

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-81252; File No. SR-MIAX-2017-36)

July 28, 2017

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt a New Type of MIAX Express Interface Port Known as a Purge Port, to Amend MIAX Options Rule 519C, Mass Cancellation of Trading Interest, to Adopt a New Purge Message, and to Amend its Fee Schedule to Adopt Fees for Purge Ports

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 July 24, 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 and II 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 519C, Mass Cancellation of Trading Interest, to adopt new rule text to reflect the proposed Purge Port functionality, as well as to make clarifying changes to existing rule text to more accurately describe current functionality, and to reorganize the rule for ease of reference. The Exchange is also proposing to amend its Fee Schedule to adopt fees for Purge Ports.

The text of the proposed changes to Exchange Rule 519C is attached as Exhibit 5A. The proposed changes to the Fee Schedule are attached as Exhibit 5B. 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.

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

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

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 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 offer Market Makers<sup>3</sup> that connect to the Exchange using the MIAX Express Interface (“MEI”)<sup>4</sup> a new type of connection port, named Purge Ports, to be used as dedicated ports for sending purge messages to the Exchange. The Exchange also proposes to amend its Fee Schedule to identify and adopt fees for Purge Ports. Finally, the Exchange proposes to amend Exchange Rule 519C, Mass Cancellation of Trading Interest, to adopt new rule text to reflect the proposed Purge Port functionality, as well as to make clarifying changes to existing rule text to more accurately describe current functionality, and to reorganize the rule for ease of reference.

Market Makers connect to the Exchange’s System<sup>5</sup> via their assigned MEI ports.

Currently, the Exchange offers Market Makers two different types of MEI port connections. The

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<sup>3</sup> The term “Market Makers” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.

<sup>4</sup> MIAX Express Interface is a connection to MIAX systems that enables Market Makers to submit simple and complex electronic quotes to MIAX. See MIAX Options Fee Schedule, Section 5)d)ii), footnote 26.

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

first is a Full Service Port<sup>6</sup> which supports all message types, and the other is a Limited Service Port<sup>7</sup> which provides slightly less functionality. The Exchange limits Market Makers to two (2) Full Service Ports and allows up to eight (8) Limited Service Ports per MIAX matching engine.<sup>8</sup>

The proposed Purge Ports are a new, optional, third type of MEI port dedicated solely to handling purge messages which would enable a Market Maker, by MPID, to remove all or a subset of its (i) quotations<sup>9</sup> in the System and block all or a subset of new inbound quotations

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<sup>6</sup> Full Service MEI Ports provide Market Makers with the ability to send Market Maker simple and complex quotes, eQuotes, and quote purge messages to the MIAX System. Full Service MEI Ports are also capable of receiving administrative information. Market Makers are limited to two Full Service MEI Ports per matching engine. See MIAX Options Fee Schedule, Section 5)d)ii), footnote 27.

<sup>7</sup> Limited Service MEI Ports provide Market Makers with the ability to send simple and complex eQuotes and quote purge messages only, but not Market Maker Quotes, to the MIAX System. Limited Service MEI Ports are also capable of receiving administrative information. Market Makers initially receive two Limited Service MEI Ports per matching engine. See MIAX Options Exchange Fee Schedule, Section 5)d)ii), footnote 28.

<sup>8</sup> A “matching engine” is a part of the MIAX electronic system that processes options quotes and trades on a symbol-by-symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one single matching engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines. See MIAX Options Exchange Fee Schedule, Section 5)d)ii), footnote 29.

<sup>9</sup> The term “quote” or “quotation” means a bid or offer entered by a Market Maker that is firm and may update the Market Maker’s previous quote, if any. The Rules of the Exchange provide for the use of different types of quotes, including Standard quotes and eQuotes, as more fully described in Rule 517. A Market Maker may, at times, choose to have multiple types of quotes active in an individual option. See Exchange Rule 100.

from being received;<sup>10</sup> or (ii) Standard quotations<sup>11</sup> in the System and block all or a subset of new inbound Standard quotations from being received.<sup>12</sup> Sending a purge message pursuant to (ii) above will not remove or block eQuotes,<sup>13</sup> which are a specific type of quotation that allows the Market Maker to continue to provide targeted liquidity to the market and to interact with Public Customer<sup>14</sup> orders. When quotes have been purged pursuant to (i) or (ii) above,<sup>15</sup> the block will remain in effect until the Market Maker requests that the Exchange remove the block.

