

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 29	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2017 - * 49	Amendment No. (req. for Amendments *)
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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"/>
			Rule		
Pilot <input type="checkbox"/>	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"/>
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Description

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

Amend Exchange Rule 612 and 518

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 * Gregory	Last Name * Ziegler
Title * Associate Counsel	
E-mail * gziegler@miaoptions.com	
Telephone * (609) 897-1483	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 12/15/2017	Associate Counsel
By Gregory P. Ziegler	
(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 EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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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 *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, 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

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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

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Miami International Securities Exchange, LLC (“MIAX 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 Rule 612, Aggregate Risk Manager (ARM), and Rule 518, Complex Orders.

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 on December 7, 2017. 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 Gregory P. Ziegler, Associate Counsel, at (609) 897-1483.

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

The Exchange proposes to amend Rule 612, Aggregate Risk Manager (ARM), and Rule 518, Complex Orders, to enhance the Aggregate Risk Manager (“ARM”) protections available to Market Makers³ on the Exchange, for both simple and complex quotes. Specifically, the Exchange proposes to adopt a Market Maker single side protection (“SSP”) feature, which is an additional, optional, and more granular feature of the ARM protections that are currently offered by the Exchange. Accordingly, the Exchange proposes to modify: (i) Rule 612, Interpretations and Policies .02, to adopt new subsection (c), Market Maker Single Side Protection, as well as to make minor, non-substantive clarifications to subsections (a) and (b) for greater precision for simple quotes; and (ii) Rule 518, Interpretations and Policies .05, to adopt new subsection (g), Market Maker Single Side Protection for complex quotes.

The Exchange currently offers a number of risk protection mechanisms to its Members in both the simple and complex markets. For Market Makers, an important risk protection mechanism is the ARM. The purpose of the ARM is to remove the Market Maker from the market, once certain pre-determined trading limit thresholds (set up in advance by the Market Maker) have been triggered, to limit the risk exposure of the Market Maker. ARM was implemented by the Exchange upon its launch in 2012, and the Exchange has continued to refine and enhance the ARM over time based on Member feedback. For example, in 2015, the Exchange enhanced the ARM to include a ‘class protection’ feature, which provides that when the Allowable Engagement Percentage for a particular option class in which the Market Maker is

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

appointed, has been equaled or exceeded a specified number of times within the ARM trigger counting period, the Class Protection feature will remove the Market Maker's quotations from the Exchange's disseminated quotation in such appointed option class until the Market Maker instructs the Exchange to reset the Class Protection feature.⁴ Additionally at that time, the Exchange also enhanced the ARM to include an 'aggregate class protection' feature, which would remove the Market Maker organization's quotations in all of the Market Maker organization's appointed option classes when the Allowable Engagement Percentage had been equaled or exceeded in the Market Maker organization's specified number of appointed option classes within the ARM trigger counting period, regardless of how many individual Market Makers in the same Market Maker organization are submitting quotations on MIAX Options.⁵

Now, based on additional Member feedback, the Exchange is proposing to further enhance the ARM to introduce an SSP feature. The SSP feature, which is optional, will provide an additional level of granularity to the ARM, as this protection will apply only to quotes that are on the same side (bid or offer) of an individual option.⁶ Market Makers who avail themselves of the SSP feature will have even greater precision to tailor their risk tolerance levels.

To implement the SSP feature in the simple market, the Exchange proposes to adopt new subsection (c) to Interpretations and Policies .02 of Rule 612, entitled Market Maker Single Side Protection. Subsection (c) will provide that a Market Maker may determine to engage the Market Maker Single Side Protection ("SSP") feature. If engaged, if the full remaining size of a

⁴ See Securities Exchange Act Release No. 75361 (July 6, 2015), 80 FR 39824 (July 10, 2015) (SR-MIAX-2015-44).

⁵ See id.

⁶ The term "individual option" means an option contract that is either a put or a call, covering a specific underlying security and having a specific exercise price and expiration date. See Exchange Rule 100.

