

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="22"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2018"/> - * <input type="text" value="11"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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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 *).

Proposal to amend Exchange Rule 307, Position Limits, Interpretations and Policies .01, and Exchange Rule 309, Exercise Limits, Interpretations and Policies .01, to amend the position and exercise limits for options on the SPY.

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 * <input type="text" value="Dimitriy"/>	Last Name * <input type="text" value="Kotov"/>
Title * <input type="text" value="Assistant Vice President, Associate Counsel"/>	
E-mail * <input type="text" value="dkotov@miami-holdings.com"/>	
Telephone * <input type="text" value="(609) 897-8494"/>	Fax <input type="text"/>

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 <input type="text" value="05/24/2018"/>	<input type="text" value="Senior Vice President and Deputy General Counsel"/>
By <input type="text" value="Joseph Ferraro"/>	<input type="text" value="jfferraro@miami-holdings.com"/>

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 Rule 307, Position Limits, Interpretations and Policies .01, and Exchange Rule 309, Exercise Limits, Interpretations and Policies .01, to amend the position and exercise limits for options on the SPDR® S&P 500® ETF Trust (“SPY”). 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.

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

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

Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits, establish position and exercise limits, respectively, for aggregate positions in option contracts traded on the Exchange. Interpretations and Policies .01 to Exchange Rule 307 lists specific position limits for certain select underlying securities, and Interpretations and Policies .01 to Exchange Rule 309 lists specific exercise limits for certain select underlying securities. SPY is among the certain select underlying securities listed in each such Rule. Currently, these Rules provide that there are no position limits and there are no exercise limits on options overlying SPY pursuant to a pilot program, which is scheduled to expire on July 12, 2018 ("SPY Pilot Program").³

The Exchange proposes to amend Exchange Rule 307, Interpretations and Policies .01, and Exchange Rule 309, Interpretations and Policies .01, to allow the SPY Pilot Program to terminate on July 12, 2018, the current expiration date of the SPY Pilot Program. In lieu of extending the SPY Pilot Program for another year, the Exchange proposes to allow the SPY Pilot Program to terminate and to establish position and exercise limits of 1,800,000 contracts, for options on SPY, with such change becoming operative on July 12, 2018, so that there is no lapse in time between termination of the SPY Pilot Program and the establishment of the new limits. Furthermore, as a result of the termination of the SPY Pilot Program, the Exchange does not believe it is necessary to submit a SPY Pilot Program Report at the end of the SPY Pilot Program. Based on the prior SPY Pilot Program Reports provided to the Commission,⁴

³ See Securities Exchange Act Release No. 81020 (June 26, 2017), 82 FR 29951 (June 30, 2017)(SR-MIAX-2017-30)(extending the SPY Pilot Program to July 12, 2018); see also 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).

⁴ Id.

the Exchange believes it is appropriate to terminate the SPY Pilot Program and that permanent position and exercise limits should be established for SPY.

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.

The SPY Pilot Program was established in 2012 in order to eliminate position and exercise limits for physically-settled SPY options.⁵ In 2005, the position limits for SPY options were increased from 75,000 contracts to 300,000 contracts on the same side of the market.⁶ In July 2011, the position limit for these options was again increased from 300,000 contracts to 900,000 contracts on the same side of the market.⁷ Then, in 2012, the position limits for SPY options were eliminated as part of the SPY Pilot Program.⁸

The underlying SPY tracks the performance of the S&P 500 Index and the Exchange notes that the SPY and SPY options have deep, liquid markets that reduce concerns regarding manipulation and disruption in the underlying markets. In support of this proposed rule change, the Exchange has collected the following trading statistics for SPY and SPY Options:

⁵ 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).

⁶ See Securities Exchange Act Release No. 51041 (January 14, 2005), 70 FR 3408 (January 24, 2005)(SR-CBOE-2005-06).

⁷ See Securities Exchange Act Release No. 64928 (July 20, 2011), 76 FR 44633 (July 26, 2011)(SR-CBOE-2011-065).

⁸ See supra note 5.

(1) the average daily volume (“ADV”) to date (as of May 15, 2018) for SPY is 108.32 million shares; (2) the ADV to date in 2018 for SPY options is 3.9 million contracts per day; (3) the total shares outstanding for SPY are 965.43 million; and (4) the fund market cap for SPY is 261.65 billion. The Exchange represents further that there is tremendous liquidity in the securities that make up the S&P 500 Index.

