

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"/>
			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 *).

Proposal to increase the position limit for options on certain broad-based ETFs.

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 * Dimitriy	Last Name * Kotov
Title * Counsel	
E-mail * dkotov@miami-holdings.com	
Telephone * (609) 897-8494	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 03/08/2018	Senior Vice President and Deputy General Counsel
By Joseph Ferraro	
(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 *

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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

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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

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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) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act” or “Exchange Act”),¹ and Rule 19b-4 thereunder,² Miami International Securities Exchange, LLC (“MIAX Options” or the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposal to amend Exchange Rules 307, Position Limits, Interpretations and Policies .01, and 309, Exercise Limits, Interpretations and Policies .01, to increase the position and exercise limits for options on the following exchange traded funds (“ETFs”): iShares China Large-Cap ETF (“FXI”), iShares MSCI Emerging Markets ETF (“EEM”), iShares Russell 2000 ETF (“IWM”), iShares MSCI EAFE ETF (“EFA”), iShares MSCI Brazil Capped ETF (“EWZ”), iShares 20+ Year Treasury Bond Fund ETF (“TLT”), PowerShares QQQ Trust (“QQQ”), and iShares MSCI Japan ETF (“EWJ”).

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 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Questions and comments on the proposed rule change may be directed to Dimitriy Kotov, Counsel, at (609) 897-8494.

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

a. Purpose

The purpose of the proposed rule change is to amend Exchange Rules 307, Position Limits, Interpretations and Policies .01, and 309, Exercise Limits, Interpretations and Policies .01, to increase position and exercise limits, respectively, for options on the following ETFs: FXI, EEM, IWM, EFA, EWZ, TLT, QQQ, EWJ.

Market participants' trading activity has been adversely impacted by the current position limits as such limits have caused options trading in the symbols subject to this proposal to move from exchanges to the over-the-counter market. The Exchange submits this proposal with the understanding that market participants' on-exchange activity has been hindered by the existing position limits, causing them to be unable to provide additional liquidity not just on the Exchange, but also on other options exchanges on which they participate.³ The Exchange understands that certain market participants wishing to make trades involving a large number of options contracts in the symbols subject to this proposal are opting to execute those trades in the over-the-counter market. The over-the-counter transactions occur via bi-lateral agreements, the terms of which are not publicly disclosed to other market participants. Therefore, these large trades do not contribute to the price discovery process performed on a lit market.

³ Cboe has received approval from the Commission for its proposed rule change to increase its position limits for the following ETFs: FXI, EEM, IWM, EFA, EWZ, TLT, QQQ, EWJ. See Securities Exchange Act Release No. 82770 (February 23, 2018) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2) (SR-CBOE-2017-057).

Position limits are designed to address potential manipulative schemes and adverse market impact surrounding the use of options, such as disrupting the market in the security underlying the options. The potential manipulative schemes and adverse market impact are balanced against the potential of setting the limits so low as to discourage participation in the options market. The level of those position limits must be balanced between curtailing potential manipulation and the cost of preventing potential hedging activity that could be used for legitimate economic purposes. Position limits for options on ETFs, such as those subject to this proposal are determined pursuant to Exchange Rule 307, and vary according to the number of outstanding shares and the trading volume of the underlying stocks or ETFs over the past six-months. The Exchange notes that the ETFs that underlie options subject to this proposal are highly liquid, and are based on a broad set of highly liquid securities and other reference assets. Likewise, the Commission has recognized the liquidity of the securities comprising the underlying interest of the SPDR S&P 500 ETF (“SPY”) in permitting no position limits on SPY options since 2012⁴, and expanded position limits for options on EEM, IWM and QQQ.

The largest in capitalization and the most frequently traded stocks and ETFs have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization stocks and ETFs have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market. Options on FXI, EFA, EWZ, TLT, and EWJ are currently subject to the standard position limit of 250,000 contracts, as set forth in Exchange Rule 307.

Interpretation and Policy .01 of Exchange Rule 307 sets forth separate position limits for

⁴ See Securities Exchange Act Release Nos. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012)(SR-NYSEAmex-2012-29); 67937 (September 27, 2012), 77 FR 60489 (October 3, 2012)(SR-CBOE-2012-091).

options on specific ETFs as follows:

- Options on EEM are 500,000 contracts;
- Options on IWM are 500,000 contracts; and
- Options on QQQ are 900,000 contracts.

Interpretation and Policy .01 of Exchange Rule 307 also sets forth separate position limits for options on SPY (no limit) and options on DIA (300,000 contracts). However, the Exchange is not proposing to modify the position limits for options on SPY or DIA.

The purpose of this proposal is to amend Rules 307, Position Limits, Interpretations and Policies .01, and 309, Exercise Limits, Interpretations and Policies .01 to double the position and exercise limits for FXI, EEM, IWM, EFA, EWZ, TLT, QQQ, and EWJ. As such, options on FXI, EFA, EWZ, TLT, and EWJ would no longer be subject to the standard position and exercise limits as set forth under Exchange Rules 307 and 309. Accordingly, Interpretations and Policies .01 to Exchange Rule 307 and Interpretations and Policies .01 to Exchange Rule 309 would be amended to set forth that the position and exercise limits for options on FXI, EFA, EWZ, TLT, and EWJ would be 500,000 contracts. These position and exercise limits equal the current position and exercise limits for options on IWM and EEM and are similar to the current position and exercise limits for options on QQQ, as set forth in Interpretations and Policies .01 to Exchange Rule 307 and Interpretations and Policies .01 to Exchange Rule 309.

Interpretations and Policies .01 to Exchange Rule 307 and Interpretations and Policies .01 to Exchange Rule 309 would be further amended to increase the position and exercise limits for the remaining options subject to this proposal as follows:

- The position and exercise limits for options on EEM would be increased from

500,000 contracts to 1,000,000 contracts;

- The position and exercise limits for options on IWM would be increased from 500,000 contracts to 1,000,000 contracts; and
- The position and exercise limits for options on QQQ would be increased from 900,000 contracts to 1,800,000 contracts.

The Exchange's proposal mirrors that of the Cboe Exchange, Inc. ("Cboe"), which seeks to increase the position and exercise limits for FXI, EEM, IWM, EFA, EWZ, TLT, QQQ, and EWJ which was filed by Cboe on August, 15, 2017.⁵

In support of this proposal, the Exchange represents that the above-listed ETFs qualify for either: (i) the initial listing criteria set forth in Exchange Rule 402(i)(E)(2) for ETFs holding non-U.S. component securities; or (ii) for ETFs listed pursuant to generic listing standards for series of portfolio depository receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement ("CSA") is not required.⁶

FXI tracks the performance of the FTSE China 50 Index, which is composed of the 50 largest Chinese stocks.⁷ EEM tracks the performance of the MSCI Emerging Markets Index, which is composed of approximately 800 component securities.⁸ The MSCI Emerging Markets

⁵ See Securities Exchange Act Release No. 81483 (August 25, 2017), 82 FR 41457 (August 31, 2017) (SR-CBOE-2017-057 Notice of Filing of a Proposed Rule Change To Amend Interpretation and Policy .07 of Exchange Rule 4.11, Position Limits, To Increase the Position Limits for Options on Certain ETFs). See also SR-CBOE-2017-057, Partial Amendment No. 1 (November 22, 2017).

⁶ The Exchange notes that the initial listing criteria for options on ETFs that hold non-U.S. component securities are more stringent than the maintenance listing criteria for those same ETF options. See Exchange Rule 402(i)(E)(2); Exchange Rule 403(g).

⁷ See <https://www.ishares.com/us/products/239536/ishares-china-largecap-etf>.

⁸ See <http://us.ishares.com/product/info/fund/overview/EEM.htm>.

Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.⁹ IWM tracks the performance of the Russell 2000 Index, which is composed of 2,000 small-cap domestic stocks.¹⁰ EFA tracks the performance of MSCI EAFE Index, which has over 900 component securities.¹¹ The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.¹² EWZ tracks the performance of the MSCI Brazil 25/50 Index, which is composed of shares of large and mid-size companies in Brazil.¹³ TLT tracks the performance of ICE U.S. Treasury 20+ Year Bond Index, which is composed of long-term U.S. Treasury bonds.¹⁴ QQQ tracks the performance of the Nasdaq-100 Index, which is composed of 100 of the largest domestic and international nonfinancial companies listed on the Nasdaq Stock Market LLC (“Nasdaq”).¹⁵ EWJ tracks the MSCI Japan Index, which tracks the performance of large and mid-sized companies in Japan.¹⁶

MIAX Options represents that more than 50% of the weight of the securities held by the options subject to this proposal are also subject to a CSA.¹⁷ Additionally, the component securities of the MSCI Emerging Markets Index on which EEM is based for which the primary

⁹ See <http://www.msci.com/products/indices/tools/index.html#EM>.

¹⁰ See <https://www.ishares.com/us/products/239710/ishares-russell-2000-etf>.

¹¹ See <https://www.ishares.com/us/products/239623/>.

¹² See <https://www.msci.com/eafe>.

¹³ See <https://www.ishares.com/us/products/239612/ishares-msci-brazil-capped-etf>.

¹⁴ See <https://www.ishares.com/us/products/239454/>.

¹⁵ See <https://indexes.nasdaqomx.com/Index/Overview/NDX> .

¹⁶ See <https://www.ishares.com/us/products/239665/EWJ>.

¹⁷ See Exchange Rule 402(i)(E)(2)(ii).

market is in any one country that is not subject to a CSA do not represent 20% or more of the weight of the MSCI Emerging Markets Index.¹⁸ Finally, the component securities of the MSCI Emerging Markets Index on which EEM is based, for which the primary market is in any two countries that are not subject to CSAs do not represent 33% or more of the weight of the MSCI Emerging Markets Index.¹⁹

In support of this proposal, the following trading statistics have been compiled:

ETF	2017 ADV (Mil. Shares)	2017 ADV (option contracts)	Shares Outstanding (Mil.)	Fund Market Cap (\$Mil.)
FXI	15.08	71,944	78.6	\$3,343.6
EEM	52.12	287,357	797.4	\$34,926.1
IWM	27.46	490,070	253.1	\$35,809.1
EFA	19.42	98,844	1178.4	\$78,870.3
EWZ	17.08	95,152	159.4	\$6,023.4
TLT	8.53	80,476	60.0	\$7,442.4
QQQ	26.25	579,404	351.6	\$50,359.7
EWJ	6.06	4,715	303.6	\$16,625.1

The Exchange believes that the liquidity in the underlying ETFs, and the liquidity in the ETF options support its request to increase the position limits for the options subject to this proposal. As to the underlying ETF shares, through July 31, 2017, the year-to-date average daily trading volume was: (i) FXI across all exchanges was 15.08 million shares; (ii) EEM across all exchanges was 52.12 million shares; (iii) IWM across all exchanges was 27.46 million shares; (iv) EFA across all exchanges was 19.42 million shares; (v) EWZ across all exchanges was 17.08 million shares; (vi) TLT across all exchanges was 8.53 million shares; (vii) QQQ across all exchanges was 26.25 million shares; and (viii) EWJ across all exchanges was 6.06 million shares.

¹⁸ See Exchange Rule 402(i)(E)(2)(ii)(B).

¹⁹ See Exchange Rule 402(i)(E)(2)(ii)(C)

In proposing the increased position limits, the Exchange considered the availability of economically equivalent products and their respective position limits. For instance, some of the ETFs underlying options subject to this proposal are based on broad-based indices that underlie cash settled options that are economically equivalent to the ETF options that are the subject of this proposal and have no position limits. Other ETFs are based on broad-based indexes that underlie cash-settled options with position limits reflecting notional values that are larger than the current position limits for ETF analogues (EEM, EFA). Where there was no approved index analogue, the Exchange believes, based on the liquidity, breadth and depth of the underlying market, that the index referenced by the ETF would be considered a broad-based index.²⁰ The Exchange argues that if certain position limits are appropriate for the options overlying the same index or is an analogue to the basket of securities that the ETF tracks, then those same economically equivalent position limits should be appropriate for the option overlying the ETF. In addition, the market capitalization of the underlying index or reference is large enough to absorb any price movements that may be caused by an oversized trade. Also, the Authorized Participant or issuer may look to the stocks comprising the analogous underlying index or reference asset when seeking to create additional ETF shares which are part of the creation/redemption process to address supply and demand or to mitigate the price movement of the price of the ETF.

For example, the PowerShares QQQ Trust or QQQ is an ETF that tracks the Nasdaq 100 Index or NDX, which is an index composed of 100 of the largest non-financial securities listed on the Nasdaq Stock Market LLC (“Nasdaq”). Options on NDX are currently subject to

²⁰ Exchange Rule 1804 sets forth the position limits for broad-based index options.

no position limits but share similar trading characteristics as QQQ.²¹ Based on QQQ's share price of \$154.54²² and NDX's index level of 6,339.14, approximately 40 contracts of QQQ equals one contract of NDX. Assume that NDX was subject to the standard position limit of 25,000 contracts for broad-based index options under Exchange Rule 1804(a). Based on the above comparison of notional values, this would result in a position limit equivalent to 1,000,000 contracts for QQQ as NDX's analogue. However, NDX is not subject to position limits and has an average daily trading volume of 15,300 contracts. QQQ is currently subject to a position limit of 900,000 contracts but has a much higher average daily trading volume of 579,404 contracts. Furthermore, NDX currently has a market capitalization of \$17.2 trillion and QQQ has a market capitalization of \$50,359.7 million, and the component securities of NDX, in aggregate, have traded an average of 440 million shares per day in 2017, both large enough to absorb any price movement caused by a large trade in the QQQ. The Commission has also approved no position limit for NDX, although it has a much lower daily trading volume than its analogue, the QQQ. Therefore, the Exchange believes it is reasonable to increase the position limit for options on the QQQ from 900,000 to 1,800,000 contracts.

The iShare Russell 2000 ETF or IWM, is an ETF that also tracks the Russell 2000 index or RUT, which is an index composed of 2,000 small-cap domestic companies in the Russell 3000 index. Options on RUT are currently subject to no position limits but share similar trading characteristics as IWM.²³ Based on IWM's share price of \$144.77 and RUT's index level of 1,486.88, approximately 10 contracts of IWM equals one contract of RUT. Assume

²¹ Id.

²² All share prices used herein are based on the closing price of the security on November 16, 2017. Source: Yahoo Finance.

²³ See supra note 20.

that RUT was subject to the standard position limit of 25,000 contracts for broad-based index options under Exchange Rule 1804(a). Based on the above comparison of notional values, this would result in a position limit equivalent to 250,000 contracts for IWM as RUT's analogue. However, RUT is not subject to position limits and has an average daily trading volume of 66,200 contracts. IWM is currently subject to a position limit of 500,000 contracts but has a much higher average daily trading volume of 490,070 contracts. The Commission has approved no position limit for RUT, although it has a much lower average daily trading volume than its analogue, the IWM. Furthermore, RUT currently has a market capitalization of \$2.4 trillion and IWM has a market capitalization of \$35,809.1 million, and the component securities of RUT, in aggregate, have traded an average of 270 million shares per day in 2017, both large enough to absorb any price movement caused by a large trade in the IWM. Therefore, the Exchange believes it is reasonable to increase the position limit for options on the IWM from 500,000 to 1,000,000 contracts.