Market Maker's Standard quote,⁷ IOC eQuote,⁸ or FOK eQuote,⁹ in an individual option, is exhausted by a trade, the System¹⁰ will trigger the SSP. When triggered, the System will cancel all Standard quotes and block all new inbound Standard quotes, IOC eQuotes, and FOK eQuotes, for that particular side of that individual option for that MPID. The System will provide a notification message to the Market Maker that the SSP has been triggered. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP ("SSP Reset"). The SSP feature is optionally available and may be enabled for a Market Maker's MPID.¹¹

Additionally, the Exchange proposes to amend Rule 612, Interpretations and Policies .02, to make clarifying amendments to existing rule text. Specifically, current Interpretations and Policies .02, Enhanced Aggregate Risk Manager Protections, provides that Market Makers may determine to engage any of the following Enhanced Aggregate Risk Manager Protections in the System. Currently it provides for two protections; Class Protection, in subsection (a), and Market Maker Protection, in subsection (b). The Exchange now proposes to amend subsection (a) to make a non-substantive amendment to the rule text to change the title of the rule from

⁷ 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).

⁸ An immediate or cancel or "IOC" eQuote is an eQuote submitted by a Market Maker that must be matched with another quote or order for an execution in whole or in part upon receipt into the System. See Exchange Rule 517(a)(2)(iv).

⁹ A fill or kill or "FOK" eQuote is an eQuote submitted by a Market Maker that must be matched with another quote or order for an execution in its entirety at a single price upon receipt into the System or will be immediately cancelled. See Exchange Rule 517(a)(2)(v).

¹⁰ The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

¹¹ The term "MPID" means Market Participant Identifier.

Class Protection to Market Maker Single Class Protection, to provide greater specificity concerning the scope of the protection. Further, the Exchange proposes to amend the rule text to clarify that the scope of the risk protection available under this rule is for a single class of options only, by changing the first sentence of the rule to provide that, “[a] Market Maker may determine to engage the Market Maker Single Class Protection feature for a particular option class in which the Market Maker is appointed (an “appointed option class”)”. The Exchange proposes to make the same clarifying change throughout the rule to provide additional clarity regarding the scope of the rule.

Additionally, the Exchange proposes to amend the text in subsection (b), Market Maker Protection, to make a non-substantive amendment to the rule text to change the title of the rule from Market Maker Protection, to Market Maker Aggregate Class Protection, to provide greater specificity concerning the scope of the protection. Further, the Exchange proposes to amend the rule text to refer to the Market Maker Aggregate Class Protection feature. Specifically, the Exchange proposes to amend the first sentence of the rule to provide that, “[a] Market Maker may determine to engage the Market Maker Aggregate Class Protection feature for all of the Market Maker’s appointed option classes.” The Exchange proposes to make the same clarifying change throughout the rule to provide additional clarity regarding the scope of the rule.

To implement the SSP feature in the complex market, the Exchange proposes to adopt new subsection (g) to Interpretations and Policies .05 of Rule 518, entitled Market Maker Single Side Protection. Subsection (g) will provide that a Market Maker may determine to engage the Market Maker Single Side Protection (“SSP”) feature. If engaged, if the full remaining size of a

Market Maker's complex Standard quote¹² or cIOC eQuote¹³ in a strategy is exhausted by a trade, the System will trigger the SSP for the traded side of the strategy for that MPID. When triggered, the System will cancel all complex Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy. The System will provide a notification message to the Market Maker that the SSP has been triggered. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP ("SSP Reset").

The SSP feature is optionally available and may be enabled for a Market Maker's MPID. If enabled, the SSP protection will cover both the simple market and complex market,¹⁴ with each market requiring its own SSP Reset when the SSP is triggered as discussed above. However, the protections operate independently, that is, if an eQuote on the bid side of series A triggers the SSP in the simple market, a simple market SSP Reset is required to re-enable quoting on the bid side of series A; however a complex eQuote for a strategy which includes the bid side of series A would not be blocked as the complex market SSP was not triggered.

