

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="38"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2018"/> - * <input type="text" value="27"/>
		Amendment No. (req. for Amendments *) <input type="text"/>

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 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 *).

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 * Last Name *

Title *

E-mail *

Telephone * 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 Senior Associate Counsel

By

(Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) 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 Exchange Rule 515A, MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism, and Rule 518, Complex Orders.

Notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Options Board of Directors on December 7, 2017. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Gregory P. Ziegler, Senior Associate Counsel, at (609) 897-1483.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend Rule 515A, MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism, Interpretations and Policies .12, to clarify and organize existing rule text for ease of reference and to adopt new rule text to describe additional scenarios which cause a cPRIME Auction³ to terminate early. The Exchange also proposes to amend Rule 518, Interpretations and Policies .05(f), to add additional detail pertaining to the operation of the Complex MIAX Price Collar (“MPC”), specifically to adopt new rule text for the use of a Temporary MIAX Price Collar (“TMPC”) during a cPRIME Auction or Complex Auction⁴ in the limited instance when an MPC has not been assigned. The Exchange notes that its proposal does not introduce any new functionality and is designed to codify existing functionality to add additional detail and clarity to the Exchange’s rules.

The Exchange proposes to amend Rule 515A, Interpretations and Policies .12, PRIME for Complex Orders. The current rule provides that, “. . . the provisions of Rule 515A(a) . . . shall be applicable to the trading of complex orders (as defined in Rule 518) on PRIME. The Exchange will determine, on a class-by-class basis, the option classes in which complex orders are available for trading on PRIME on the Exchange, and will announce such classes to

³ Members may use PRIME to execute complex orders at a net price. “cPRIME” is the process by which a Member may electronically submit a cPRIME Order (as defined in Rule 518(b)(7)) it represents as agent (a “cPRIME Agency Order”) against principal or solicited interest for execution (a “cPRIME Auction”). See Exchange Rule 515A, Interpretations and Policies .12(a).

⁴ See Exchange Rule 518(d).

Members⁵ via Regulatory Circular.” The Exchange now proposes to replace the word “on” which precedes “PRIME” with the phrase “in the” to more accurately describe Exchange functionality and maintain consistency with how the functionality is described in other areas of the rule.⁶

The Exchange also proposes to amend Rule 515A, Interpretations and Policies .12(d), to organize the rule for clarity and ease of reference and to codify two additional scenarios to new proposed subsections (d)(vi) and (d)(vii) describing conditions which will terminate a cPRIME Auction. Specifically, the Exchange proposes to consolidate current subsection (d)(v) and current subsection (d)(vi) into new subsection (d)(v). Current subsection (d)(v) provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on the same side of the market as the cPRIME Agency Order locks or crosses the NBBO⁷ for such component.” Current subsection (d)(vi) similarly provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on the opposite side of the market as the cPRIME Agency Order: (A) locks or crosses the NBBO for such component... .”

The Exchange now proposes to combine subsection (d)(v) and (d)(vi) into a single rule under new subsection (d)(v) that provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on either side of the market as the cPRIME Agency Order locks or crosses the NBBO for such component;”. The proposed change simplifies the rule

⁵ 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.

⁶ See Exchange Rule 515A.01, 515A.03, 515A.04, and 515A.05, which references usage of “the PRIME.”

⁷ The term “NBBO” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

text and clarifies two similar scenarios that will terminate a cPRIME Auction when interest is received on either side of the market as the cPRIME Agency Order. The Exchange believes that the proposed changes promote the protection of investors and the public interest by improving the accuracy and precision of the Exchange's rules.

Additionally, the Exchange proposes to adopt new subsections (d)(vi) and (d)(vii) to include additional scenarios that will cause a cPRIME Auction to terminate when interest is received on the same or opposite side of the market, respectively, as the cPRIME Agency Order. Specifically, proposed subsection (d)(vi) will provide that a cPRIME Auction shall conclude at the earlier of the end of the RFR period,⁸ or when, "a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book,⁹ is received on the same side of the market as the cPRIME Agency Order and causes the icMBBO¹⁰ to lock or cross the best price opposite the cPRIME Agency Order;" This provision ensures that a cPRIME Agency Order will always receive the best price¹¹ on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's simple market.

An example of this scenario is illustrated below.

