

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 27	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2018 - * 25	Amendment No. (req. for Amendments *)
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Filing by Miami International Securities Exchange, LLC.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input checked="" type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input 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 checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" 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 the Fee Schedule.

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 * Joseph Last Name * Ferraro
 Title * Senior Vice President and Deputy General Counsel
 E-mail * jferraro@miami-holdings.com
 Telephone * (609) 897-8492 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 09/18/2018 Senior Vice President and Deputy General Counsel
 By Joseph W. Ferraro III

(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

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) Miami International Securities Exchange, LLC (“MIAX Options” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend the MIAX Options Fee Schedule (the “Fee Schedule”) to modify certain of the Exchange’s system connectivity fees. A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the applicable section of the proposed Fee Schedule 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 senior management 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 Joseph W. Ferraro, Senior Vice President and Deputy General Counsel, at 609-897-8492.

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

The Exchange proposes to amend the Fee Schedule regarding connectivity to the Exchange. Specifically, the Exchange proposes to amend Sections 5a) and b) of the Fee

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Schedule to increase the network connectivity fees for the 1 Gigabit (“Gb”) fiber connection, the 10Gb fiber connection, and the 10Gb ultra-low latency (“ULL”) fiber connection, which are charged to both Members³ and non-Members of the Exchange for connectivity to the Exchange’s primary/secondary facility. The Exchange also proposes to increase the network connectivity fees for the 1Gb and 10Gb fiber connections for connectivity to the Exchange’s disaster recovery facility. These proposed fee increases are collectively referred to herein as the “Proposed Fee Increases.”

The Exchange initially filed the Proposed Fee Increases on July 31, 2018, designating the Proposed Fee Increases effective August 1, 2018.⁴ The proposed rule change was published for comment in the Federal Register on August 13, 2018.⁵ The Commission received one comment letter on the proposal.⁶ The Proposed Fee Increases remained in effect until they were temporarily suspended pursuant to a suspension order (the “Suspension Order”) issued by the Commission.⁷ The Suspension Order also instituted proceedings to determine whether to approve or disapprove the proposed rule change.⁸

³ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁴ See Securities Exchange Act Release No. 83786 (August 7, 2018), 83 FR 40106 (August 13, 2018)(SR-MIAX-2018-19).

⁵ Id.

⁶ See Letter from Tyler Gellasch, Executive Director, The Healthy Markets Association, to Brent J. Fields, Secretary, Commission, dated September 4, 2018 (“Healthy Markets Letter”).

⁷ See Securities Exchange Act Release No. 34-84175 (September 17, 2018).

⁸ Id.

The Healthy Markets Letter argued that the Exchange did not provide sufficient information in its filing to support a finding that the proposal is consistent with the Act. Specifically, the Healthy Markets Letter objected to the Exchange's reliance on the fees of other exchanges to demonstrate that its fee increases are consistent with the Act. In addition, the Healthy Markets Letter argued that the Exchange did not offer any details to support its basis for asserting that the proposed fee increases are consistent with the Act. The Exchange is now re-filing the Proposed Fee Increases, and is also providing additional detail regarding the basis for the Proposed Fee Increases. The proposed rule change is immediately effective upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act.

The Exchange currently offers various bandwidth alternatives for connectivity to the Exchange, consisting of a 1Gb fiber connection, a 10Gb fiber connection, and a 10Gb ULL fiber connection. The 10Gb ULL offering uses an ultra-low latency switch, which provides faster processing of messages sent to it in comparison to the switch used for the other types of connectivity. The Exchange currently assesses the following monthly network connectivity fees to both Members and non-Members for connectivity to the Exchange's primary/secondary facility: (a) \$1,100 for the 1Gb connection; (b) \$5,500 for the 10Gb connection; and (c) \$8,500.00 for the 10Gb ULL connection. The Exchange also assesses to both Members and non-Members a monthly per connection network connectivity fee of \$500 for each 1Gb connection to the disaster recovery facility and a monthly per connection network connectivity fee of \$2,500 for each 10Gb connection to the disaster recovery facility.