¹² 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. See Exchange Rule 518.02(a)(1).

¹³ A "Complex Immediate or Cancel eQuote" or "cIOC eQuote," which is a complex eQuote with a time-in-force of IOC that may be matched with another complex quote or complex order for an execution to occur in whole or in part upon receipt into the System. See Exchange Rule 518.02(c)(2).

¹⁴ The Exchange notes that complex cAOC eQuotes are not impacted by the SSP. A "Complex Auction or Cancel eQuote" or "cAOC eQuote," which is an eQuote submitted by a Market Maker that is used to provide liquidity during a specific Complex Auction with a time in force that corresponds with the duration of the Complex Auction. See Exchange Rule 518.02(c)(1).

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.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁶ 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 the proposed changes remove impediments to and perfect the mechanism 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 risk management tool for both simple and complex quotes. Market Makers on the simple market have a heightened obligation on the Exchange and are obligated to submit continuous two-sided quotations in a certain number of series in their appointed classes for a certain percentage of time in each trading session,¹⁷ rendering them vulnerable to risk from market conditions. Market Makers are vulnerable to risk from market events that may cause them to receive automatic

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ See Exchange Rule 604(e).

executions before they can adjust their exposure in the market. Market Makers on the complex market are also vulnerable to risk from market events and the Exchange believes providing this risk protection feature on both the simple and complex markets promotes just and equitable principles of trade and helps to perfect the mechanisms of a free and open market and a national market system.

Without adequate risk management tools Market Makers could reduce the size of their quotations which could undermine the quality of the markets available to customers and other market participants. The ability of a Market Maker to engage the SSP feature of ARM is a valuable tool in assisting Market Makers in risk management. The proposed rule change removes impediments to and perfects the mechanism of a free and open market by giving Market Makers the ability to further refine their risk protections from an option class level to a single side of an individual option in the simple market and to a single side of a complex strategy in the complex market. Accordingly, the SSP feature is designed to provide Market Makers greater control over their quotations in the market thereby removing impediments to and helping perfect the mechanisms of a free and open market and a national market system and, in general, protecting investors and the public interest. In addition, providing Market Makers with more tools for managing risk will facilitate transactions in securities because, as noted above, the Market Makers will have more confidence that protections are in place that reduce the risks from market events. As a result, the new functionality has the potential to promote just and equitable principles of trade.

The Exchange notes that the proposed rule change will not relieve Exchange Market Makers of their continuous quoting obligations under Exchange Rule 604 or any other

obligations under Reg NMS Rule 602.¹⁸ Nor will the proposed rule change prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet their continuous quoting obligation each trading day.

The Exchange believes the proposed changes to MIAX Rule 612.02(a) and (b) promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system because they seek to improve the accuracy of the Exchange's rules. In particular, the Exchange believes that clarifying the scope of single class protection and aggregate class protection features of ARM for Market Makers will provide greater clarity to Members and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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

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

The Exchange believes that the proposed rule change will foster competition by providing Exchange Market Makers with the ability to specifically customize their use of the Exchange's risk management tools in order to compete for executions and order flow.

Additionally, the Exchange believes that the proposed rule change should promote competition as it is designed to allow Exchange Market Makers greater flexibility and control of their risk exposure to protect them from market conditions that may increase their risk exposure in the market. The Exchange does not believe the proposed rule change will impose a burden on intra-market competition as the optional risk protection feature is equally available to all Market Makers on the Exchange.

¹⁸ 17 CFR 242.602.