EEM tracks the performance of the MSCI Emerging Markets Index or MXEF, which is composed of approximately 800 component securities following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. Below makes the same notional value comparisons as made above. Based on EEM's share price of \$47.06 and MXEF's index level of 1,136.45, approximately 24 contracts of EEM equals one contract of MXEF. Assume that MXEF was subject to the standard position limit of 25,000 contracts for broad-based index options under Exchange Rule 1804(a). Based on the above comparison of notional values, this would result in a position limit economically equivalent to 604,000 contracts for EEM as MXEF's analogue. However,

MXEF has an average daily trading volume of 180 contracts. EEM is currently subject to a position limit of 500,000 contracts but has a much higher average daily trading volume of 287,357 contracts. Furthermore, MXEF currently has a market capitalization of \$5.18 trillion and EEM has a market capitalization of \$34,926.1 million, and the component securities of MXEF, in aggregate, have traded an average of 33.6 billion shares per day in 2017, both large enough to absorb any price movement caused by a large trade in the EEM. Therefore, based on the comparison of average daily trading volume, the Exchange believes it is reasonable to increase the position limit for options on the EEM from 500,000 to 1,000,000 contracts.

EFA tracks the performance of the MSCI EAFE Index or MXEA, which has over 900 component securities designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australia and the Far East, excluding the U.S. and Canada. Below makes the same notional value comparison as made above. Based on EFA's share price of \$69.16 and MXEA's index level of 1,986.15, approximately 29 contracts of EFA equals one contract of MXEA. Assume MXEA was subject to the standard position limit of 25,000 contracts for broad-based index options under Exchange Rule 1804(a). Based on the above comparison of notional values, this would result in a position limit economically equivalent to 721,000 contracts for EFA as MXEA's analogue. Furthermore, MXEA currently has a market capitalization of \$18.7 trillion and EFA has a market capitalization of \$78,870.3 million, and the component securities of MXEA, in aggregate, have traded an average of 4.6 billion shares per day in 2017, both large enough to absorb any price movement caused by a large trade in EFA. However, MXEA has an average daily trading volume of 270 contracts. EFA is currently subject to a position limit of 250,000 contracts but has a much higher average daily trading volume of 98,844 contracts. Based on

the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on the EFA from 250,000 to 500,000 contracts.

FXI tracks the performance of the FTSE China 50 Index, which is composed of the 50 largest Chinese stocks. There is currently no index analogue for FXI approved for options trading. However, the FTSE China 50 Index currently has a market capitalization of \$1.7 trillion and FXI has a market capitalization of \$2,623.18 million, both large enough to absorb any price movement caused by a large trade in FXI. The components of the FTSE China 50 Index, in aggregate, have an average daily trading volume of 2.3 billion shares. FXI is currently subject to a position limit of 250,000 contracts but has a much higher average daily trading volume of 15.08 million shares. Based on the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on the FXI from 250,000 to 500,000 contracts.

EWZ tracks the performance of the MSCI Brazil 25/50 Index, which is composed of shares of large and mid-size companies in Brazil. There is currently no index analogue for EWZ approved for options trading. However, the MSCI Brazil 25/50 Index currently has a market capitalization of \$700 billion and EWZ has a market capitalization of \$6,023.4 million, both large enough to absorb any price movement caused by a large trade in EWZ. The components of the MSCI Brazil 25/50 Index, in aggregate, have an average daily trading volume of 285 million shares. EWZ is currently subject to a position limit of 250,000 contracts but has a much higher average daily trading volume of 17.08 million shares. Based on the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on the EWZ from 250,000 to 500,000 contracts.

TLT tracks the performance of ICE U.S. Treasury 20+ Year Bond Index, which is

composed of long-term U.S. Treasury bonds. There is currently no index analogue for TLT approved for options trading. However, the U.S. Treasury market is one of the largest and most liquid markets in the world, with over \$14 trillion outstanding and turnover of approximately \$500 billion per day. TLT currently has a market capitalization of \$7,442.4 million, both large enough to absorb any price movement caused by a large trade in TLT. Therefore, the potential for manipulation will not increase solely due to the increase in position limits as set forth in this proposal. Based on the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on TLT from 250,000 to 500,000 contracts.

EWJ tracks the MSCI Japan Index, which tracks the performance of large and mid-sized companies in Japan. There is currently no index analogue for EWJ approved for options trading. However, the MSCI Japan Index has a market capitalization of \$3.5 trillion and EWJ has a market capitalization of \$16,625.1 million, and the component securities of the MSCI Japan Index, in aggregate, have traded an average of 1.1 billion shares per day in 2017, both large enough to absorb any price movement caused by a large trade in EWJ. EWJ is currently subject to a position limit of 250,000 contracts and has an average daily trading volume of 6.6 million shares. Based on the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on EWJ from 250,000 to 500,000.

The Exchange believes that increasing the position limits for the options subject to this proposal would lead to a more liquid and competitive market environment for these options, which will benefit customers interested in these products. Under the proposal, the reporting requirement for the above options would be unchanged. Thus, the Exchange would still require that each Member that maintains a position in the options on the same side of the market, for its own account or for the account of a customer, to report certain information to the Exchange.

This information would include, but would not be limited to, the options' position, whether such position is hedged and, if so, a description of the hedge, and the collateral used to carry the position, if applicable. Exchange Market Makers²⁴ (including Primary Lead Market-Makers)²⁵ would continue to be exempt from this reporting requirement, as Market Maker information can be accessed through the Exchange's market surveillance systems. In addition, the general reporting requirement for customer accounts that maintain an aggregate position of 200 or more options contracts would remain at this level for the options subject to this proposal.²⁶

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange, other options exchanges, and at the several clearing firms are capable of properly identifying unusual and/or illegal trading activity. In addition, routine oversight inspections of the Exchange's regulatory programs by the Commission have not uncovered any material inconsistencies or shortcomings in the manner in which the Exchange's market surveillance is conducted. These procedures utilize daily monitoring of market movements via automated surveillance techniques to identify unusual activity in both options and underlying stocks.²⁷ Furthermore, large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G.²⁸ The positions for options subject to this

²⁴ The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100.

²⁵ The term "Primary Lead Market Maker" means a Lead Market Maker appointed by the Exchange to act as the Primary Lead Market Maker for the purposes of making markets in securities traded on the Exchange. See Exchange Rule 100.

²⁶ See Exchange Rule 310 for reporting requirements.

²⁷ These procedures have been effective for the surveillance of trading the options subject to this proposal and will continue to be employed.

²⁸ 17 CFR 240.13d-1.

proposal are part of any reportable positions and, thus, cannot be legally hidden. Moreover, the Exchange's requirement that Members file reports with the Exchange for any customer who held aggregate large long or short positions of any single class for the previous day will continue to serve as an important part of the Exchange's surveillance efforts.

The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns that a Member or its customer may try to maintain an inordinately large un-hedged position in the options subject to this proposal. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a Member must maintain for a large position held by itself or by its customer.²⁹ In addition, Rule 15c3-1³⁰ imposes a capital charge on Members to the extent of any margin deficiency resulting from the higher margin requirement.

b. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.³¹ Specifically, the proposal is consistent with Section 6(b)(5) of the Act³² because 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 facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national

²⁹ See Exchange Rule 1502 for a description of margin requirements.

³⁰ 17 CFR 240.15c3-1.

³¹ 15 U.S.C. 78f(b).

³² 15 U.S.C. 78f(b)(5).

market system and, in general, to protect investors and the public interest. The current position limits for the options subject to this proposal have inhibited the ability of Market Makers to make markets on the Exchange. Specifically, the proposal is designed to encourage Market Makers to shift liquidity from over the counter markets onto the Exchange, which will enhance the process of price discovery conducted on the Exchange through increased order flow. The proposal will also benefit institutional investors as well as retail traders, and public customers, by providing them with a more effective trading and hedging vehicle. In addition, the Exchange believes that the structure of the options subject to this proposal and the considerable liquidity of the market for those options diminishes the opportunity to manipulate this product and disrupt the underlying market that a lower position limit may protect against.