The Exchange's MIAX Express Network Interconnect ("MENI") can be configured to provide Members and non-Members of the Exchange network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of both the

Exchange and its affiliate, MIAX PEARL, LLC (“MIAX PEARL”), via a single, shared connection. Members and non-Members utilizing the MENI to connect to the trading platforms, market data systems, test systems and disaster recovery facilities of the Exchange and MIAX PEARL via a single, shared connection are assessed only one monthly network connectivity fee per connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.

The Exchange proposes to increase the monthly network connectivity fees for such connections for both Members and non-Members. The network connectivity fees for connectivity to the Exchange’s primary/secondary facility will be increased as follows: (a) from \$1,100 to \$1,400 for the 1Gb connection; (b) from \$5,500 to \$6,100 for the 10Gb connection; and (c) from \$8,500 to \$9,300 for the 10Gb ULL connection. The network connectivity fees for connectivity to the Exchange’s disaster recovery facility will be increased as follows: (a) from \$500 to \$550 for the 1Gb connection; and (b) from \$2,500 to \$2,750 for the 10Gb connection.

The Exchange believes that it is reasonable and appropriate to increase its fees charged for use of its connectivity to partially offset increased costs associated with maintaining and enhancing a state-of-the-art exchange network infrastructure in the US options industry. The Exchange notes that other exchanges have similar connectivity alternatives for their participants, including similar low-latency connectivity. For example, Nasdaq PHLX LLC (“Phlx”), NYSE Arca, Inc. (“Arca”), NYSE American LLC (“NYSE American”) and Nasdaq ISE, LLC (“ISE”) all offer a 1Gb, 10Gb and 10Gb low latency ethernet connectivity alternatives to each of their participants.⁹ The Exchange further notes that Phlx, ISE, Arca and NYSE American each charge

⁹ See Phlx and ISE Rules, General Equity and Options Rules, General 8, Section 1(b). Phlx and ISE each charge a monthly fee of \$2,500 for each 1Gb connection, \$10,000 for each

higher rates for such similar connectivity to primary and secondary facilities.¹⁰ Additionally, the Exchange's proposed connectivity fees to its disaster recovery facility are within the range of the fees charged by other exchanges for similar connectivity alternatives.¹¹ The Exchange believes that it is reasonable and appropriate to increase its fees charged for use of its connectivity to partially offset increased costs associated with maintaining and enhancing a state-of-the-art exchange network infrastructure in the US options industry.

In particular, the Exchange's increased costs associated with supporting its network are due to several factors, including increased costs associated with maintaining and expanding a team of highly-skilled network engineers, increasing fees charged by the Exchange's third-party data center operator, and costs associated with projects and initiatives designed to improve overall network performance and stability, through the Exchange's R&D efforts. For example, the Exchange has had to hire additional network engineering staff in the last year, and plans to hire additional staff in the coming months. Further, the Exchange contracts with a third-party data center provider for its data center space. The Exchange does not operate its own data centers. Other exchange operators do operate their own data centers. Thus, they can better control data center costs. They also operate them as profit centers. Conversely, the Exchange is

10Gb connection and \$15,000 for each 10Gb Ultra connection, which the equivalent of the Exchange's 10Gb ULL connection. See also NYSE American Fee Schedule, Section V.B, and Arca Fees and Charges, Co-Location Fees. NYSE American and Arca each charge a monthly fee of \$5,000 for each 1Gb circuit, \$14,000 for each 10Gb circuit and \$22,000 for each 10Gb LX circuit, which the equivalent of the Exchange's 10Gb ULL connection.

¹⁰ Id.