For all the reasons stated, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

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

The Exchange has neither solicited nor received comments on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A) of the Act¹⁹ and Rule 19b-4(f)(6)²⁰ 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 significantly affect the protection of investors or the public interest because the proposal seeks to provide an additional, optional, risk management protection for Exchange Market Makers that will allow Market Makers to exercise greater control over their quotes in the market. Without adequate risk management tools Market Makers could reduce the size of their quotations which could undermine the quality of the markets available to customers and other market participants. The

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6).

ability of a Market Maker to engage the SSP feature of ARM is a valuable tool in assisting Market Makers in risk management. The proposed rule change removes impediments to and perfects the mechanism of a free and open market by giving Market Makers the ability to further refine their risk protections from an option class level to a single side of an individual option in the simple market and to a single side of a complex strategy in the complex market. Accordingly, the SSP feature is designed to provide Market Makers with greater control over their quotations in the market thereby removing impediments to and helping perfect the mechanisms of a free and open market and a national market system and, in general, protecting investors and the public interest.

The proposed rule change does not raise any novel or unique substantive issues and does not impose any significant burden on competition as the SSP is optionally available for all Exchange Market Makers. 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. The Exchange has satisfied this requirement.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. **Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

10. **Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

11. **Exhibits**

1. Notice of proposed rule for publication in the Federal Register.

5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2017-49)

December __, 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 612, Aggregate Risk Manager (ARM) and Rule 518, Complex Orders

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 December 15, 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 Rule 612, Aggregate Risk Manager (ARM), and Rule 518, Complex Orders.

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

The Exchange proposes to amend Rule 612, Aggregate Risk Manager (ARM), and Rule 518, Complex Orders, to enhance the Aggregate Risk Manager (“ARM”) protections available to Market Makers³ on the Exchange, for both simple and complex quotes. Specifically, the Exchange proposes to adopt a Market Maker single side protection (“SSP”) feature, which is an additional, optional, and more granular feature of the ARM protections that are currently offered by the Exchange. Accordingly, the Exchange proposes to modify: (i) Rule 612, Interpretations and Policies .02, to adopt new subsection (c), Market Maker Single Side Protection, as well as to make minor, non-substantive clarifications to subsections (a) and (b) for greater precision for simple quotes; and (ii) Rule 518, Interpretations and Policies .05, to adopt new subsection (g), Market Maker Single Side Protection for complex quotes.

The Exchange currently offers a number of risk protection mechanisms to its Members in both the simple and complex markets. For Market Makers, an important risk protection mechanism is the ARM. The purpose of the ARM is to remove the Market Maker from the market, once certain pre-determined trading limit thresholds (set up in advance by the Market Maker) have been triggered, to limit the risk exposure of the Market Maker. ARM was implemented by the Exchange upon its launch in 2012, and the Exchange has continued to refine and enhance the ARM over time based on Member feedback. For example, in 2015, the

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

Exchange enhanced the ARM to include a ‘class protection’ feature, which provides that when the Allowable Engagement Percentage for a particular option class in which the Market Maker is appointed, has been equaled or exceeded a specified number of times within the ARM trigger counting period, the Class Protection feature will remove the Market Maker’s quotations from the Exchange’s disseminated quotation in such appointed option class until the Market Maker instructs the Exchange to reset the Class Protection feature.⁴ Additionally at that time, the Exchange also enhanced the ARM to include an ‘aggregate class protection’ feature, which would remove the Market Maker organization’s quotations in all of the Market Maker organization’s appointed option classes when the Allowable Engagement Percentage had been equaled or exceeded in the Market Maker organization’s specified number of appointed option classes within the ARM trigger counting period, regardless of how many individual Market Makers in the same Market Maker organization are submitting quotations on MIAX Options.⁵

Now, based on additional Member feedback, the Exchange is proposing to further enhance the ARM to introduce an SSP feature. The SSP feature, which is optional, will provide an additional level of granularity to the ARM, as this protection will apply only to quotes that are on the same side (bid or offer) of an individual option.⁶ Market Makers who avail themselves of the SSP feature will have even greater precision to tailor their risk tolerance levels.