Increased position limits for select actively traded options, such as that proposed herein, is not novel and has been previously approved by the Commission. For example, the Commission has previously approved, on a pilot basis, eliminating position limits for options on the SPDR S&P 500 ETF (“SPY”).³³ Additionally, the Commission has approved similar proposed rule changes by other exchanges to increase position and exercise limits for options on highly liquid, actively-traded ETFs,³⁴ including a proposal to permanently eliminate the position

³³ See Securities Exchange Act Release Nos. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012)(SR-NYSEAmex-2012-29); 67937 (September 27, 2012), 77 FR 60489 (October 3, 2012)(SR-CBOE-2012-091).

³⁴ See Securities Exchange Act Release Nos . 68086 (October 23, 2012), 77 FR 65600 (October 29, 2012) (SR-CBOE-2012-066); Securities Exchange Act Release No. 68478 (December 19, 2012), 77 FR 76132 (December 26, 2012) (SR-BOX-2012-023); Securities Exchange Act Release No. 68398 (December 11, 2012), 77 FR 74700 (December 17, 2012) (SR-ISE-2012-093); Securities Exchange Act Release No. 68293 (November 27, 2012), 77 FR 71644 (December 3, 2012) (SR-Phlx-2012-132); Securities Exchange Act Release No. 68358 (December 5, 2012), 77 FR 73708 (December 11, 2012) (SR-NYSE MKT-2012-071); Securities Exchange Act Release No. 68359 (December 5, 2012), 77 FR 73716 (December 11, 2012) (SR-NYSE Arca-2012-132); and .69457 (April 25, 2012), 78 FR 25502 (May 1, 2013)(SR-MIAX-2013-17).

and exercise limits for options overlaying the S&P 500 Index, S&P 100 Index, Dow Jones Industrial Average, and Nasdaq 100 Index.³⁵ In approving the permanent elimination of position and exercise limits, the Commission relied heavily upon the exchange's surveillance capabilities, the Commission expressed trust in the enhanced surveillance and reporting safeguards that the exchange took in order to detect and deter possible manipulative behavior which might arise from eliminating position and exercise limits.³⁶ Furthermore, as described more fully above, options on other ETFs have the position limits proposed herein, but their trading volumes are significantly lower than the ETFs subject to the proposed rule change.

Furthermore, the proposed position limits set forth in this proposal would continue to address potential manipulative activity while allowing for potential hedging activity for appropriate economic purposes. The creation and redemption process for these ETFs also lessens the potential for manipulative activity. When an ETF company wants to create more ETF shares, it looks to an Authorized Participant, which is a market maker or other large financial institution, to acquire the securities the ETF is to hold. For instance, IWM is designed to track the performance of the Russell 2000 Index, the Authorized Participant will purchase all the Russell 2000 constituent securities in the exact same weight as the index, then deliver those shares to the ETF provider. In exchange, the ETF provider gives the Authorized Participant a block of equally valued ETF shares, on a one-for-one fair value basis. The price is based on the net asset value, not the market value at which the ETF is trading. The creation of new ETF units can be conducted all trading day and is not subject to position limits. This process can also work

³⁵ See Securities Exchange Act Release Nos. 44994 (October 26, 2001), 66 FR 55722 (November 2, 2001)(SR-CBOE-2001-22); 52650 (October 21, 2005), 70 FR 62147 (October 28, 2005)(SR-CBOE-2005-41)("NDX Approval").

³⁶ See NDX Approval at 62149.

in reverse where the ETF company seeks to decrease the number of shares that are available to trade. The creation and redemption process, therefore, creates a direct link to the underlying components of the ETF, and serves to mitigate potential price impact of the ETF shares that might otherwise result from increased position limits.

The ETF creation and redemption seeks to keep ETF share prices trading in line with the ETF's underlying net asset value. Because an ETF trades like a stock, its price will fluctuate during the trading day, due to simple supply and demand. If demand to buy an ETF is high, for instance, the ETF's share price might rise above the value of its underlying securities. When this happens, the Authorized Participant believes the ETF may now be overpriced, and can buy the underlying shares that compose the ETF and then sell the ETF shares on the open market. This should help drive the ETF's share price back toward fair value. Likewise, if the ETF starts trading at a discount to the securities it holds, the Authorized Participant can buy shares of the ETF and redeem them for the underlying securities. Buying undervalued ETF shares should drive the price of the ETF back toward fair value. This arbitrage process helps to keep an ETF's price in line with the value of its underlying portfolio.

Lastly, the Commission expressed the belief that removing position and exercise limits may bring additional depth and liquidity without increasing concerns regarding intermarket manipulation or disruption of the options or the underlying securities.³⁷ The Exchange's existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from eliminating position and exercise limits.

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

MIAX Options does not believe that the proposed rule change will impose any burden on

³⁷

Id.

competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the entire proposal is consistent with Section (6)(b)(8) of the Act³⁸ in that it does 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 proposal promotes competition because it will enable the listed option exchanges to attract additional order flow from the over-the-counter market, who in turn compete for those orders.³⁹ The Exchange believes that the proposed rule change will result in additional opportunities to achieve the investment and trading objectives of market participants seeking efficient trading and hedging vehicles, to the benefit of investors, market participants, and the marketplace in general.

In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to changes put in place at Cboe. MIAX Options believes this proposed rule change is necessary to permit fair competition among the options exchanges and to establish uniform position limits for additional multiply listed option classes.

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

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 Act⁴⁰ and Rule 19b-4(f)(6)⁴¹ thereunder, the

³⁸ 15 U.S.C. 78f(b)(8).

³⁹ For example, Nasdaq position limits are determined by the position limits established by the Exchange. See Nasdaq Rule Sec. 7 (Position Limits).

⁴⁰ 15 U.S.C. 78s(b)(3)(A).

⁴¹ 17 CFR 240.19b-4(f)(6).

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's proposal does not significantly affect the protection of investors or the public interest because it will merely serve to provide transparency and clarity with respect to position limits. The Exchange believes that increasing the position limits for the options subject to this proposal would lead to a more liquid and competitive market environment for these options, which will benefit customers interested in these products. Additionally, the Exchange believes that it is appropriate to establish the same position limits recently established by Cboe pursuant to the Cboe proposal, as it will provide more consistency to Members in that Members of both Cboe and MIAX Options will be subject to the same position limits. Furthermore, the proposal does not impose any significant burden on competition insofar as it reflects the proposal of another exchange that has already been filed with the Commission.⁴²

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 days prior to the date of filing the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act⁴³ normally does not become operative for 30 days after the date of its filing.

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

⁴² See *supra* note 3.

⁴³ 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.

The Exchange requests that the Commission waive the 30-day operative delay and designate the proposed rule change to become operative upon filing. Waiver of the operative delay is consistent with the protection of investors and the public interest because it will ensure fair competition among exchanges by allowing the Exchange to increase its position and exercise limits to those of Cboe. The Exchange believes this will provide consistency and uniformity among Members of both Cboe and MIAX Options by subjecting Members of both exchanges to the same position and exercise limits for these multiply-listed options classes. The Exchange believes that the 30-day operative delay should be waived because it would ensure fair competition among exchanges by allowing the Exchange to amend the position and exercise limits and immediately benefit a greater number of participants who are MIAX Options Members and members of the Cboe exchange by ensuring consistency and uniformity among the competing options exchanges as to the position and exercise limits for these multiply-listed options classes.

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

The proposal is based on SR-CBOE-2017-057.⁴⁴

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.

⁴⁴ See supra note 3.