⁸ See Exchange Rule 515A.12(d)(i).

⁹ The term "Simple Order Book" is the Exchange's regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

¹⁰ The term "icMBBO" means the Implied Complex MIAX Best Bid or Offer. The icMBBO is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. See Exchange Rule 518(a)(11).

¹¹ The best price for an Agency Order to buy (sell) is the lowest offer (highest bid) on the Exchange, comprised of all available interest.

Example 1 - A simple order or quote on the same side as the Agency Order causes the icMBBO to equal the best price opposite the Agency Order

MIAX – LMM¹² Mar 50 Call 5.80-6.30 (10x10)
 MIAX – LMM Mar 55 Call 2.90-3.30 (10x10)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The icMBBO is 2.50 debit bid and 3.40 credit offer

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)¹³

Since the order price is at least \$0.01 better than (inside) the icMBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

A Request for Responses (“RFR”) is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 50 milliseconds BD1 response, cAOC Order¹⁴ @ 2.95 credit sell of 100 arrives
- @ 70 milliseconds MM1 response, cAOC eQuote¹⁵ @ 2.98 credit sell of 500 arrives

The cPRIME Auction process will continue until the Response Time Interval¹⁶ ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

¹² The term “Lead Market Maker” means a Member registered with the Exchange for the purposes of making markets in securities traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange’s Rules with respect to Lead Market Makers. See Exchange Rule 100.

¹³ The term “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

¹⁴ A Complex Auction-or-Cancel or “cAOC” order is a complex limit order used to provide liquidity during a specific Complex Auction with a time in force that corresponds with that event. cAOC orders are not displayed to any market participant, and are not eligible for trading outside of the event. See Exchange Rule 518(b)(3).

¹⁵ A “Complex Auction or Cancel eQuote” or “cAOC eQuote,” which is an eQuote submitted by a Market Maker that is used to provide liquidity during a specific Complex Auction with a time in force that corresponds with the duration of a Complex Auction. See Exchange Rule 518.02(c)(1).

- @ 85 milliseconds a simple order bid to pay 6.25 for 10 MAR 50 Calls arrives

The icMBBO is now 2.95 debit bid and 3.40 credit offer. Since the bid side of the icMBBO is now equal to the best price opposite the Agency Order [BD1 response, 2.95 credit sell of 100], the cPRIME Auction is concluded prior to the end of the Response Time Interval.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:¹⁷

- The cPRIME Agency Order buys 100 from BD1 @ 2.95
- The cPRIME Agency Order buys 400 from MM1 @ 2.98

Similarly, proposed subsection (d)(vii) will provide that a cPRIME Auction shall conclude at the earlier of the end of the RFR period or if, “a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book, is received on the opposite side of the market from the cPRIME Agency Order and Order Book and causes the icMBBO to lock or cross the initiating price.” This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange’s simple market.

An example of this scenario is illustrated below.

Example 2 - A simple order or quote on the opposite side from the Agency Order causes the icMBBO to equal the initiating price

MIAX – LMM Mar 50 Call 5.80-6.30 (10x10)

MIAX – LMM Mar 55 Call 2.90-3.30 (10x10)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The icMBBO is 2.50 debit bid and 3.40 credit offer

¹⁶ The “Response Time Interval” means the period of time during which responses to the RFR may be entered. See Exchange Rule 518(d)(3).

¹⁷ See Exchange Rule 515A(a)(2)(iii).

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)

Since the order price is at least \$0.01 better than (inside) the icMBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

An RFR is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 40 milliseconds BD1 response, cAOC Order @ 2.95 credit sell of 100 arrives
- @ 50 milliseconds MM1 response, cAOC eQuote @ 2.98 credit sell of 500 arrives

The cPRIME Auction process will continue until the Response Time Interval ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

- @ 75 milliseconds a simple order offer to sell 10 MAR 50 Calls @ 5.90 arrives

The icMBBO is now 2.50 debit bid and 3.00 credit offer. Since the offer side of the icMBBO is now equal to the initiating price, the cPRIME Auction is concluded prior to the end of the Response Time Interval.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:

- The cPRIME Agency Order buys 100 from BD1 @ 2.95
- The cPRIME Agency Order buys 400 from MM1 @ 2.98

The Exchange believes that terminating a cPRIME Auction when these conditions are present ensures that the execution of the cPRIME Agency Order improves the best price on the Exchange at the time of receipt, and that there is no interference between the simple and complex markets. (The System will reject cPRIME Agency Orders submitted with an initiating price that is equal to or worse than (outside) the icMBBO or any other complex orders on the Strategy Book.)¹⁸ This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by

¹⁸ See Exchange Rule 515 A, Interpretations and Policies .12(a)(i).

preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's simple market. The Exchange believes that including these scenarios in the rules will provide additional detail concerning the operation of cPRIME Auctions and the conditions which will terminate a cPRIME Auction. The Exchange believes that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and concise so as to minimize the potential for confusion.

