cancellation in this circumstance would apply only if the MPC Price is priced less aggressively than the limit price because the System will not place complex orders on the Strategy Book at a price that is through the MPC Price. Once the MPC Price would be exceeded, any unexecuted portion is cancelled back to the submitting participant so the submitting participant can decide how they would like to proceed with the order once it has reached its MPC Price and contracts remain to be executed. The purpose of this provision is to ensure that the Exchange will not display a complex order at a price at which it would never be executed (i.e., outside of the MPC Price).

If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote, (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described

each component of a complex strategy including displayed and nondisplayed trading interest. For stock-option orders, the icMBBO for a complex strategy will be calculated using the best price (whether displayed or non-displayed) on the Simple Order Book in the individual option component(s), and the NBBO in the stock component. See Exchange Rule 518(a)(11).

in Rule 518(c)(4), or placed on the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.¹³

MPC Example #2 – Order is managed as part of the managed interest process

The MPC Setting is \$0.05 through the opposite cNBBO at the time of receipt

The dcMBBO is \$1.00 x \$1.10

The icMBBO is also \$1.00 x \$1.10

The cNBBO is \$1.00 x \$1.07

A market order to buy 10 Strategies is received. The Strategy is not eligible for legging.

The MPC Price is \$1.12 ($\$1.07 + \$0.05 = \1.12)

The order is placed on the Strategy Book and managed to the icMBBO offer of \$1.10

The offer remains displayed at the dcMBBO of \$1.10

The Exchange is also proposing to include the MPC Price as part of the evaluation process undertaken by the System upon receipt of a complex order. In order to account for such an evaluation by the System, the Exchange proposes to amend current Rule 518(c)(5)(i), Evaluation Upon Receipt During Trading, to state that, in addition to the other factors the System evaluates upon receipt of a complex order, the System will also evaluate and determine the complex order's MPC Price.

The Exchange believes that the proposed MPC Price and MPC Setting will enhance the ability of MIAX participants to mitigate the potential risk of executions at prices that are extreme and potentially erroneous, and thus better manage their risk tolerance levels.

The Exchange will announce the implementation date of the proposed rule change by Regulatory Circular to be published no later than 60 days following the operative date of the

¹³ A complex eQuote is either a Complex Auction or Cancel eQuote (“cAOC eQuote”) or a Complex Immediate or Cancel eQuote (“cIOC eQuote”). See Exchange Rule 518, Interpretations and Policies .02(c). Because an eQuote has a time-in-force of IOC, the unexecuted portion of an eQuote would be cancelled if not executed immediately.

proposed rule. The implementation date will be no later than 60 days following the issuance of the Regulatory Circular.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁵ in particular, in that it is designed to 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 mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest, and it is not designed to permit unfair discrimination among customers, brokers, or dealers.

The Exchange believes that the proposed MIAX Options Price Collar is consistent with the Act because it is designed 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, by avoiding execution of complex orders at prices that are significantly away from the cNBBO at the time the MPC Price is initially established pursuant to proposed Rule 518.05(f)(3). The Exchange believes that the cNBBO provides reasonable guidance with respect to the current value of a complex order.

The Exchange further believes that the proposed MPC price protection parameters and mechanisms for orders and quotes protect investors and the public interest in that they are reasonably designed to provide MIAX Options participants with additional tools to assist them in managing their risk exposure. Specifically, the proposed MPC Price and MPC Setting should

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

help MIAX Options participants mitigate the potential risks associated with entering complex orders or eQuotes that result in the execution of contracts at prices that are the result of extremely volatile market conditions that were not present at the time of receipt or evaluation of the complex order or eQuote.

The Exchange believes that the proposed amendments to Exchange Rule 518(c)(4) is designed to protect investors and the public interest because those amendments ensure that the MPC provides price protection in the managed interest process in the situation where a complex limit order is priced more aggressively than the icMBBO, in the same manner as a complex market order.

Additionally, the proposed MPC Price and MPC Setting are designed to remove impediments to and perfect the mechanisms of a free and open market and a national market system and by helping MIAX Options participants avoid executions at extreme and erroneous prices that may result from, for example, technology issues with the MIAX Options participant's electronic trading system. To this extent, the MPC Price and MPC Setting may help act as a backstop to the MIAX Options participant's own controls and provide an additional layer of protection.

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 that is not necessary or appropriate in furtherance of the purposes of the Act.

The Complex MIAX Options Price Collar is available to all participants trading complex orders, and should provide MIAX Options participants with additional price protection from extreme and erroneous executions. Thus, the Exchange does not believe the proposal creates any significant impact on competition.

Additionally, respecting intra-market competition, the proposed MIAX Options Price Collar enhances competition because it is similar to price protections on other exchanges,¹⁶ and thus should enable the Exchange to compete for order flow by ensuring the same or similar protection.

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 Act¹⁷ and Rule 19b-4(f)(6)¹⁸ 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.

¹⁶ See supra note 8.

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 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.

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-2017-06 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MIAX-2017-06. This file number should be included on the subject line if e-mail 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 Web site (<http://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 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-MIAX-2017-06 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Brent J. Fields
Secretary

¹⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined;
Deleted text is in [brackets]

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC RULES

Rule 518. Complex Orders

(a) - (b) No change.

(c) **Trading of Complex Orders and Quotes.** The Exchange will determine and communicate to Members via Regulatory Circular which complex order origin types (i.e., non-broker-dealer customers, broker-dealers that are not Market Makers on an options exchange, and/or Market Makers on an options exchange) are eligible for entry onto the Strategy Book. Complex orders and quotes will be subject to all other Exchange Rules that pertain to orders and quotes generally, unless otherwise provided in this Rule 518.