¹¹ See Nasdaq ISE Schedule of Fees, IX(D) (charging \$3,000 for disaster recovery testing & relocation services); see also Cboe Exchange, Inc. ("Cboe") Fees Schedule, p. 14, Cboe Command Connectivity Charges (charging a monthly fee of \$2,000 for a 1Gb disaster recovery network access port and a monthly fee of \$6,000 for a 10Gb disaster recovery network access port).

subject to fee increases from its data center provider, which the Exchange experienced in the last year. Further, the Exchange invests significant resources in network R&D to improve the overall performance and stability of its network. For example, the Exchange has a number of network monitoring tools (some of which were developed in-house, and some of which are licensed from third-parties), that continually monitor, detect, and report network performance, many of which serve as significant value-adds to the Exchange's Members and enable the Exchange to provide a high level of customer service. These tools detect and report performance issues, and thus enable the Exchange to proactively notify a Member (and the SIPs) when the Exchange detects a problem with a Member's connectivity. The costs associated with the maintenance and improvement of existing tools and the development of new tools resulted in increased cost to the Exchange. Certain recently developed network aggregation and monitoring tools provide the Exchange with the ability to measure network traffic with a much more granular level of variability. This is important as Exchange Members demand a higher level of network determinism and the ability to measure variability in terms of single digit nanoseconds. Also, the Exchange routinely conducts R&D projects to improve the performance of the network's hardware infrastructure. As an example, in the last year, the Exchange's R&D efforts resulted in a performance improvement in its network switches, requiring the purchase of new switching equipment, and thus resulting in increased costs. In sum, the costs associated with maintaining and enhancing a state-of-the-art exchange network infrastructure in the US options industry is a significant expense for the Exchange that continues to increase, and thus the Exchange believes that it is reasonable to offset some of those increased costs by increasing its network connectivity fees, as proposed herein. Overall, the Proposed Fee Increases are projected to offset only a portion of the Exchange's increased network connectivity costs.

b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹² in general, and furthers the objectives of Section 6(b)(4) of the Act¹³ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among Exchange Members and issuers and other persons using any facility or system which the Exchange operates or controls. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act¹⁴ in that it is designed to promote just and equitable principles of trade, 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 and is not designed to permit unfair discrimination between customer, issuers, brokers and dealers.

The Exchange believes that its proposal is consistent with Section 6(b)(4) of the Act because the fees assessed for connectivity allow the Exchange to cover the costs associated with providing and maintaining the necessary hardware and other infrastructure to support this technology. The Exchange believes that the proposal to increase the fees for connectivity alternatives is fair, equitable and not unreasonably discriminatory because the increased fees are assessed equally among all users of the applicable connections.

As discussed above, Phlx and ISE each offer different connections with respect to latency, and Arca and NYSE American both offer similar connectivity alternatives.¹⁵ Despite

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(4).

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ See supra note 9.

this, Phlx, ISE, Arca and NYSE American charge a higher fee than the Exchange currently charges for similar connections to primary and secondary facilities.¹⁶ Furthermore, the connectivity fees for the disaster recovery facilities of other exchanges are within the range of the proposed fees of the Exchange.¹⁷ For these reasons, the Exchange believes the proposed increase in the fees for the fiber connectivity to the Exchange is reasonable and not unfairly discriminatory.

The Exchange believes that the proposal to increase the fees for connectivity alternatives is fair, equitable and not unreasonably discriminatory because the increased fees will only partially offset the Exchange's increased costs associated with maintaining its network infrastructure. In particular, the Exchange's increased costs associated with supporting its network are due to several factors, including increased costs associated with maintaining and expanding a team of highly-skilled network engineers, increasing fees charged by the Exchange's third-party data center operator, and costs associated with projects and initiatives designed to improve overall network performance and stability, through the Exchange's R&D efforts. For example, the Exchange has had to hire additional network engineering staff in the last year, and plans to hire additional staff in the coming months. Further, the Exchange contracts with a third-party data center provider for its data center space. The Exchange does not operate its own data centers. Other exchange operators do operate their own data centers. Thus, they can better control data center costs. They also operate their data centers as profit centers. Conversely, the Exchange is subject to fee increases from its data center provider, which the Exchange experienced in the last year. Further, the Exchange invests significant resources in network R&D to improve the overall

¹⁶ Id.