The purge messages described above may be sent via any type of MEI port, however, purge messages received on the proposed Purge Ports will be handled by the System in a way that ensures minimum possible latency (as Purge Ports solely process purge messages, as opposed to Full Service MEI Ports and Limited Service MEI Ports, which also process additional message types), thereby providing Market Makers with a faster, more efficient means to have

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<sup>10</sup> A Market Maker currently has the ability to send a purge message to remove all or a subset of its quotations and block all or a subset of its new inbound quotations via its MEI port or by request to the Exchange's Help Desk. That ability is not changing with this proposal. What is changing with this proposal is the ability of a Market Maker to send that purge message via the proposed Purge Ports.

<sup>11</sup> A Standard quote is a quote submitted by a Market Maker that cancels and replaces the Market Maker's previous Standard quote, if any. See Exchange Rule 517(a)(1).

<sup>12</sup> The Exchange is introducing a new purge message that will remove all or a subset of a Market Maker's Standard quotations and block all or a subset of its new inbound Standard quotations. This request may only be sent electronically via a Market Maker's existing MEI port, or via the new proposed Purge Ports.

<sup>13</sup> An eQuote is a quote with a specific time in force that does not automatically cancel and replace a previous Standard quote or eQuote. An eQuote can be cancelled by the Market Maker at any time, or can be replaced by another eQuote that contains specific instructions to cancel an existing eQuote. See Exchange Rule 517(a)(2).

<sup>14</sup> The term "Public Customer" means a person that is not a broker or dealer in securities. See Exchange Rule 100.

<sup>15</sup> The Exchange notes that there is no mass cancellation functionality available to remove eQuotes only and block new inbound eQuotes.

their quotes removed from the System, which will provide Market Makers with an enhanced level of risk protection.

The proposed Purge Ports are designed to assist Market Makers in the management of, and risk control over, their quotes, particularly if the Market Maker is quoting a large number of options. For example, if a Market Maker detects market indications that may influence the direction or bias of its quotes, the Market Maker may use the proposed Purge Ports to reduce uncertainty and to manage risk by purging all quotes in a number of options seamlessly to avoid unintended executions, while continuing to evaluate the direction of the market.

The Exchange also proposes to amend Section 5)d)ii) of its Fee Schedule to identify and adopt fees for Purge Ports. The Exchange currently assesses monthly MEI Port fees on Market Makers based upon the number of matching engines used by the Market Maker. Market Makers are allocated two (2) Full Service MEI Ports and two (2) Limited Service MEI Ports per matching engine to which they connect.

The Exchange currently assesses the following MEI Port fees: (i) \$5,000 for Market Maker Assignments in up to 5 option classes or up to 10% of option classes by volume; (ii) \$10,000 for Market Maker Assignments in up to 10 option classes or up to 20% of option classes by volume; (iii) \$14,000 for Market Maker Assignments in up to 40 option classes or up to 35% of option classes by volume; (iv) \$17,500 for Market Maker Assignments in up to 100 option classes or up to 50% of option classes by volume; and (v) \$20,500 for Market Maker Assignments in over 100 option classes or over 50% of option classes by volume up to all option classes listed on MIAX.<sup>16</sup>

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<sup>16</sup> See MIAX Fee Schedule, Section 5)d)ii).

The Exchange also currently charges \$100 per month for each additional Limited Service MEI Port per matching engine for Market Makers over and above the two (2) Limited Service MEI Ports per matching engine that are allocated with the Full Service MEI Ports.<sup>17</sup> Market Makers are limited to six (6) additional Limited Service MEI Ports per matching engine, for a total of eight (8) per matching engine.<sup>18</sup> The Full Service MEI Ports, Limited Service MEI Ports and the additional Limited Service MEI Ports all include access to the Exchange's primary and secondary data centers and its disaster recovery center.<sup>19</sup>

With the introduction of Purge Ports, the Exchange proposes to amend Section 5)d)ii) of its Fee Schedule to provide that a Market Maker may request and be allocated two (2) Purge Ports per matching engine to which it connects via a Full Service MEI Port. (That is, a Market Maker must have a Full Service MEI Port connection to a matching engine in order to be eligible to receive Purge Ports with respect to that matching engine.) The Exchange proposes that, for each month in which the Market Maker has been credentialed to use Purge Ports in the production environment and has been assigned to quote in at least one class, the Exchange will assess the Market Maker a flat fee of \$1,500 per month, regardless of the number of actual Purge Ports allocated to the Market Maker. For example, a Market Maker (that requests Purge Ports) that connects to 10 matching engines would be allocated 20 Purge Ports, and would be charged \$1,500 per month for use of those Purge Ports. A Market Maker (that requests Purge Ports) that connects to two (2) matching engines would be allocated four (4) Purge Ports, and would be charged \$1,500 per month for use of those Purge Ports. The Exchange believes that charging Market Makers a flat monthly fee for use of the Purge Port service (regardless of the number of

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<sup>17</sup> Id.