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-2018-10)

March__, 2018

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange, LLC to Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits

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 March 8, 2018, Miami International Securities Exchange, LLC (“MIAX Options” or the “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 Exchange Rules 307, Position Limits, Interpretations and Policies .01, and 309, Exercise Limits, Interpretations and Policies .01, to increase the position and exercise limits for options on the following exchange traded funds (“ETFs”): iShares China Large-Cap ETF (“FXI”), iShares MSCI Emerging Markets ETF (“EEM”), iShares Russell 2000 ETF (“IWM”), iShares MSCI EAFE ETF (“EFA”), iShares MSCI Brazil Capped ETF (“EWZ”), iShares 20+ Year Treasury Bond Fund ETF (“TLT”), PowerShares QQQ Trust (“QQQ”), and iShares MSCI Japan ETF (“EWJ”).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings/> at MIAX Options' principal office, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the 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 purpose of the proposed rule change is to amend Exchange Rules 307, Position Limits, Interpretations and Policies .01, and 309, Exercise Limits, Interpretations and Policies .01, to increase position and exercise limits, respectively, for options on the following ETFs: FXI, EEM, IWM, EFA, EWZ, TLT, QQQ, EWJ.

Market participants' trading activity has been adversely impacted by the current position limits as such limits have caused options trading in the symbols subject to this proposal to move from exchanges to the over-the-counter market. The Exchange submits this proposal with the understanding that market participants' on-exchange activity has been hindered by the existing position limits, causing them to be unable to provide additional liquidity not just on the Exchange, but also on other options exchanges on which they participate.³ The Exchange understands that certain market participants wishing to make trades

³ Cboe has received approval from the Commission for its proposed rule change to increase its position limits for the following ETFs: FXI, EEM, IWM, EFA, EWZ, TLT,

involving a large number of options contracts in the symbols subject to this proposal are opting to execute those trades in the over-the-counter market. The over-the-counter transactions occur via bi-lateral agreements, the terms of which are not publicly disclosed to other market participants. Therefore, these large trades do not contribute to the price discovery process performed on a lit market.

Position limits are designed to address potential manipulative schemes and adverse market impact surrounding the use of options, such as disrupting the market in the security underlying the options. The potential manipulative schemes and adverse market impact are balanced against the potential of setting the limits so low as to discourage participation in the options market. The level of those position limits must be balanced between curtailing potential manipulation and the cost of preventing potential hedging activity that could be used for legitimate economic purposes. Position limits for options on ETFs, such as those subject to this proposal are determined pursuant to Exchange Rule 307, and vary according to the number of outstanding shares and the trading volume of the underlying stocks or ETFs over the past six-months. The Exchange notes that the ETFs that underlie options subject to this proposal are highly liquid, and are based on a broad set of highly liquid securities and other reference assets. Likewise, the Commission has recognized the liquidity of the securities comprising the underlying interest of the SPDR S&P 500 ETF (“SPY”) in permitting no position limits on SPY options since 2012⁴, and expanded position limits for options on EEM, IWM and QQQ.

QQQ, EWJ. See Securities Exchange Act Release No. 82770 (February 23, 2018) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2) (SR-CBOE-2017-057).

⁴ See Securities Exchange Act Release Nos. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012)(SR-NYSEAmex-2012-29); 67937 (September 27, 2012), 77 FR 60489 (October 3, 2012)(SR-CBOE-2012-091).

The largest in capitalization and the most frequently traded stocks and ETFs have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization stocks and ETFs have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market. Options on FXI, EFA, EWZ, TLT, and EWJ are currently subject to the standard position limit of 250,000 contracts, as set forth in Exchange Rule 307. Interpretation and Policy .01 of Exchange Rule 307 sets forth separate position limits for options on specific ETFs as follows:

- Options on EEM are 500,000 contracts;
- Options on IWM are 500,000 contracts; and
- Options on QQQ are 900,000 contracts.

Interpretation and Policy .01 of Exchange Rule 307 also sets forth separate position limits for options on SPY (no limit) and options on DIA (300,000 contracts). However, the Exchange is not proposing to modify the position limits for options on SPY or DIA.

The purpose of this proposal is to amend Rules 307, Position Limits, Interpretations and Policies .01, and 309, Exercise Limits, Interpretations and Policies .01 to double the position and exercise limits for FXI, EEM, IWM, EFA, EWZ, TLT, QQQ, and EWJ. As such, options on FXI, EFA, EWZ, TLT, and EWJ would no longer be subject to the standard position and exercise limits as set forth under Exchange Rules 307 and 309. Accordingly, Interpretations and Policies .01 to Exchange Rule 307 and Interpretations and Policies .01 to Exchange Rule 309 would be amended to set forth that the position and exercise limits for options on FXI, EFA, EWZ, TLT, and EWJ would be 500,000 contracts. These position and exercise limits equal the current position and exercise limits for options on IWM and EEM and are similar to

the current position and exercise limits for options on QQQ, as set forth in Interpretations and Policies .01 to Exchange Rule 307 and Interpretations and Policies .01 to Exchange Rule 309.

Interpretations and Policies .01 to Exchange Rule 307 and Interpretations and Policies .01 to Exchange Rule 309 would be further amended to increase the position and exercise limits for the remaining options subject to this proposal as follows:

- The position and exercise limits for options on EEM would be increased from 500,000 contracts to 1,000,000 contracts;
- The position and exercise limits for options on IWM would be increased from 500,000 contracts to 1,000,000 contracts; and
- The position and exercise limits for options on QQQ would be increased from 900,000 contracts to 1,800,000 contracts.

The Exchange's proposal mirrors that of the Cboe Exchange, Inc. ("Cboe"), which seeks to increase the position and exercise limits for FXI, EEM, IWM, EFA, EWZ, TLT, QQQ, and EWJ which was filed by Cboe on August, 15, 2017.⁵

In support of this proposal, the Exchange represents that the above-listed ETFs qualify for either: (i) the initial listing criteria set forth in Exchange Rule 402(i)(E)(2) for ETFs holding non-U.S. component securities; or (ii) for ETFs listed pursuant to generic listing standards for series

⁵ See Securities Exchange Act Release No. 81483 (August 25, 2017), 82 FR 41457 (August 31, 2017) (SR-CBOE-2017-057 Notice of Filing of a Proposed Rule Change To Amend Interpretation and Policy .07 of Exchange Rule 4.11, Position Limits, To Increase the Position Limits for Options on Certain ETFs). See also SR-CBOE-2017-057, Partial Amendment No. 1 (November 22, 2017).

of portfolio depository receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement (“CSA”) is not required.⁶

FXI tracks the performance of the FTSE China 50 Index, which is composed of the 50 largest Chinese stocks.⁷ EEM tracks the performance of the MSCI Emerging Markets Index, which is composed of approximately 800 component securities.⁸ The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.⁹ IWM tracks the performance of the Russell 2000 Index, which is composed of 2,000 small-cap domestic stocks.¹⁰ EFA tracks the performance of MSCI EAFE Index, which has over 900 component securities.¹¹ The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.¹² EWZ tracks the performance of the MSCI Brazil 25/50 Index, which is composed of shares of large and mid-size companies in Brazil.¹³ TLT tracks the performance of ICE U.S. Treasury 20+ Year Bond Index, which is

⁶ The Exchange notes that the initial listing criteria for options on ETFs that hold non-U.S. component securities are more stringent than the maintenance listing criteria for those same ETF options. See Exchange Rule 402(i)(E)(2); Exchange Rule 403(g).

⁷ See <https://www.ishares.com/us/products/239536/ishares-china-largecap-etf>.

⁸ See <http://us.ishares.com/product/info/fund/overview/EEM.htm>.

⁹ See <http://www.msci.com/products/indices/tools/index.html#EM>.

¹⁰ See <https://www.ishares.com/us/products/239710/ishares-russell-2000-etf>.

¹¹ See <https://www.ishares.com/us/products/239623/>.

¹² See <https://www.msci.com/eafe>.