Accordingly, the Exchange proposes to amend Interpretations and Policies .01 to Exchange Rule 307 and Interpretations and Policies .01 to Exchange Rule 309 to set forth that the position and exercise limits for options on SPY would be 1,800,000 contracts on the same side of the market. These position and exercise limits equal the current position and exercise limits for options on QQQ, which the Commission previously approved to be increased from 900,000 contracts on the same side of the market, to 1,800,000 contracts on the same side of the market.⁹ The Exchange also notes that SPY is more liquid than QQQ.¹⁰ The Exchange believes that establishing position and exercise limits for the SPY options in the amount of 1,800,000 contracts on the same side of the market subject to this proposal would allow for the maintenance of the liquid and competitive market environment for these options, which will benefit customers interested in these products. Under the proposal, the reporting requirement for the options would be unchanged.

b. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act

⁹ See Securities Exchange Act Release No. 82931 (March 22, 2018), 83 FR 13323 (March 28, 2018)(SR-MIAX-2018-10); see also Securities Exchange Act Release No. 82770 (February 23, 2018), 83 FR 8907 (March 1, 2018)(SR-CBOE-2017-057).

¹⁰ From the beginning of the year, through May 15, 2018, the ADV for SPY was 108.32 million shares while the ADV for QQQ was 46.64 million shares (calculated using data from Yahoo Finance as of May 15, 2018).

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.¹¹ Specifically, the proposal is consistent with Section 6(b)(5) of the Act¹² 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 Exchange believes that establishing permanent position and exercise limits for SPY options subject to this proposal will encourage Market Makers to continue to provide sufficient liquidity in SPY options on the Exchange, which will enhance the process of price discovery conducted on the Exchange. The proposal will also benefit institutional investors as well as retail traders, and public customers, by continuing to provide them with an effective trading and hedging vehicle. In addition, the Exchange believes that the structure of the SPY 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 (increased as compared to the 900,000 limit in place prior to the SPY Pilot Program),¹³ is not novel and has been previously approved by the Commission. For example, the Commission has previously approved a rule change permitting the Exchange to double the position and exercise

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ See supra note 7.

limits for FXI, EEM, IWM, EFA, EWZ, TLT, QQQ, and EWJ.¹⁴ Furthermore, as previously mentioned, the Commission specifically approved a proposal by the Exchange to increase the position and exercise limits for options on QQQ from 900,000 contracts on the same side of the market to 1,800,000 contracts on the same side of the market; similar to the current proposal for options on SPY.¹⁵ The Exchange also notes that SPY is more liquid than QQQ.¹⁶

Lastly, the Commission expressed the belief that implementing higher 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.¹⁷ The Exchange's existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from increasing position and exercise limits (increased as compared to the 900,000 limit in place prior to the SPY Pilot Program).¹⁸

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 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 Act¹⁹ 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 option exchanges to attract additional order flow from the over-the-counter market, who in turn compete for those orders. The Exchange believes that the

¹⁴ See supra note 9.

¹⁵ Id.

¹⁶ See supra note 10.

¹⁷ See supra note 9.

¹⁸ See supra note 7.

¹⁹ 15 U.S.C. 78f(b)(8).

proposed rule change will result in continued 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. 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. Furthermore, MIAX Options believes that the other options exchanges will file similar proposals with the Commission.

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 Act²⁰ and Rule 19b-4(f)(6)²¹ 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's proposal does not significantly affect the protection of investors or the public interest because it will merely serve to provide permanency and stability with respect to position limits, by ending a temporary pilot program. The Exchange believes that establishing

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6).

position and exercise limits for SPY options subject to this proposal would allow for the continued maintenance of a liquid and competitive market environment for these options, which will benefit customers interested in these products. Furthermore, as previously mentioned, the Commission specifically approved a proposal by the Exchange to increase the position and exercise limits for options on QQQ from 900,000 contracts on the same side of the market to 1,800,000 contracts on the same side of the market; similar to the current proposal for options on SPY.²² The Exchange also notes that SPY is more liquid than QQQ.²³ Additionally, the proposal does not impose any significant burden on competition insofar as it reflects a proposal that MIAX Options believes other options exchanges will file with the Commission.

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 Act²⁴ 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 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.

²² See supra note 9.

²³ See supra note 10.