<sup>18</sup> See MIAX Fee Schedule, footnote 30.

<sup>19</sup> See MIAX Fee Schedule, Section 5)d)ii).

matching engines to which it connects and consequently regardless of the number of Purge Ports allocated to the Market Maker) is equitable, reasonable, and competitive with the fees charged by other exchanges that offer comparable purge port services, as most such exchanges charge per port, which results in monthly fees for purge port usage that are significantly higher than \$1,500 per month for users with multiple purge ports.<sup>20</sup>

The Exchange also proposes to amend Exchange Rule 519C, Mass Cancellation of Trading Interest, to clarify current functionality. Specifically, the Exchange proposes to amend 519C(a) which reads, “[a] Member<sup>21</sup> may remove all of its quotations and/or cancel all or any subset of its orders . . . .” Accordingly, the Exchange is deleting the reference to quotations from this subsection (a) as quotations will now be addressed in subsection (b)(2). The Exchange proposes to amend the sentence to read, “[a] Member may remove all or a subset of its orders . . . .” The Exchange believes that, although there is no change to existing functionality addressed by subsection (a) of the rule, the proposed changes to subsection (a) provide greater clarity regarding the Exchange’s risk protection functionality as it relates to the handling of orders. Additionally, the Exchange proposes to amend the rule to change the phrase, “any subset” to “a subset” to be consistent with proposed changes to section (b) of the Rule as described below.

The Exchange also proposes to amend Exchange Rule 519C(b) to reorganize the rule for ease of reference and to reflect the proposed Purge Port functionality. Specifically, the Exchange proposes to replace existing rule text pertaining to the removal of quotations and the cancellation

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<sup>20</sup> See Bats BXZ Options Exchange Fee Schedule, Options Logical Port Fees. Bats BZX assesses its members \$750 per month per purge port. See also Nasdaq GEMX Schedule of Fees, Section IV.E. Nasdaq GEMX assesses its members \$1,250 per SQF Purge Port per month, subject to a monthly cap of \$12,500 for SQF Purge Ports and SQF Ports, applicable to market makers.

<sup>21</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.

of orders with a separate subsection for orders, proposed new subsection (b)(1); and a separate subsection for quotations, proposed new subsection (b)(2). The Exchange proposes to adopt new rule text under subsection (b)(1) to describe current functionality pertaining to orders which states, “[a]n EEM may request that the Exchange cancel all or a subset of its orders in the System and block all new inbound orders.” Under this proposal there is no change to the functionality available for Electronic Exchange Members (“EEMs”).<sup>22</sup> The Exchange believes that separately describing functionality available for EEMs and Market Makers provides greater clarity and specificity in the Exchange’s rule.

Additionally, the Exchange proposes to adopt new rule text under subsection (b)(2) pertaining to quotations that provides that a Market Maker may remove all or a subset of its quotations and block all or a subset of its new inbound quotations by firm name or MPID.<sup>23</sup> This functionality currently exists on the Exchange and is not new, as a Market Maker may contact Exchange staff to have this action performed on their behalf or may submit a request to the Exchange’s System via its MEI port. However, what is now being proposed pursuant to this filing is that this request may also be sent electronically to the Exchange’s System via the new proposed Purge Ports.

The Exchange also proposes to adopt new rule text for new functionality being introduced in this proposal which provides that a Market Maker may remove all or a subset of its Standard quotations and block all or a subset of its new inbound Standard quotations by MPID. A Market Maker’s eQuotes that are in the System will remain and the Market Maker will retain the ability to continue to send eQuotes to the System. This request may only be submitted to the

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<sup>22</sup> The term “Electronic Exchange Member” 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.

<sup>23</sup> The term “MPID” means Market Participant Identifier. See Exchange Rule 519C.