The Exchange also proposes to amend Rule 518, Interpretations and Policies .05, to add additional detail to the rule regarding the establishment of the MIAX Price Collar ("MPC") under various circumstances. The MPC is a price protection feature designed to help maintain a fair and orderly market by helping to mitigate the potential risk of executions at prices that are extreme and potentially erroneous. The MPC prevents complex orders from automatically executing at potentially erroneous prices by establishing a price range outside of which a complex order will not be executed.

The Exchange now proposes to amend Rule 518, Interpretations and Policies .05, by removing current subsection (f)(3) and replacing it with new proposed subsections (f)(3), (f)(4) and (f)(5), current subsection (f)(4) will remain intact and become new subsection (f)(6), and current subsection (f)(5) will remain intact and become new subsection (f)(7). New subsection (f)(3) will provide that, "[t]he MPC Price is established: (i) upon receipt of the complex order or eQuote during free trading, or (ii) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or (iii)

upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists.”¹⁹

New subsection (f)(5) will provide that, “[a] Temporary MPC Price (‘TMPC Price’) is established solely for use during a Complex Auction (as defined in Rule 518(d)) or a cPRIME Auction (as defined in Rule 515A, Interpretations and Policies .12) for (i) any complex order resting on the Strategy Book that does not have an MPC assigned and is eligible to participate in a Complex Auction or a cPRIME Auction in that strategy; or (ii) any complex order or eQuote received during a cPRIME Auction²⁰ if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction. The TMPC Price shall be the auction start price²¹ (the auction start price of a cPRIME Agency Order for a cPRIME Auction is defined in Rule 515A.12(a)(i) and the auction start price for a Complex Auction is defined in Rule 518(d)(1)) plus (minus) the MPC Setting²² if the order is a buy (sell). If the complex order or eQuote eligible to participate in the Complex Auction or cPRIME Auction is priced more aggressively

¹⁹ The Exchange notes that if wide market conditions exist (any individual option component of a complex strategy has a displayed MBBO quote width that is wider than the permissible simple market quote width) when an order is received, an MPC will not be calculated until the wide market conditions are resolved. See Exchange Rule 518.05(e)(1).

²⁰ The Exchange notes that if a wide market condition exists for a component of a complex strategy, trading in the strategy will be suspended, except as otherwise set forth in Exchange Rule 518.05(e)(1)(iii), which states that a wide market condition shall have no impact on the trading of cPRIME Orders and processing of cPRIME Auctions (including the processing of cPRIME Auction responses) pursuant to Rule 515A, Interpretations and Policies .12. See Exchange Rule 518.05(e)(1)(i).

²¹ The auction start price for a cPRIME Auction is the initiating price of a cPRIME Agency Order as described in Exchange Rule 515A.12(a)(i). The auction start price for a Complex Auction is the initiating order’s limit price as described in Exchange Rule 518(d)(1).

²² See Exchange Rule 518.05(f).

than the TMPC Price (i.e., the complex order or eQuote price is greater than the TMPC Price for a buy order, or the complex order or eQuote price is lower than the TMPC Price for a sell order) the complex order or eQuote may participate in the auction but will not trade through its TMPC Price.” The minimum MPC Setting is \$0.00 and the maximum MPC Setting is \$1.00, as determined by the Exchange and communicated to Members via Regulatory Circular.²³ A TMPC Price will be calculated for use during the length of the auction for any complex order resting on the Strategy Book that does not have an MPC assigned and is eligible to participate in a Complex Auction or cPRIME Auction in that strategy, or any complex order or eQuote received during a cPRIME Auction if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction.

An example of the TMPC Price being established and used is provided below.