¹³ See <https://www.ishares.com/us/products/239612/ishares-msci-brazil-capped-etf>.

composed of long-term U.S. Treasury bonds.¹⁴ QQQ tracks the performance of the Nasdaq-100 Index, which is composed of 100 of the largest domestic and international nonfinancial companies listed on the Nasdaq Stock Market LLC (“Nasdaq”).¹⁵ EWJ tracks the MSCI Japan Index, which tracks the performance of large and mid-sized companies in Japan.¹⁶

MIAX Options represents that more than 50% of the weight of the securities held by the options subject to this proposal are also subject to a CSA.¹⁷ Additionally, the component securities of the MSCI Emerging Markets Index on which EEM is based for which the primary market is in any one country that is not subject to a CSA do not represent 20% or more of the weight of the MSCI Emerging Markets Index.¹⁸ Finally, the component securities of the MSCI Emerging Markets Index on which EEM is based, for which the primary market is in any two countries that are not subject to CSAs do not represent 33% or more of the weight of the MSCI Emerging Markets Index.¹⁹

In support of this proposal, the following trading statistics have been compiled

ETF	2017 ADV	2017 ADV	Shares Outstanding (Mil.)	Fund Market Cap (\$Mil.)
FXI	15.08	71,944	78.6	\$3,343.6
EEM	52.12	287,357	797.4	\$34,926.1
IWM	27.46	490,070	253.1	\$35,809.1
EFA	19.42	98,844	1178.4	\$78,870.3
EWZ	17.08	95,152	159.4	\$6,023.4
TLT	8.53	80,476	60.0	\$7,442.4
QQQ	26.25	579,404	351.6	\$50,359.7
EWJ	6.06	4,715	303.6	\$16,625.1

¹⁴ See <https://www.ishares.com/us/products/239454/>.

¹⁵ See <https://indexes.nasdaqomx.com/Index/Overview/NDX>.

¹⁶ See <https://www.ishares.com/us/products/239665/EWJ>.

¹⁷ See Exchange Rule 402(i)(E)(2)(ii).

¹⁸ See Exchange Rule 402(i)(E)(2)(ii)(B).

¹⁹ See Exchange Rule 402(i)(E)(2)(ii)(C)

The Exchange believes that the liquidity in the underlying ETFs, and the liquidity in the ETF options support its request to increase the position limits for the options subject to this proposal. As to the underlying ETF shares, through July 31, 2017, the year-to-date average daily trading volume was: (i) FXI across all exchanges was 15.08 million shares; (ii) EEM across all exchanges was 52.12 million shares; (iii) IWM across all exchanges was 27.46 million shares; (iv) EFA across all exchanges was 19.42 million shares; (v) EWZ across all exchanges was 17.08 million shares; (vi) TLT across all exchanges was 8.53 million shares; (vii) QQQ across all exchanges was 26.25 million shares; and (viii) EWJ across all exchanges was 6.06 million shares.

In proposing the increased position limits, the Exchange considered the availability of economically equivalent products and their respective position limits. For instance, some of the ETFs underlying options subject to this proposal are based on broad-based indices that underlie cash settled options that are economically equivalent to the ETF options that are the subject of this proposal and have no position limits. Other ETFs are based on broad-based indexes that underlie cash-settled options with position limits reflecting notional values that are larger than the current position limits for ETF analogues (EEM, EFA). Where there was no approved index analogue, the Exchange believes, based on the liquidity, breadth and depth of the underlying market, that the index referenced by the ETF would be considered a broad-based index.²⁰ The Exchange argues that if certain position limits are appropriate for the options overlying the same index or is an analogue to the basket of securities that the ETF tracks, then those same economically equivalent position limits should be appropriate for the option overlying the ETF. In addition, the market capitalization of the underlying index or reference is large enough to absorb any price movements that may be caused by an oversized trade.

²⁰ Exchange Rule 1804 sets forth the position limits for broad-based index options.

Also, the Authorized Participant or issuer may look to the stocks comprising the analogous underlying index or reference asset when seeking to create additional ETF shares which are part of the creation/redemption process to address supply and demand or to mitigate the price movement of the price of the ETF.

For example, the PowerShares QQQ Trust or QQQ is an ETF that tracks the Nasdaq 100 Index or NDX, which is an index composed of 100 of the largest non-financial securities listed on the Nasdaq Stock Market LLC (“Nasdaq”). Options on NDX are currently subject to no position limits but share similar trading characteristics as QQQ.²¹ Based on QQQ’s share price of \$154.54²² and NDX’s index level of 6,339.14, approximately 40 contracts of QQQ equals one contract of NDX. Assume that NDX was subject to the standard position limit of 25,000 contracts for broad-based index options under Exchange Rule 1804(a). Based on the above comparison of notional values, this would result in a position limit equivalent to 1,000,000 contracts for QQQ as NDX’s analogue. However, NDX is not subject to position limits and has an average daily trading volume of 15,300 contracts. QQQ is currently subject to a position limit of 900,000 contracts but has a much higher average daily trading volume of 579,404 contracts. Furthermore, NDX currently has a market capitalization of \$17.2 trillion and QQQ has a market capitalization of \$50,359.7 million, and the component securities of NDX, in aggregate, have traded an average of 440 million shares per day in 2017, both large enough to absorb any price movement caused by a large trade in the QQQ. The Commission has also approved no position limit for NDX, although it has a much lower daily trading

²¹ Id.

²² All share prices used herein are based on the closing price of the security on November 16, 2017. Source: Yahoo Finance.

volume than its analogue, the QQQ. Therefore, the Exchange believes it is reasonable to increase the position limit for options on the QQQ from 900,000 to 1,800,000 contracts.

The iShare Russell 2000 ETF or IWM, is an ETF that also tracks the Russell 2000 index or RUT, which is an index composed of 2,000 small-cap domestic companies in the Russell 3000 index. Options on RUT are currently subject to no position limits but share similar trading characteristics as IWM.²³ Based on IWM's share price of \$144.77 and RUT's index level of 1,486.88, approximately 10 contracts of IWM equals one contract of RUT. Assume that RUT was subject to the standard position limit of 25,000 contracts for broad-based index options under Exchange Rule 1804(a). Based on the above comparison of notional values, this would result in a position limit equivalent to 250,000 contracts for IWM as RUT's analogue. However, RUT is not subject to position limits and has an average daily trading volume of 66,200 contracts. IWM is currently subject to a position limit of 500,000 contracts but has a much higher average daily trading volume of 490,070 contracts. The Commission has approved no position limit for RUT, although it has a much lower average daily trading volume than its analogue, the IWM. Furthermore, RUT currently has a market capitalization of \$2.4 trillion and IWM has a market capitalization of \$35,809.1 million, and the component securities of RUT, in aggregate, have traded an average of 270 million shares per day in 2017, both large enough to absorb any price movement caused by a large trade in the IWM. Therefore, the Exchange believes it is reasonable to increase the position limit for options on the IWM from 500,000 to 1,000,000 contracts.

EEM tracks the performance of the MSCI Emerging Markets Index or MXEF, which is composed of approximately 800 component securities following 21 emerging market country

²³ See supra note 20.

indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. Below makes the same notional value comparisons as made above. Based on EEM's share price of \$47.06 and MXEF's index level of 1,136.45, approximately 24 contracts of EEM equals one contract of MXEF. Assume that MXEF was subject to the standard position limit of 25,000 contracts for broad-based index options under Exchange Rule 1804(a). Based on the above comparison of notional values, this would result in a position limit economically equivalent to 604,000 contracts for EEM as MXEF's analogue. However, MXEF has an average daily trading volume of 180 contracts. EEM is currently subject to a position limit of 500,000 contracts but has a much higher average daily trading volume of 287,357 contracts. Furthermore, MXEF currently has a market capitalization of \$5.18 trillion and EEM has a market capitalization of \$34,926.1 million, and the component securities of MXEF, in aggregate, have traded an average of 33.6 billion shares per day in 2017, both large enough to absorb any price movement caused by a large trade in the EEM. Therefore, based on the comparison of average daily trading volume, the Exchange believes it is reasonable to increase the position limit for options on the EEM from 500,000 to 1,000,000 contracts.