¹⁷ See supra note 11.

performance and stability of its network. For example, the Exchange has a number of network monitoring tools (some of which were developed in-house, and some of which are licensed from third-parties), that continually monitor, detect, and report network performance, many of which serve as significant value-adds to the Exchange's Members and enable the Exchange to provide a high level of customer service. These tools detect and report performance issues, and thus enable the Exchange to proactively notify a Member (and the SIPs) when the Exchange detects a problem with a Member's connectivity. The costs associated with the maintenance and improvement of existing tools and the development of new tools resulted in increased cost to the Exchange. Certain recently developed network aggregation and monitoring tools provide the Exchange with the ability to measure network traffic with a much more granular level of variability. This is important as Exchange Members demand a higher level of network determinism and the ability to measure variability in terms of single digit nanoseconds. Also, the Exchange routinely conducts R&D projects to improve the performance of the network's hardware infrastructure. As an example, in the last year, the Exchange's R&D efforts resulted in a performance improvement in its network switches, requiring the purchase of new switching equipment, and thus resulting in increased costs. In sum, the costs associated with maintaining and enhancing a state-of-the-art exchange network infrastructure in the US options industry is a significant expense for the Exchange that continues to increase, and thus the Exchange believes that it is fair, equitable, and not unreasonably discriminatory to offset some of those increased costs by increasing its network connectivity fees, as proposed herein. Overall, the Proposed Fee Increases are projected to offset only a portion of the Exchange's increased network connectivity costs.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act¹⁸ because all MIAX Options participants have the opportunity to subscribe to the Exchange's connections. There is also no differentiation among MIAX Options participants with regard to the fees charged for these services.

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

MIAX Options does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. On the contrary, the Exchange believes that the proposed changes should increase both intermarket and intramarket competition. Specifically, the Exchange believes that the changes will promote competition by increasing the connectivity fees to become more within the range of comparable fees assessed by other competing exchanges.¹⁹

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. The Exchange believes that the proposed changes reflect this competitive environment. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity.

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.

¹⁸ 15 U.S.C. 78f(b)(5).

¹⁹ See supra note 9.

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)(ii) of the Act, and Rule 19b-4(f)(2) thereunder the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

The proposed rule change is not specifically based upon the rules of any other exchange; provided, however, that the Exchange notes that, as applicable, Phlx, ISE, Arca, and NYSE American all offer similar connectivity alternatives as that proposed by the Exchange with fees within the range of, or higher, than the fees proposed to be charged by the Exchange.²⁰ Additionally, the connectivity fees for the disaster recovery facilities of other exchanges are within the range of the fees proposed by the Exchange.²¹

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. Applicable section of the MIAX Options Fee Schedule.

²⁰ Id.

²¹ See supra note 11.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2018-25)

September__, 2018

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend Its Fee Schedule

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 September 18, 2018, Miami International Securities Exchange LLC (“MIAX Options” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (the “Fee Schedule”) to modify certain of the Exchange’s system connectivity fees.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend the Fee Schedule regarding connectivity to the Exchange. Specifically, the Exchange proposes to amend Sections 5a) and b) of the Fee Schedule to increase the network connectivity fees for the 1 Gigabit (“Gb”) fiber connection, the 10Gb fiber connection, and the 10Gb ultra-low latency (“ULL”) fiber connection, which are charged to both Members³ and non-Members of the Exchange for connectivity to the Exchange’s primary/secondary facility. The Exchange also proposes to increase the network connectivity fees for the 1Gb and 10Gb fiber connections for connectivity to the Exchange’s disaster recovery facility. These proposed fee increases are collectively referred to herein as the “Proposed Fee Increases.”