²⁴ 17 CFR 240.19b-4(f)(6).

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-2018-11)

May __, 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 May 24, 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 Rule 307, Position Limits, Interpretations and Policies .01, and Exchange Rule 309, Exercise Limits, Interpretations and Policies .01, to amend the position and exercise limits for options on the SPDR® S&P 500® ETF Trust (“SPY”).

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits, establish position and exercise limits, respectively, for aggregate positions in option contracts traded on the Exchange. Interpretations and Policies .01 to Exchange Rule 307 lists specific position limits for certain select underlying securities, and Interpretations and Policies .01 to Exchange Rule 309 lists specific exercise limits for certain select underlying securities. SPY is among the certain select underlying securities listed in each such Rule. Currently, these Rules provide that there are no position limits and there are no exercise limits on options overlying SPY pursuant to a pilot program, which is scheduled to expire on July 12, 2018 (“SPY Pilot Program”).³

The Exchange proposes to amend Exchange Rule 307, Interpretations and Policies .01, and Exchange Rule 309, Interpretations and Policies .01, to allow the SPY Pilot Program to terminate on July 12, 2018, the current expiration date of the SPY Pilot Program. In lieu of extending the SPY Pilot Program for another year, the Exchange proposes to allow the SPY

³ See Securities Exchange Act Release No. 81020 (June 26, 2017), 82 FR 29951 (June 30, 2017)(SR-MIAX-2017-30)(extending the SPY Pilot Program to July 12, 2018); see also 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).

Pilot Program to terminate and to establish position and exercise limits of 1,800,000 contracts, for options on SPY, with such change becoming operative on July 12, 2018, so that there is no lapse in time between termination of the SPY Pilot Program and the establishment of the new limits. Furthermore, as a result of the termination of the SPY Pilot Program, the Exchange does not believe it is necessary to submit a SPY Pilot Program Report at the end of the SPY Pilot Program. Based on the prior SPY Pilot Program Reports provided to the Commission,⁴ the Exchange believes it is appropriate to terminate the SPY Pilot Program and that permanent position and exercise limits should be established for SPY.

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.

The SPY Pilot Program was established in 2012 in order to eliminate position and exercise limits for physically-settled SPY options.⁵ In 2005, the position limits for SPY options were increased from 75,000 contracts to 300,000 contracts on the same side of the market.⁶ In July 2011, the position limit for these options was again increased from 300,000

⁴ Id.

⁵ 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).

⁶ See Securities Exchange Act Release No. 51041 (January 14, 2005), 70 FR 3408 (January 24, 2005)(SR-CBOE-2005-06).

contracts to 900,000 contracts on the same side of the market.⁷ Then, in 2012, the position limits for SPY options were eliminated as part of the SPY Pilot Program.⁸

The underlying SPY tracks the performance of the S&P 500 Index and the Exchange notes that the SPY and SPY options have deep, liquid markets that reduce concerns regarding manipulation and disruption in the underlying markets. In support of this proposed rule change, the Exchange has collected the following trading statistics for SPY and SPY Options: (1) the average daily volume (“ADV”) to date (as of May 15, 2018) for SPY is 108.32 million shares; (2) the ADV to date in 2018 for SPY options is 3.9 million contracts per day; (3) the total shares outstanding for SPY are 965.43 million; and (4) the fund market cap for SPY is 261.65 billion. The Exchange represents further that there is tremendous liquidity in the securities that make up the S&P 500 Index.

Accordingly, the Exchange proposes to amend Interpretations and Policies .01 to Exchange Rule 307 and Interpretations and Policies .01 to Exchange Rule 309 to set forth that the position and exercise limits for options on SPY would be 1,800,000 contracts on the same side of the market. These position and exercise limits equal the current position and exercise limits for options on QQQ, which the Commission previously approved to be increased from 900,000 contracts on the same side of the market, to 1,800,000 contracts on the same side of the market.⁹ The Exchange also notes that SPY is more liquid than QQQ.¹⁰ The Exchange believes

⁷ See Securities Exchange Act Release No. 64928 (July 20, 2011), 76 FR 44633 (July 26, 2011)(SR-CBOE-2011-065).

⁸ See *supra* note 5.

⁹ See Securities Exchange Act Release No. 82931 (March 22, 2018), 83 FR 13323 (March 28, 2018)(SR-MIAX-2018-10); see also Securities Exchange Act Release No. 82770 (February 23, 2018), 83 FR 8907 (March 1, 2018)(SR-CBOE-2017-057).