EFA tracks the performance of the MSCI EAFE Index or MXEA, which has over 900 component securities designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australia and the Far East, excluding the U.S. and Canada. Below makes the same notional value comparison as made above. Based on EFA's share price of \$69.16 and MXEA's index level of 1,986.15, approximately 29 contracts of EFA equals one contract of MXEA. Assume MXEA was subject to the standard position limit of 25,000 contracts for broad-based index options under

Exchange Rule 1804(a). Based on the above comparison of notional values, this would result in a position limit economically equivalent to 721,000 contracts for EFA as MXEA's analogue. Furthermore, MXEA currently has a market capitalization of \$18.7 trillion and EFA has a market capitalization of \$78,870.3 million, and the component securities of MXEA, in aggregate, have traded an average of 4.6 billion shares per day in 2017, both large enough to absorb any price movement caused by a large trade in EFA. However, MXEA has an average daily trading volume of 270 contracts. EFA is currently subject to a position limit of 250,000 contracts but has a much higher average daily trading volume of 98,844 contracts. Based on the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on the EFA from 250,000 to 500,000 contracts.

FXI tracks the performance of the FTSE China 50 Index, which is composed of the 50 largest Chinese stocks. There is currently no index analogue for FXI approved for options trading. However, the FTSE China 50 Index currently has a market capitalization of \$1.7 trillion and FXI has a market capitalization of \$2,623.18 million, both large enough to absorb any price movement caused by a large trade in FXI. The components of the FTSE China 50 Index, in aggregate, have an average daily trading volume of 2.3 billion shares. FXI is currently subject to a position limit of 250,000 contracts but has a much higher average daily trading volume of 15.08 million shares. Based on the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on the FXI from 250,000 to 500,000 contracts.

EWZ tracks the performance of the MSCI Brazil 25/50 Index, which is composed of shares of large and mid-size companies in Brazil. There is currently no index analogue for EWZ approved for options trading. However, the MSCI Brazil 25/50 Index currently has a

market capitalization of \$700 billion and EWZ has a market capitalization of \$6,023.4 million, both large enough to absorb any price movement caused by a large trade in EWZ. The components of the MSCI Brazil 25/50 Index, in aggregate, have an average daily trading volume of 285 million shares. EWZ is currently subject to a position limit of 250,000 contracts but has a much higher average daily trading volume of 17.08 million shares. Based on the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on the EWZ from 250,000 to 500,000 contracts.

TLT tracks the performance of ICE U.S. Treasury 20+ Year Bond Index, which is composed of long-term U.S. Treasury bonds. There is currently no index analogue for TLT approved for options trading. However, the U.S. Treasury market is one of the largest and most liquid markets in the world, with over \$14 trillion outstanding and turnover of approximately \$500 billion per day. TLT currently has a market capitalization of \$7,442.4 million, both large enough to absorb any price movement caused by a large trade in TLT. Therefore, the potential for manipulation will not increase solely due to the increase in position limits as set forth in this proposal. Based on the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on TLT from 250,000 to 500,000 contracts.

EWJ tracks the MSCI Japan Index, which tracks the performance of large and mid-sized companies in Japan. There is currently no index analogue for EWJ approved for options trading. However, the MSCI Japan Index has a market capitalization of \$3.5 trillion and EWJ has a market capitalization of \$16,625.1 million, and the component securities of the MSCI Japan Index, in aggregate, have traded an average of 1.1 billion shares per day in 2017, both large enough to absorb any price movement caused by a large trade in EWJ. EWJ is currently subject to a position limit of 250,000 contracts and has an average daily trading volume of 6.6

million shares. Based on the above comparisons, the Exchange believes it is reasonable to increase the position limit for options on EWJ from 250,000 to 500,000.

The Exchange believes that increasing the position limits for the options subject to this proposal would lead to a more liquid and competitive market environment for these options, which will benefit customers interested in these products. Under the proposal, the reporting requirement for the above options would be unchanged. Thus, the Exchange would still require that each Member that maintains a position in the options on the same side of the market, for its own account or for the account of a customer, to report certain information to the Exchange. This information would include, but would not be limited to, the options' position, whether such position is hedged and, if so, a description of the hedge, and the collateral used to carry the position, if applicable. Exchange Market Makers²⁴ (including Primary Lead Market-Makers)²⁵ would continue to be exempt from this reporting requirement, as Market Maker information can be accessed through the Exchange's market surveillance systems. In addition, the general reporting requirement for customer accounts that maintain an aggregate position of 200 or more options contracts would remain at this level for the options subject to this proposal.²⁶

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange, other options exchanges, and at the several clearing firms are capable of properly identifying unusual and/or illegal trading activity. In addition, routine

²⁴ The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100.

²⁵ The term "Primary Lead Market Maker" means a Lead Market Maker appointed by the Exchange to act as the Primary Lead Market Maker for the purposes of making markets in securities traded on the Exchange. See Exchange Rule 100.

²⁶ See Exchange Rule 310 for reporting requirements.

oversight inspections of the Exchange's regulatory programs by the Commission have not uncovered any material inconsistencies or shortcomings in the manner in which the Exchange's market surveillance is conducted. These procedures utilize daily monitoring of market movements via automated surveillance techniques to identify unusual activity in both options and underlying stocks.²⁷ Furthermore, large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G.²⁸ The positions for options subject to this proposal are part of any reportable positions and, thus, cannot be legally hidden. Moreover, the Exchange's requirement that Members file reports with the Exchange for any customer who held aggregate large long or short positions of any single class for the previous day will continue to serve as an important part of the Exchange's surveillance efforts.

The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns that a Member or its customer may try to maintain an inordinately large un-hedged position in the options subject to this proposal. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a Member must maintain for a large position held by itself or by its customer.²⁹ In addition, Rule 15c3-1³⁰ imposes a capital charge on Members to the extent of any margin deficiency resulting from the higher margin requirement.

²⁷ These procedures have been effective for the surveillance of trading the options subject to this proposal and will continue to be employed.

²⁸ 17 CFR 240.13d-1.

²⁹ See Exchange Rule 1502 for a description of margin requirements.

³⁰ 17 CFR 240.15c3-1.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.³¹ Specifically, the proposal is consistent with Section 6(b)(5) of the Act³² because 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 facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest. The current position limits for the options subject to this proposal have inhibited the ability of Market Makers to make markets on the Exchange. Specifically, the proposal is designed to encourage Market Makers to shift liquidity from over the counter markets onto the Exchange, which will enhance the process of price discovery conducted on the Exchange through increased order flow. The proposal will also benefit institutional investors as well as retail traders, and public customers, by providing them with a more effective trading and hedging vehicle. In addition, the Exchange believes that the structure of the options subject to this proposal and the considerable liquidity of the market for those options diminishes the opportunity to manipulate this product and disrupt the underlying market that a lower position limit may protect against.

Increased position limits for select actively traded options, such as that proposed herein, is not novel and has been previously approved by the Commission. For example, the Commission has previously approved, on a pilot basis, eliminating position limits for options on

³¹ 15 U.S.C. 78f(b).

³² 15 U.S.C. 78f(b)(5).

the SPDR S&P 500 ETF (“SPY”).³³ Additionally, the Commission has approved similar proposed rule changes by other exchanges to increase position and exercise limits for options on highly liquid, actively-traded ETFs,³⁴ including a proposal to permanently eliminate the position and exercise limits for options overlaying the S&P 500 Index, S&P 100 Index, Dow Jones Industrial Average, and Nasdaq 100 Index.³⁵ In approving the permanent elimination of position and exercise limits, the Commission relied heavily upon the exchange’s surveillance capabilities, the Commission expressed trust in the enhanced surveillance and reporting safeguards that the exchange took in order to detect and deter possible manipulative behavior which might arise from eliminating position and exercise limits.³⁶ Furthermore, as described more fully above, options on other ETFs have the position limits proposed herein, but their trading volumes are significantly lower than the ETFs subject to the proposed rule change.