The Exchange initially filed the Proposed Fee Increases on July 31, 2018, designating the Proposed Fee Increases effective August 1, 2018.⁴ The proposed rule change was published for comment in the Federal Register on August 13, 2018.⁵ The Commission received one comment letter on the proposal.⁶ The Proposed Fee Increases remained in effect until they were

³ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁴ See Securities Exchange Act Release No. 83786 (August 7, 2018), 83 FR 40106 (August 13, 2018)(SR-MIAX-2018-19).

⁵ Id.

⁶ See Letter from Tyler Gellasch, Executive Director, The Healthy Markets Association, to Brent J. Fields, Secretary, Commission, dated September 4, 2018 (“Healthy Markets Letter”).

temporarily suspended pursuant to a suspension order (the “Suspension Order”) issued by the Commission.⁷ The Suspension Order also instituted proceedings to determine whether to approve or disapprove the proposed rule change.⁸

The Healthy Markets Letter argued that the Exchange did not provide sufficient information in its filing to support a finding that the proposal is consistent with the Act. Specifically, the Healthy Markets Letter objected to the Exchange’s reliance on the fees of other exchanges to demonstrate that its fee increases are consistent with the Act. In addition, the Healthy Markets Letter argued that the Exchange did not offer any details to support its basis for asserting that the proposed fee increases are consistent with the Act. The Exchange is now re-filing the Proposed Fee Increases, and is also providing additional detail regarding the basis for the Proposed Fee Increases. The proposed rule change is immediately effective upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act.

The Exchange currently offers various bandwidth alternatives for connectivity to the Exchange, consisting of a 1Gb fiber connection, a 10Gb fiber connection, and a 10Gb ULL fiber connection. The 10Gb ULL offering uses an ultra-low latency switch, which provides faster processing of messages sent to it in comparison to the switch used for the other types of connectivity. The Exchange currently assesses the following monthly network connectivity fees to both Members and non-Members for connectivity to the Exchange’s primary/secondary facility: (a) \$1,100 for the 1Gb connection; (b) \$5,500 for the 10Gb connection; and (c) \$8,500.00 for the 10Gb ULL connection. The Exchange also assesses to both Members and non-Members a monthly per connection network connectivity fee of \$500 for each 1Gb connection to

⁷ See Securities Exchange Act Release No. 34-84175 (September 17, 2018).

⁸ Id.

the disaster recovery facility and a monthly per connection network connectivity fee of \$2,500 for each 10Gb connection to the disaster recovery facility.

The Exchange's MIAX Express Network Interconnect ("MENI") can be configured to provide Members and non-Members of the Exchange network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of both the Exchange and its affiliate, MIAX PEARL, LLC ("MIAX PEARL"), via a single, shared connection. Members and non-Members utilizing the MENI to connect to the trading platforms, market data systems, test systems and disaster recovery facilities of the Exchange and MIAX PEARL via a single, shared connection are assessed only one monthly network connectivity fee per connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.

The Exchange proposes to increase the monthly network connectivity fees for such connections for both Members and non-Members. The network connectivity fees for connectivity to the Exchange's primary/secondary facility will be increased as follows: (a) from \$1,100 to \$1,400 for the 1Gb connection; (b) from \$5,500 to \$6,100 for the 10Gb connection; and (c) from \$8,500 to \$9,300 for the 10Gb ULL connection. The network connectivity fees for connectivity to the Exchange's disaster recovery facility will be increased as follows: (a) from \$500 to \$550 for the 1Gb connection; and (b) from \$2,500 to \$2,750 for the 10Gb connection.

The Exchange believes that it is reasonable and appropriate to increase its fees charged for use of its connectivity to partially offset increased costs associated with maintaining and enhancing a state-of-the-art exchange network infrastructure in the US options industry. The Exchange notes that other exchanges have similar connectivity alternatives for their participants, including similar low-latency connectivity. For example, Nasdaq PHLX LLC ("Phlx"), NYSE Arca, Inc. ("Arca"), NYSE American LLC ("NYSE American") and Nasdaq ISE, LLC ("ISE")

all offer a 1Gb, 10Gb and 10Gb low latency ethernet connectivity alternatives to each of their participants.⁹ The Exchange further notes that Phlx, ISE, Arca and NYSE American each charge higher rates for such similar connectivity to primary and secondary facilities.¹⁰ Additionally, the Exchange's proposed connectivity fees to its disaster recovery facility are within the range of the fees charged by other exchanges for similar connectivity alternatives.¹¹ The Exchange believes that it is reasonable and appropriate to increase its fees charged for use of its connectivity to partially offset increased costs associated with maintaining and enhancing a state-of-the-art exchange network infrastructure in the US options industry.