To implement the SSP feature in the simple market, the Exchange proposes to adopt new subsection (c) to Interpretations and Policies .02 of Rule 612, entitled Market Maker Single Side Protection. Subsection (c) will provide that a Market Maker may determine to engage the

⁴ See Securities Exchange Act Release No. 75361 (July 6, 2015), 80 FR 39824 (July 10, 2015) (SR-MIAX-2015-44).

⁵ See *id.*

⁶ The term “individual option” means an option contract that is either a put or a call, covering a specific underlying security and having a specific exercise price and expiration date. See Exchange Rule 100.

Market Maker Single Side Protection (“SSP”) feature. If engaged, if the full remaining size of a Market Maker’s Standard quote,⁷ IOC eQuote,⁸ or FOK eQuote,⁹ in an individual option, is exhausted by a trade, the System¹⁰ will trigger the SSP. When triggered, the System will cancel all Standard quotes and block all new inbound Standard quotes, IOC eQuotes, and FOK eQuotes, for that particular side of that individual option for that MPID. The System will provide a notification message to the Market Maker that the SSP has been triggered. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP (“SSP Reset”). The SSP feature is optionally available and may be enabled for a Market Maker’s MPID.¹¹

Additionally, the Exchange proposes to amend Rule 612, Interpretations and Policies .02, to make clarifying amendments to existing rule text. Specifically, current Interpretations and Policies .02, Enhanced Aggregate Risk Manager Protections, provides that Market Makers may determine to engage any of the following Enhanced Aggregate Risk Manager Protections in the System. Currently it provides for two protections; Class Protection, in subsection (a), and Market Maker Protection, in subsection (b). The Exchange now proposes to amend subsection (a) to make a non-substantive amendment to the rule text to change the title of the rule from

⁷ 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).

⁸ An immediate or cancel or “IOC” eQuote is an eQuote submitted by a Market Maker that must be matched with another quote or order for an execution in whole or in part upon receipt into the System. See Exchange Rule 517(a)(2)(iv).

⁹ A fill or kill or “FOK” eQuote is an eQuote submitted by a Market Maker that must be matched with another quote or order for an execution in its entirety at a single price upon receipt into the System or will be immediately cancelled. See Exchange Rule 517(a)(2)(v).

¹⁰ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

¹¹ The term “MPID” means Market Participant Identifier.

Class Protection to Market Maker Single Class Protection, to provide greater specificity concerning the scope of the protection. Further, the Exchange proposes to amend the rule text to clarify that the scope of the risk protection available under this rule is for a single class of options only, by changing the first sentence of the rule to provide that, “[a] Market Maker may determine to engage the Market Maker Single Class Protection feature for a particular option class in which the Market Maker is appointed (an “appointed option class”)”. The Exchange proposes to make the same clarifying change throughout the rule to provide additional clarity regarding the scope of the rule.

Additionally, the Exchange proposes to amend the text in subsection (b), Market Maker Protection, to make a non-substantive amendment to the rule text to change the title of the rule from Market Maker Protection, to Market Maker Aggregate Class Protection, to provide greater specificity concerning the scope of the protection. Further, the Exchange proposes to amend the rule text to refer to the Market Maker Aggregate Class Protection feature. Specifically, the Exchange proposes to amend the first sentence of the rule to provide that, “[a] Market Maker may determine to engage the Market Maker Aggregate Class Protection feature for all of the Market Maker’s appointed option classes.” The Exchange proposes to make the same clarifying change throughout the rule to provide additional clarity regarding the scope of the rule.

To implement the SSP feature in the complex market, the Exchange proposes to adopt new subsection (g) to Interpretations and Policies .05 of Rule 518, entitled Market Maker Single Side Protection. Subsection (g) will provide that a Market Maker may determine to engage the Market Maker Single Side Protection (“SSP”) feature. If engaged, if the full remaining size of a Market Maker’s complex Standard quote¹² or cIOC eQuote¹³ in a strategy is exhausted by a

¹² 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. See Exchange Rule 518.02(a)(1).

trade, the System will trigger the SSP for the traded side of the strategy for that MPID. When triggered, the System will cancel all complex Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy. The System will provide a notification message to the Market Maker that the SSP has been triggered. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP (“SSP Reset”).