Exchange's System electronically via the Market Maker's MEI port, either via its existing MEI ports, or via the new, proposed Purge Ports.

Lastly, the Exchange proposes to amend the rule text which currently states that, "[t]he block will remain in effect until the Member requests Exchange staff to remove the block," by removing the word "staff." To remove a block a Member may (i) send an electronic message directly into the Exchange's System; or (ii) contact Exchange staff. Additionally, a Market Maker may make a request to Exchange staff to remove quotations or may send a message directly to the Exchange's System via its MEI connection. The Exchange believes removing the word staff from the rule text more accurately encompasses the activity under both scenarios.

The Exchange notes that this proposal does not preclude Members from using the existing purge messages provided by either the MEI protocol or the cancel messages provided by the FIX protocol. Under the MEI protocol, Market Makers may request that all quotations for all underlyings, or for a specific underlying, be removed, and that new inbound quotations for all underlyings, or specific underlyings, be blocked. Under the FIX protocol, EEMs may also request that all, or a subset, of orders for an MPID, or all Day or GTC orders for an MPID, on the requesting session, be canceled.

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 proposed rule. The implementation date will be no later than 60 days following the issuance of the Regulatory Circular. The Exchange currently anticipates implementing the proposed rule change on August 3, 2017, subject to announcement of the actual date via Regulatory Circular.

## 2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>24</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>25</sup> 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.

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>26</sup> in that it promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market. Offering Market Makers designated Purge Ports would enhance their ability to manage quotes, quote traffic, and their quoting obligations,<sup>27</sup> which would, in turn, improve their risk controls to the benefit of all market participants. The Exchange believes that Purge Ports would foster cooperation and coordination with persons engaged in facilitating transactions in securities because designating Purge Ports for purges only may encourage better use of dedicated ports. This may, concurrent with the ports that carry quotes and other information necessary for market making activities, enable more efficient, as well as fair and reasonable, use of Market Makers' resources. As Purge Ports are only available for purging and not for activities such as order or quote entry, the Purge Ports are not designed to permit unfair discrimination but rather are designed to enable Market Makers to

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<sup>24</sup> 15 U.S.C. 78f(b).

<sup>25</sup> 15 U.S.C. 78f(b)(5).

<sup>26</sup> Id.

<sup>27</sup> See Exchange Rule 604.

manage their quoting risk and meet their heightened quoting obligations that other market participants are not subject to, which, in turn, benefits all market participants. The Exchange also notes that similar connectivity and functionality is offered by other exchanges.<sup>28</sup>

The Exchange notes that the proposed rule change will not relieve Market Makers of their continuous quoting obligations under Exchange Rule 604 and under Regulation NMS Rule 602.<sup>29</sup> Specifically, any interest that is executable against a Market Maker's quotes that is received by the Exchange's matching engine prior to the time that the purge message is received by the Exchange's matching engine will automatically execute at that price, up to the quote's size. Market Makers that purge their quotes will not be relieved of the obligation to provide continuous two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet its continuous quoting obligation each trading day.

In addition, the Exchange believes that the proposal removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by providing Market Makers with an additional purge message which allows them to remove their Standard quotes and blocks new inbound Standard quotes from being received yet preserves their ability to continue to provide liquidity to the market and interact with Public Customer orders via eQuotes. Further, the Exchange is clarifying existing rule text in Rule 519C to better describe current functionality available on the Exchange. The Exchange believes that clarifying current functionality promotes the protection of investors and

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<sup>28</sup> See Securities Exchange Act Release Nos. 77613 (April 13, 2016), 81 FR 23023 (April 19, 2016) (SR-Phlx-2016-45); 79956 (February 3, 2017), 82 FR 10102 (February 9, 2017) (SR-BatsBZX-2017-05); and 81095 (July 7, 2017), 82 FR 32409 (July 13, 2017) (SR-ISE-2017-62).

<sup>29</sup> 17 CFR 242.602.

the public interest by helping market participants better understand the risk protection tools available on the Exchange.

The Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>30</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among Members and other persons using any facility or system which the Exchange operates or controls. The Exchange believes that its proposed fees should facilitate the ability of the Exchange to recoup some costs associated with Purge Ports as well as provide, maintain, and improve Purge Ports. The Exchange operates in a highly competitive market in which exchanges offer connectivity services as a means to facilitate the trading activities of Members and other participants. Accordingly, fees charged for connectivity are constrained by the active competition for the order flow of such participants as well as demand for market data from the Exchange. If a particular exchange charges excessive fees for connectivity, affected Members will opt to terminate their connectivity arrangements with that exchange, and adopt a possible range of alternative strategies, including routing to the applicable exchange through another participant or market center or taking that exchange's data indirectly. Accordingly, the exchange charging excessive fees would stand to lose not only connectivity revenues but also revenues associated with the execution of orders routed to it by affected Members, and, to the extent applicable, market data revenues. The Exchange believes that this competitive dynamic imposes powerful restraints on the ability of any exchange to charge unreasonable fees for connectivity. The Exchange also believes the proposed fee for the Purge Ports is equitable, reasonable, and competitive with the rates charged by competitor exchanges for similar functionality.<sup>31</sup>

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<sup>30</sup> 15 U.S.C. 78f(b)(4).

<sup>31</sup> See supra note 20.

The Exchange also believes that the proposed amendments to its fee schedule are non-discriminatory because they will apply uniformly to all Market Makers. The proposed Purge Ports are completely voluntary and no Market Maker is required or under any regulatory obligation to utilize them. All Market Makers that voluntarily request this service will be charged the same amount for the same service. All Market Makers have the option to select any connectivity option, and there is no differentiation among Market Makers with regard to the fees charged for the services offered by 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 that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed rule change will enhance competition because it will enable it to offer similar connectivity and functionality as its competitor exchanges.<sup>32</sup> In addition, the proposed Purge Ports are completely voluntary and no Market Maker is required or under any regulatory obligation to utilize them.

The Exchange does not believe that allowing one type of Member (Market Makers) and not the other (EEMs) to utilize the proposed Purge Ports will impose any burden on competition that is not necessary or appropriate in furtherance of the Act, given the roles and responsibilities required by each type of Member. Market Makers connect to the Exchange via MEI while EEMs connect to the Exchange via FIX. Market Makers have a heightened obligation on the Exchange to maintain a continuous two-sided market, pursuant to Rule 604(e). As such, Market Makers have an obligation to provide continuous quotes for a large number of series. The volume of quotes that the Market Maker has in the market directly correlates to the Market

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<sup>32</sup> See supra note 28.

Maker's risk exposure. EEMs, by contrast, can only send orders to the Exchange and do not have similar obligations. The Exchange believes providing Market Makers with an additional risk management tool will enhance competition as this tool is already offered by other exchanges.<sup>33</sup>

The Exchange believes its proposed amendments to its Fee Schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. On the contrary, the Exchange believes the proposed rule change will enhance competition because it will enable it to offer similar connectivity and functionality as its competitor exchanges.<sup>34</sup> In addition, the proposed Purge Ports are completely voluntary and no Market Maker is required or under any regulatory obligation to utilize them. The Exchange does not believe that the proposed change represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Market Makers may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Market Makers or competing venues to maintain their competitive standing in the financial markets.

The Exchange believes that fees for the proposed Purge Ports and connectivity, in general, are constrained by the robust competition for order flow among exchanges and non-exchange markets. Further, excessive fees for connectivity, including Purge Port fees, would serve to impair an exchange's ability to compete for order flow rather than burdening competition. The Exchange also does not believe the proposed rule change would impact intramarket competition as it would apply to all Members and non-Members equally.

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<sup>33</sup> Id.

<sup>34</sup> 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

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 from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act<sup>35</sup> and Rule 19b-4(f)(6)<sup>36</sup> thereunder.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)<sup>37</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. In its filing with the Commission, the Exchange requests that the Commission waive the 30-day operative delay. As noted above, the Exchange has proposed to announce an implementation date by Regulatory Circular, which the Exchange anticipates will be August 3, 2017. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, as it will enable the Exchange to allow the enhanced risk protection for Market Makers offered by the proposed Purge Ports to go into effect

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<sup>35</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>36</sup> 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.

<sup>37</sup> 17 CFR 240.19b-4(f)(6)(iii).

without undue delay. Accordingly, the Commission hereby waives the 30-day operative delay requirement and designates the proposed rule change operative upon filing.<sup>38</sup>

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-2017-36 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-2017-36. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

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<sup>38</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<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-2017-36 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.<sup>39</sup>

Brent J. Fields  
Secretary

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<sup>39</sup> 17 CFR 200.30-3(a)(12).