In particular, the Exchange's increased costs associated with supporting its network are due to several factors, including increased costs associated with maintaining and expanding a team of highly-skilled network engineers, increasing fees charged by the Exchange's third-party data center operator, and costs associated with projects and initiatives designed to improve overall network performance and stability, through the Exchange's R&D efforts. For example, the Exchange has had to hire additional network engineering staff in the last year, and plans to hire additional staff in the coming months. Further, the Exchange contracts with a third-party data center provider for its data center space. The Exchange does not operate its own data

⁹ See Phlx and ISE Rules, General Equity and Options Rules, General 8, Section 1(b). Phlx and ISE each charge a monthly fee of \$2,500 for each 1Gb connection, \$10,000 for each 10Gb connection and \$15,000 for each 10Gb Ultra connection, which the equivalent of the Exchange's 10Gb ULL connection. See also NYSE American Fee Schedule, Section V.B, and Arca Fees and Charges, Co-Location Fees. NYSE American and Arca each charge a monthly fee of \$5,000 for each 1Gb circuit, \$14,000 for each 10Gb circuit and \$22,000 for each 10Gb LX circuit, which the equivalent of the Exchange's 10Gb ULL connection.

¹⁰ Id.

¹¹ See Nasdaq ISE Schedule of Fees, IX(D) (charging \$3,000 for disaster recovery testing & relocation services); see also Cboe Exchange, Inc. ("Cboe") Fees Schedule, p. 14, Cboe Command Connectivity Charges (charging a monthly fee of \$2,000 for a 1Gb disaster recovery network access port and a monthly fee of \$6,000 for a 10Gb disaster recovery network access port).

centers. Other exchange operators do operate their own data centers. Thus, they can better control data center costs. They also operate them as profit centers. Conversely, the Exchange is subject to fee increases from its data center provider, which the Exchange experienced in the last year. Further, the Exchange invests significant resources in network R&D to improve the overall performance and stability of its network. For example, the Exchange has a number of network monitoring tools (some of which were developed in-house, and some of which are licensed from third-parties), that continually monitor, detect, and report network performance, many of which serve as significant value-adds to the Exchange's Members and enable the Exchange to provide a high level of customer service. These tools detect and report performance issues, and thus enable the Exchange to proactively notify a Member (and the SIPs) when the Exchange detects a problem with a Member's connectivity. The costs associated with the maintenance and improvement of existing tools and the development of new tools resulted in increased cost to the Exchange. Certain recently developed network aggregation and monitoring tools provide the Exchange with the ability to measure network traffic with a much more granular level of variability. This is important as Exchange Members demand a higher level of network determinism and the ability to measure variability in terms of single digit nanoseconds. Also, the Exchange routinely conducts R&D projects to improve the performance of the network's hardware infrastructure. As an example, in the last year, the Exchange's R&D efforts resulted in a performance improvement in its network switches, requiring the purchase of new switching equipment, and thus resulting in increased costs. In sum, the costs associated with maintaining and enhancing a state-of-the-art exchange network infrastructure in the US options industry is a significant expense for the Exchange that continues to increase, and thus the Exchange believes that it is reasonable to offset some of those increased costs by increasing its network connectivity

fees, as proposed herein. Overall, the Proposed Fee Increases are projected to offset only a portion of the Exchange's increased network connectivity costs.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹² in general, and furthers the objectives of Section 6(b)(4) of the Act¹³ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among Exchange Members and issuers and other persons using any facility or system which the Exchange operates or controls. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act¹⁴ in that it is designed to promote just and equitable principles of trade, 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 and is not designed to permit unfair discrimination between customer, issuers, brokers and dealers.