¹⁰ From the beginning of the year, through May 15, 2018, the ADV for SPY was 108.32 million shares while the ADV for QQQ was 46.64 million shares (calculated using data from Yahoo Finance as of May 15, 2018).

that establishing position and exercise limits for the SPY options in the amount of 1,800,000 contracts on the same side of the market subject to this proposal would allow for the maintenance of the liquid and competitive market environment for these options, which will benefit customers interested in these products. Under the proposal, the reporting requirement for the options would be unchanged.

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.¹¹ Specifically, the proposal is consistent with Section 6(b)(5) of the Act¹² 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 Exchange believes that establishing permanent position and exercise limits for SPY options subject to this proposal will encourage Market Makers to continue to provide sufficient liquidity in SPY options on the Exchange, which will enhance the process of price discovery conducted on the Exchange. The proposal will also benefit institutional investors as well as retail traders, and public customers, by continuing to provide them with an effective trading and hedging vehicle. In addition, the Exchange believes that the structure of the SPY options subject to this proposal and the considerable liquidity of the market for those options diminishes the opportunity to

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

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 (increased as compared to the 900,000 limit in place prior to the SPY Pilot Program),¹³ is not novel and has been previously approved by the Commission. For example, the Commission has previously approved a rule change permitting the Exchange to double the position and exercise limits for FXI, EEM, IWM, EFA, EWZ, TLT, QQQ, and EWJ.¹⁴ Furthermore, as previously mentioned, the Commission specifically approved a proposal by the Exchange to increase the position and exercise limits for options on QQQ from 900,000 contracts on the same side of the market to 1,800,000 contracts on the same side of the market; similar to the current proposal for options on SPY.¹⁵ The Exchange also notes that SPY is more liquid than QQQ.¹⁶

Lastly, the Commission expressed the belief that implementing higher 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.¹⁷ The Exchange's existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from increasing position and exercise limits (increased as compared to the 900,000 limit in place prior to the SPY Pilot Program).¹⁸

¹³ See supra note 7.

¹⁴ See supra note 9.

¹⁵ Id.

¹⁶ See supra note 10.

¹⁷ See supra note 9.

¹⁸ See supra note 7.

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 Act¹⁹ 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 option exchanges to attract additional order flow from the over-the-counter market, who in turn compete for those orders. The Exchange believes that the proposed rule change will result in continued 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. 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. Furthermore, MIAX Options believes that the other options exchanges will file similar proposals with the Commission.

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

¹⁹ 15 U.S.C. 78f(b)(8).

Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act²⁰ and Rule 19b-4(f)(6)²¹ 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
- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-MIAX-2018-11 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.

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 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.

All submissions should refer to File Number SR-MIAX-2018-11. 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-2018-11 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.²²

Brent J. Fields
Secretary

²² 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*] <u>1,800,000 contracts</u>
iShares [®] Russell 2000 ETF (IWM)	1,000,000 contracts
iShares [®] MSCI Emerging Markets ETF (EEM)	1,000,000 contracts
PowerShares QQQ TM Trust (QQQ)	1,800,000 contracts
iShares China Large-Cap ETF (“FXI”)	500,000 contracts
iShares MSCI EAFE ETF (“EFA”)	500,000 contracts
iShares MSCI Brazil Capped ETF (“EWZ”)	500,000 contracts
iShares 20+ Year Treasury Bond Fund ETF (“TLT”)	500,000 contracts
iShares MSCI Japan ETF (“EWJ”)	500,000 contracts

[* 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*] <u>1,800,000 contracts</u>
iShares [®] Russell 2000 ETF (IWM)	1,000,000 contracts
iShares [®] MSCI Emerging Markets ETF (EEM)	1,000,000 contracts
PowerShares QQQ TM Trust (QQQ)	1,800,000 contracts
iShares China Large-Cap ETF (“FXI”)	500,000 contracts
iShares MSCI EAFE ETF (“EFA”)	500,000 contracts
iShares MSCI Brazil Capped ETF (“EWZ”)	500,000 contracts
iShares 20+ Year Treasury Bond Fund ETF (“TLT”)	500,000 contracts
iShares MSCI Japan ETF (“EWJ”)	500,000 contracts

[* 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.]