(1) Minimum Increments and Trade Prices.

(i) - (iii) No change.

(iv) A complex order or eQuote (as defined in Interpretations and Policies .02 of this Rule) will not be executed at a price that is outside of its MPC Price (as defined in Interpretations and Policies .05(f) of this Rule) or its limit price.

(2) Execution of Complex Orders and Quotes.

(i) No change.

(ii) **Prices for Complex Strategy Executions.** Incoming complex orders and quotes will be executed by the System in accordance with the provisions set forth herein, and will not be executed at prices inferior to the icMBBO or at a price that is equal to the icMBBO when there is a Priority Customer Order (as defined in Rule 100) at the best icMBBO price. Complex orders will never be executed at a price that is outside of the individual component prices on the Simple Order Book, and the net price of a complex order executed against another complex order on the Strategy Book will never be inferior to the price that would be available if the complex order legged into the Simple Order Book. Incoming complex orders that could not be executed because the executions would be priced (A) outside of the icMBBO, or (B) equal to or through the icMBBO due to a Priority Customer Order at the best icMBBO price, will be cancelled if such complex orders are not eligible to be placed on the Strategy Book. Complex orders and quotes will be executed without consideration of any prices for the complex strategy that might be available on other exchanges trading the same options contracts provided,

however, that such complex order price may be subject to the Implied Exchange Away Best Bid or Offer (“ixABBO”) Protection described in Interpretations and Policies .05(d) of this Rule, and are subject to the MPC price protection feature described in Interpretations and Policies .05(f) of this Rule.

(iii) – (v) No change.

(3) No change.

(4) **Managed Interest Process for Complex Orders.** Complex orders will not be routed outside of the Exchange regardless of prices displayed by away markets. The managed interest process for complex orders will be based upon the icMBBO (as defined in subparagraph (a)(11) above).

(i) No change.

(ii) Should the icMBBO change, the complex order’s book and display price will continuously re-price to the new icMBBO until (A) the complex order has been executed in its entirety; (B) if not executed, the complex order has been placed on the Strategy Book at prices up to and including its limit price or, in the case of a complex market order or a limit order that is priced more aggressively than the new icMBBO (i.e., lower than the icMBBO bid for an order to sell or higher than the icMBBO offer for an order to buy), at the new icMBBO; (C) the complex order has been partially executed and remaining unexecuted contracts have been placed on the Strategy Book at prices up to and including their limit price or, in the case of a complex market order or a limit order that is priced more aggressively than the new icMBBO, at the new icMBBO; or (D) the complex order or any remaining portion of the complex order is cancelled. If the Exchange receives a new complex order or quote for the complex strategy on the opposite side of the market from the managed complex order that can be executed, the System will immediately execute the remaining contracts from the managed complex order to the extent possible at the complex order’s current book and display price, provided that the execution price is not outside of the current icMBBO. If unexecuted contracts remain from the complex order on the Strategy Book, the complex order’s size will be revised and disseminated to reflect the complex order’s remaining contracts at its current managed book and display price.

(5) **Evaluation Process.** The Strategy Book is evaluated upon receipt of a new complex order or quote, and is evaluated continually thereafter by the System.

(i) **Evaluation Upon Receipt During Trading.** After a complex strategy is open for trading, all new complex orders and quotes that are received for the complex strategy are evaluated upon arrival. The System will determine if such complex orders are Complex Auction-eligible orders, using the process and criteria described in Interpretations and Policies .03(b) of this Rule regarding the Upon Receipt Improvement Percentage (“URIP”). The System will also evaluate (A) whether such complex orders or quotes are eligible for full or partial

execution against a complex order or quote resting on the Strategy Book; (B) whether such complex orders or quotes are eligible for full or partial execution through Legging with the Simple Order Book (as described in Rule 518(c)(2)(iii)); (C) whether all or any remaining portion of a complex order or quote should be placed on the Strategy Book; (D) whether a derived order should be generated or cancelled; (E) the eligibility of such complex orders and quotes (as applicable) to participate in the managed interest process as described in subparagraph (c)(4) above; [and] (F) whether such complex orders should be cancelled; and (G) the MPC Price.

(ii) – (iv) No change.

(6) No change.

(d) No change.

Interpretations and Policies:

.01. - .04 No change.

.05. Price and Other Protections

(a) – (e) No change.

(f) Complex MIAX Options Price Collar Protection. The Complex MIAX Price Collar (“MPC”) price protection feature is an Exchange-wide price protection mechanism under which a complex order or eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in \$0.01 increments (the “MPC Setting”), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the “MPC Price”).

(1) All complex orders, together with cAOC eQuotes and cIOC eQuotes (as defined in Interpretations and Policies .02(c)(1) and (2) of this Rule) (collectively, eQuotes”), are subject to the MPC price protection feature.

(2) The minimum MPC Setting is \$0.00 and the maximum MPC Setting is \$1.00, as determined by the Exchange and communicated to Members via Regulatory Circular. The MPC Setting will apply equally to all options listed on the Exchange in which complex orders are available, and will be the same dollar amount for both buy and sell transactions.

(3) The MPC Price is established (i) upon receipt of the complex order or eQuote during free trading, or (ii) if the complex order or eQuote is not received during free

trading: (A) at the beginning of a Complex Auction; (B) at the opening (or reopening following a halt) of trading in the complex strategy; or (C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists. Once established, the MPC Price will not change during the life of the complex order or eQuote.

(4) If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price, and (B) may be subject to the managed interest process described in Rule 518(c)(4).

(5) If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described in Rule 518(c)(4), or placed on the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.

.06. No change.