Furthermore, the proposed position limits set forth in this proposal would continue to address potential manipulative activity while allowing for potential hedging activity for

³³ See Securities Exchange Act Release Nos. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012)(SR-NYSEAmex-2012-29); 67937 (September 27, 2012), 77 FR 60489 (October 3, 2012)(SR-CBOE-2012-091).

³⁴ See Securities Exchange Act Release Nos . 68086 (October 23, 2012), 77 FR 65600 (October 29, 2012) (SR-CBOE-2012-066); Securities Exchange Act Release No. 68478 (December 19, 2012), 77 FR 76132 (December 26, 2012) (SR-BOX-2012-023); Securities Exchange Act Release No. 68398 (December 11, 2012), 77 FR 74700 (December 17, 2012) (SR-ISE-2012-093); Securities Exchange Act Release No. 68293 (November 27, 2012), 77 FR 71644 (December 3, 2012) (SR-Phlx-2012-132); Securities Exchange Act Release No. 68358 (December 5, 2012), 77 FR 73708 (December 11, 2012) (SR-NYSE MKT-2012-071); Securities Exchange Act Release No. 68359 (December 5, 2012), 77 FR 73716 (December 11, 2012) (SR-NYSE Arca-2012-132); and .69457 (April 25, 2012), 78 FR 25502 (May 1, 2013)(SR-MIAX-2013-17).

³⁵ See Securities Exchange Act Release Nos. 44994 (October 26, 2001), 66 FR 55722 (November 2, 2001)(SR-CBOE-2001-22); 52650 (October 21, 2005), 70 FR 62147 (October 28, 2005)(SR-CBOE-2005-41)(“NDX Approval”).

³⁶ See NDX Approval at 62149.

appropriate economic purposes. The creation and redemption process for these ETFs also lessens the potential for manipulative activity. When an ETF company wants to create more ETF shares, it looks to an Authorized Participant, which is a market maker or other large financial institution, to acquire the securities the ETF is to hold. For instance, IWM is designed to track the performance of the Russell 2000 Index, the Authorized Participant will purchase all the Russell 2000 constituent securities in the exact same weight as the index, then deliver those shares to the ETF provider. In exchange, the ETF provider gives the Authorized Participant a block of equally valued ETF shares, on a one-for-one fair value basis. The price is based on the net asset value, not the market value at which the ETF is trading. The creation of new ETF units can be conducted all trading day and is not subject to position limits. This process can also work in reverse where the ETF company seeks to decrease the number of shares that are available to trade. The creation and redemption process, therefore, creates a direct link to the underlying components of the ETF, and serves to mitigate potential price impact of the ETF shares that might otherwise result from increased position limits.

The ETF creation and redemption seeks to keep ETF share prices trading in line with the ETF's underlying net asset value. Because an ETF trades like a stock, its price will fluctuate during the trading day, due to simple supply and demand. If demand to buy an ETF is high, for instance, the ETF's share price might rise above the value of its underlying securities. When this happens, the Authorized Participant believes the ETF may now be overpriced, and can buy the underlying shares that compose the ETF and then sell the ETF shares on the open market. This should help drive the ETF's share price back toward fair value. Likewise, if the ETF starts trading at a discount to the securities it holds, the Authorized Participant can buy shares of the ETF and redeem them for the underlying securities. Buying undervalued ETF shares should

drive the price of the ETF back toward fair value. This arbitrage process helps to keep an ETF's price in line with the value of its underlying portfolio.

Lastly, the Commission expressed the belief that removing position and exercise limits may bring additional depth and liquidity without increasing concerns regarding intermarket manipulation or disruption of the options or the underlying securities.³⁷ The Exchange's existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from eliminating position and exercise limits.

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

MIAX Options 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 entire proposal is consistent with Section (6)(b)(8) of the Act³⁸ in that it does 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 proposal promotes competition because it will enable the listed option exchanges to attract additional order flow from the over-the-counter market, who in turn compete for those orders.³⁹ The Exchange believes that the proposed rule change will result in additional opportunities to achieve the investment and trading objectives of market participants seeking efficient trading and hedging vehicles, to the benefit of investors, market participants, and the marketplace in general.

In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to changes put in place at Cboe. MIAX Options believes this

³⁷ Id.

³⁸ 15 U.S.C. 78f(b)(8).

³⁹ For example, Nasdaq position limits are determined by the position limits established by the Exchange. See Nasdaq Rule Sec. 7 (Position Limits).

proposed rule change is necessary to permit fair competition among the options exchanges and to establish uniform position limits for additional multiply listed option classes.

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 Act⁴⁰ and Rule 19b-4(f)(6)⁴¹ 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.

⁴⁰ 15 U.S.C. 78s(b)(3)(A).

⁴¹ 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:to-rule-comments@sec.gov). Please include File Number SR-MIAX-2018-10 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-2018-10. 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-2018-10 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.⁴²

Brent J. Fields
Secretary

⁴² 17 CFR 200.30-3(a)(12).

EXHIBIT 5New text is underlined;

Deleted text is in [brackets]

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

Rule 307. Position Limits

(a) – (f) No change.

Interpretations and Policies:

.01 The position limits applicable to option contracts on the securities listed in the chart below are as follows:

Security Underlying Option	Position Limit
SPDR [®] Dow Jones [®] Industrial Average SM ETF Trust (DIA)	300,000 contracts
SPDR [®] S&P 500 [®] ETF Trust (SPY)	No Limit*
iShares [®] Russell 2000 ETF (IWM)	[500,000] <u>1,000,000</u> contracts
iShares [®] MSCI Emerging Markets ETF (EEM)	[500,000] <u>1,000,000</u> contracts
PowerShares QQQ TM Trust (QQQ)	[900,000] <u>1,800,000</u> contracts
<u>iShares China Large-Cap ETF (“FXI”)</u>	<u>500,000 contracts</u>
<u>iShares MSCI EAFE ETF (“EFA”)</u>	<u>500,000 contracts</u>
<u>iShares MSCI Brazil Capped ETF (“EWZ”)</u>	<u>500,000 contracts</u>
<u>iShares 20+ Year Treasury Bond Fund ETF (“TLT”)</u>	<u>500,000 contracts</u>
<u>iShares MSCI Japan ETF (“EWJ”)</u>	<u>500,000 contracts</u>

* Position Limits for options on SPDR[®] S&P 500[®] ETF Trust (SPY) are the subject of a pilot program, which expires on July 12, 2018.

.02-.03 No change.

Rule 309. Exercise Limits

(a) – (d) No change.

Interpretations and Policies:

.01 The exercise limits applicable to option contracts on the securities listed in the chart below are as follows:

Security Underlying Option	Exercise Limit
SPDR [®] Dow Jones [®] Industrial Average SM ETF Trust (DIA)	300,000 contracts
SPDR [®] S&P 500 [®] ETF Trust (SPY)	No Limit*
iShares [®] Russell 2000 ETF (IWM)	[500,000] <u>1,000,000</u> contracts
iShares [®] MSCI Emerging Markets ETF (EEM)	[500,000] <u>1,000,000</u> contracts
PowerShares QQQ TM Trust (QQQ)	[900,000] <u>1,800,000</u> contracts
<u>iShares China Large-Cap ETF (“FXI”)</u>	<u>500,000 contracts</u>
<u>iShares MSCI EAFE ETF (“EFA”)</u>	<u>500,000 contracts</u>
<u>iShares MSCI Brazil Capped ETF (“EWZ”)</u>	<u>500,000 contracts</u>
<u>iShares 20+ Year Treasury Bond Fund ETF (“TLT”)</u>	<u>500,000 contracts</u>
<u>iShares MSCI Japan ETF (“EWJ”)</u>	<u>500,000 contracts</u>

* Exercise Limits for options on SPDR[®] S&P 500[®] ETF Trust (SPY) are the subject of a pilot program, which expires on July 12, 2018.