The SSP feature is optionally available and may be enabled for a Market Maker’s MPID. If enabled, the SSP protection will cover both the simple market and complex market,¹⁴ with each market requiring its own SSP Reset when the SSP is triggered as discussed above. However, the protections operate independently, that is, if an eQuote on the bid side of series A triggers the SSP in the simple market, a simple market SSP Reset is required to re-enable quoting on the bid side of series A; however a complex eQuote for a strategy which includes the bid side of series A would not be blocked as the complex market SSP was not triggered.

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.

¹³ A “Complex Immediate or Cancel eQuote” or “cIOC eQuote,” which is a complex eQuote with a time-in-force of IOC that may be matched with another complex quote or complex order for an execution to occur in whole or in part upon receipt into the System. See Exchange Rule 518.02(c)(2).

¹⁴ The Exchange notes that complex cAOC eQuotes are not impacted by the SSP. A “Complex Auction or Cancel eQuote” or “cAOC eQuote,” which is an eQuote submitted by a Market Maker that is used to provide liquidity during a specific Complex Auction with a time in force that corresponds with the duration of the Complex Auction. See Exchange Rule 518.02(c)(1).

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁶ 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 the proposed changes remove impediments to and perfect the mechanism 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 risk management tool for both simple and complex quotes. Market Makers on the simple market have a heightened obligation on the Exchange and are obligated to submit continuous two-sided quotations in a certain number of series in their appointed classes for a certain percentage of time in each trading session,¹⁷ rendering them vulnerable to risk from market conditions. Market Makers are vulnerable to risk from market events that may cause them to receive automatic executions before they can adjust their exposure in the market. Market Makers on the complex market are also vulnerable to risk from market events and the Exchange believes providing this risk protection feature on both the simple and complex markets promotes just and equitable principles of trade and helps to perfect the mechanisms of a free and open market and a national market system.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ See Exchange Rule 604(e).

Without adequate risk management tools Market Makers could reduce the size of their quotations which could undermine the quality of the markets available to customers and other market participants. The ability of a Market Maker to engage the SSP feature of ARM is a valuable tool in assisting Market Makers in risk management. The proposed rule change removes impediments to and perfects the mechanism of a free and open market by giving Market Makers the ability to further refine their risk protections from an option class level to a single side of an individual option in the simple market and to a single side of a complex strategy in the complex market. Accordingly, the SSP feature is designed to provide Market Makers greater control over their quotations in the market thereby removing impediments to and helping perfect the mechanisms of a free and open market and a national market system and, in general, protecting investors and the public interest. In addition, providing Market Makers with more tools for managing risk will facilitate transactions in securities because, as noted above, the Market Makers will have more confidence that protections are in place that reduce the risks from market events. As a result, the new functionality has the potential to promote just and equitable principles of trade.

The Exchange notes that the proposed rule change will not relieve Exchange Market Makers of their continuous quoting obligations under Exchange Rule 604 or any other obligations under Reg NMS Rule 602.¹⁸ Nor will the proposed rule change prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet their continuous quoting obligation each trading day.

The Exchange believes the proposed changes to MIAX Rule 612.02(a) and (b) promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system because they seek to improve the accuracy of

¹⁸ 17 CFR 242.602.

the Exchange's rules. In particular, the Exchange believes that clarifying the scope of single class protection and aggregate class protection features of ARM for Market Makers will provide greater clarity to Members and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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 that the proposed rule change will foster competition by providing Exchange Market Makers with the ability to specifically customize their use of the Exchange's risk management tools in order to compete for executions and order flow.