The Exchange believes that its proposal is consistent with Section 6(b)(4) of the Act because the fees assessed for connectivity allow the Exchange to cover the costs associated with providing and maintaining the necessary hardware and other infrastructure to support this technology. The Exchange believes that the proposal to increase the fees for connectivity alternatives is fair, equitable and not unreasonably discriminatory because the increased fees are assessed equally among all users of the applicable connections.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(4).

¹⁴ 15 U.S.C. 78f(b)(5).

As discussed above, Phlx and ISE each offer different connections with respect to latency, and Arca and NYSE American both offer similar connectivity alternatives.¹⁵ Despite this, Phlx, ISE, Arca and NYSE American charge a higher fee than the Exchange currently charges for similar connections to primary and secondary facilities.¹⁶ Furthermore, the connectivity fees for the disaster recovery facilities of other exchanges are within the range of the proposed fees of the Exchange.¹⁷ For these reasons, the Exchange believes the proposed increase in the fees for the fiber connectivity to the Exchange is reasonable and not unfairly discriminatory.

The Exchange believes that the proposal to increase the fees for connectivity alternatives is fair, equitable and not unreasonably discriminatory because the increased fees will only partially offset the Exchange's increased costs associated with maintaining its network infrastructure. In particular, the Exchange's increased costs associated with supporting its network are due to several factors, including increased costs associated with maintaining and expanding a team of highly-skilled network engineers, increasing fees charged by the Exchange's third-party data center operator, and costs associated with projects and initiatives designed to improve overall network performance and stability, through the Exchange's R&D efforts. For example, the Exchange has had to hire additional network engineering staff in the last year, and plans to hire additional staff in the coming months. Further, the Exchange contracts with a third-party data center provider for its data center space. The Exchange does not operate its own data centers. Other exchange operators do operate their own data centers. Thus, they can better control data center costs. They also operate their data centers as profit centers. Conversely, the Exchange is

¹⁵ See supra note 9.

¹⁶ Id.

¹⁷ See supra note 11.

subject to fee increases from its data center provider, which the Exchange experienced in the last year. Further, the Exchange invests significant resources in network R&D to improve the overall performance and stability of its network. For example, the Exchange has a number of network monitoring tools (some of which were developed in-house, and some of which are licensed from third-parties), that continually monitor, detect, and report network performance, many of which serve as significant value-adds to the Exchange's Members and enable the Exchange to provide a high level of customer service. These tools detect and report performance issues, and thus enable the Exchange to proactively notify a Member (and the SIPs) when the Exchange detects a problem with a Member's connectivity. The costs associated with the maintenance and improvement of existing tools and the development of new tools resulted in increased cost to the Exchange. Certain recently developed network aggregation and monitoring tools provide the Exchange with the ability to measure network traffic with a much more granular level of variability. This is important as Exchange Members demand a higher level of network determinism and the ability to measure variability in terms of single digit nanoseconds. Also, the Exchange routinely conducts R&D projects to improve the performance of the network's hardware infrastructure. As an example, in the last year, the Exchange's R&D efforts resulted in a performance improvement in its network switches, requiring the purchase of new switching equipment, and thus resulting in increased costs. In sum, the costs associated with maintaining and enhancing a state-of-the-art exchange network infrastructure in the US options industry is a significant expense for the Exchange that continues to increase, and thus the Exchange believes that it is fair, equitable, and not unreasonably discriminatory to offset some of those increased costs by increasing its network connectivity fees, as proposed herein. Overall, the Proposed Fee Increases are projected to offset only a portion of the Exchange's increased network connectivity costs.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act¹⁸ because all MIAX Options participants have the opportunity to subscribe to the Exchange's connections. There is also no differentiation among MIAX Options participants with regard to the fees charged for these services.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. On the contrary, the Exchange believes that the proposed changes should increase both intermarket and intramarket competition. Specifically, the Exchange believes that the changes will promote competition by increasing the connectivity fees to become more within the range of comparable fees assessed by other competing exchanges.¹⁹

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. The Exchange believes that the proposed changes reflect this competitive environment. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity.