Additionally, the Exchange believes that the proposed rule change should promote competition as it is designed to allow Exchange Market Makers greater flexibility and control of their risk exposure to protect them from market conditions that may increase their risk exposure in the market. The Exchange does not believe the proposed rule change will impose a burden on intra-market competition as the optional risk protection feature is equally available to all Market Makers on the Exchange.

For all the reasons stated, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

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

Written comments were neither solicited nor received.

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

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

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

¹⁹ 15 U.S.C. 78s(b)(3)(A).

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

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR- MIAX-2017-49 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-2017-49. 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-2017-49 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.²¹

Brent J. Fields
Secretary

²¹ 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) – (d) No change

Interpretations and Policies:

.01 - .04 No change

.05. Price and Other Protections. Unless otherwise specifically set forth herein, the price and other protections contained in this Interpretations and Policies .05 apply to all complex order types set forth in Rule 518(b) above.

(a) – (f) No change

(g) **Market Maker Single Side Protection.** A Market Maker may determine to engage the Market Maker Single Side Protection (“SSP”) feature by Market Participant Identifier (“MPID”). If the full remaining size of a Market Maker’s complex Standard quote or cIOC eQuote in a strategy is exhausted by a trade, the System will trigger the SSP for the traded side of the strategy. When triggered, the System will cancel all complex Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy for that MPID. The System will provide a notification message to the Market Maker. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP (“SSP Reset”).

Rule 612. Aggregate Risk Manager (ARM)

(a) – (d) No change

Interpretations and Policies:

.01 No change

.02 **Enhanced Aggregate Risk Manager Protections.** Market Makers may determine to engage any of the following Enhanced Aggregate Risk Manager Protections in the System:

(a) **Market Maker Single Class Protection.** A Market Maker may determine to engage the Market Maker Single Class Protection feature for a particular option class in which the Market Maker is appointed (an “appointed option class”). When the Allowable Engagement Percentage in such appointed option class has been equaled or exceeded a specified number of times (not less than three times and not more than 99 times) within a specified time period (for purposes of the Enhanced ARM Protections, the “ARM trigger counting period”) (each as determined by the Market Maker), the Market Maker Single Class Protection feature will remove the Market Maker’s quotations from the Exchange’s disseminated quotation in such appointed option class until the Market Maker instructs the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the Market Maker Single Class Protection feature. The ARM trigger counting period may not be less than one second and may not exceed 24,300 seconds.

(b) **Market Maker Aggregate Class Protection.** A Market Maker may determine to engage the Market Maker Aggregate Class Protection feature for all of the Market Maker’s appointed option classes. The System will aggregate the specified number of times that the Allowable Engagement Percentage has been equaled or exceeded within the ARM trigger counting period for an entire Market Maker organization. When the Allowable Engagement Percentage has been equaled or exceeded in a specified number of such Market Maker’s appointed option classes within the ARM trigger counting period (each as determined by the Market Maker), the Market Maker Aggregate Class Protection feature will remove the Market Maker’s quotations from the Exchange’s disseminated quotation in all of the Market Maker organization’s appointed option classes until the Market Maker instructs the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the Market Maker Aggregate Class Protection feature. In the event that the Allowable Engagement Percentage in one appointed option class is equaled or exceeded multiple times during the ARM trigger counting period, the System will consider such multiple events to be one single trigger for purposes of engagement of the Market Maker Aggregate Class Protection feature.

(c) **Market Maker Single Side Protection.** A Market Maker may determine to engage the Market Maker Single Side Protection (“SSP”) feature by Market Participant Identifier (“MPID”). If the full remaining size of a Market Maker’s Standard quote, IOC eQuote, or FOK eQuote, in an individual option, is exhausted by a trade, the System will trigger the SSP. When triggered, the System will cancel all Standard quotes and block all new inbound Standard quotes, IOC eQuotes, and FOK eQuotes, for that particular side of that individual option for that MPID. The System will provide a notification message to the Market Maker. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP (“SSP Reset”).