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.

¹⁸ 15 U.S.C. 78f(b)(5).

¹⁹ See supra note 9.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,²⁰ and Rule 19b-4(f)(2)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:rule-comments@sec.gov). Please include File Number SR-MIAX-2018-25 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-2018-25. This file number should be included on the subject line if e-mail is used. To help the Commission process and

²⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

²¹ 17 CFR 240.19b-4(f)(2).

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-2018-25 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 5

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

MIAX Options Fee Schedule

1) – 4) No change.

5) **System Connectivity Fees**

a) **Monthly Member Network Connectivity Fee**

Member Network Connectivity Per Month	Primary/Secondary Facility 1 Gigabit Per Connection	Disaster Recovery Facility 1 Gigabit Per Connection	Primary/Secondary Facility 10 Gigabit Per Connection	Disaster Recovery Facility 10 Gigabit Per Connection	Primary/Secondary Facility 10 Gigabit ULL Per Connection
Individual Firm	\$[1,100.00] <u>1,400.00</u>	\$[500.00] <u>550.00</u>	\$[5,500.00] <u>6,100.00</u>	\$[2,500.00] <u>2,750.00</u>	\$[8,500.00] <u>9,300.00</u>

Monthly Member Network Connectivity fees for connectivity with the Primary/Secondary Facility will be assessed in any month the Member is credentialed to use any of the MIAX APIs or Market Data feeds in the production environment and will be pro-rated when a Member makes a change to the connectivity (by adding or deleting connections) with such pro-rated fees based on the number of trading days that the Member has been credentialed to utilize any of the MIAX APIs or Market Data feeds in the production environment through such connection, divided by the total number of trading days in such month multiplied by the applicable monthly rate. Monthly Member Network Connectivity fees for connectivity with the Disaster Recovery Facility will be assessed in each month during which the Member has established connectivity with the Disaster Recovery Facility.

Members utilizing the MENI to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX PEARL via a single, shared connection will only be assessed one Monthly Member Network Connectivity Fee per connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.

b) Monthly Non-Member Network Connectivity Fee

Non-Member Network Connectivity Per Month	Primary/Secondary Facility 1 Gigabit Per Connection	Disaster Recovery Facility 1 Gigabit Per Connection	Primary/Secondary Facility 10 Gigabit Per Connection	Disaster Recovery Facility 10 Gigabit Per Connection	Primary/Secondary Facility 10 Gigabit ULL Per Connection
Service Bureau/Extranet Provider and other non-Members	\$[1,100.00] <u>1,400.00</u>	\$[500.00] <u>550.00</u>	\$[5,500.00] <u>6,100.00</u>	\$[2,500.00] <u>2,750.00</u>	\$[8,500.00] <u>9,300.00</u>

Monthly Non-Member Network Connectivity fees for connectivity with the Primary/Secondary Facility will be assessed in each month the Non-Member has been credentialed to use any of the MIAX APIs or Market Data feeds via the network connection in the production environment and will be pro-rated when a Non-Member makes a change to the connectivity (by adding or deleting connections) with such pro-rated fees based on the number of trading days that the Non-Member has been credentialed to utilize any of the MIAX APIs or Market Data feeds in the production environment through such connection, divided by the total number of trading days in such month multiplied by the applicable monthly rate. Monthly Non-Member Network Connectivity fees for connectivity with the Disaster Recovery Facility will be assessed in each month during which the Non-Member has established connectivity with the Disaster Recovery Facility.

Non-Members utilizing the MENI to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX PEARL via a single, shared connection will only be assessed one Monthly Non-Member Network Connectivity Fee per connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.

c) – f) No change.