Example 3 – A TMPC Price is established for an order or eQuote received during a cPRIME Auction

MIAX – LMM Mar 50 Call 1.00-6.50 (10x10) (Wide Market)

MIAX – LMM Mar 55 Call 2.90-3.30 (10x10)

ABBO – Mar 50 Call 6.00-6.30 (10x10)

ABBO – Mar 55 Call 3.00-3.30 (10x10)

NBBO – Mar 50 Call 6.00-6.30 (10x10)

NBBO – Mar 55 Call 3.00-3.30 (10x20)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The cNBBO is 2.70 debit bid and 3.30 credit offer

The MPC Setting is \$.25.

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.

²³ See Exchange Rule 518.05(f)(2). The Exchange notes the current setting is \$.25.

A TMPC Price will be calculated for use during the length of the auction for any complex order or eQuote received during a cPRIME Auction if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction. The TMPC Price will be the cPRIME auction start price +/- the MPC Setting. In this example the auction start price is \$3.00. The TMPC Price is \$2.75 (\$3.00 - \$.25) for sell orders, and \$3.25 (\$3.00 + \$.25) for buy orders.

An RFR is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 20 milliseconds BD1 response, cAOC Order @ 2.95 credit sell of 200 arrives
- @ 30 milliseconds MM1 response, cAOC eQuote @ 2.90 credit sell of 200 arrives
- @ 50 milliseconds C1 response, cAOC Order @ 2.70 credit sell of 100 arrives

The cPRIME Auction process will continue until the Response Time Interval ends. When the 100 millisecond Response Time Interval ends, the cPRIME Auction process will trade the Agency Order with the best priced responses. The Agency Order will be filled as follows:

- The cPRIME Agency Order buys 100 from C1 @ 2.75
- The cPRIME Agency Order buys 200 from MM1 @ 2.90
- The cPRIME Agency Order buys 200 from BD1 @ 2.95

Note that C1 is prevented from selling at 2.70 by the cPRIME Auction TMPC Price limit of 2.75.

The Exchange believes that amending the rule to codify the use of a TMPC Price, which is applicable only in the limited circumstance when an MPC has not been assigned, and exists only for the duration of a Complex Auction or cPRIME Auction, adds additional detail to the Exchange's rules and provides greater transparency of Exchange functionality. The use of a TMPC Price provides protection for orders that participate in either a Complex Auction or a cPRIME Auction when the order does not have an assigned MPC Price as described above. This price protection ensures that orders are not executed at potentially erroneous prices during the auction. The Exchange believes that the proposed changes promote the protection of investors and the public interest by providing greater clarity and specificity of Exchange functionality, and

it is in the public interest for the Exchange's rules to be accurate and concise so as to minimize the potential for confusion.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act²⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁵ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes the proposed changes promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because they seek to add additional detail to, and improve the accuracy of, the Exchange's rules. In particular, the Exchange believes that the proposed rule changes will provide clarity and transparency of the Exchange's rules to Members and the public, and it is in the public interest for rules to be accurate and concise so as to minimize the potential for confusion.

Additionally, the Exchange believes that including additional scenarios which will terminate a cPRIME Auction promotes just and equitable principles of trade and removes impediments to a free and open market by providing greater transparency concerning the operation of Exchange functionality. This provision ensures that a cPRIME Agency Order will

²⁴ 15 U.S.C. 78f(b).

²⁵ 15 U.S.C. 78f(b)(5).

always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market.

Further, the Exchange believes that providing a TMPC Price during a Complex Auction or a cPRIME Auction protects investors against executions at potentially erroneous prices. Additionally, the Exchange believes that adding additional detail to the Exchange's rules regarding the operation of MIAX Options Price Collars, and including the method of calculating a TMPC Price for the limited circumstances when one is used, promotes just and equitable principles of trade and removes impediments to a free and open market by providing greater transparency concerning the operation of Exchange functionality.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal is not designed to address any competitive issues. As discussed above the proposal is designed to make minor non substantive corrections to the rule text and to organize rule text in a fashion that makes it easier to read and understand. The changes to the Exchange rules concerning the use of a TMPC Price, and the addition of new scenarios which will terminate a cPRIME Auction, are designed to add additional detail to the rules to further clarify the operation of Exchange functionality and to minimize the potential for confusion.

Additionally, the Exchange does not believe the proposed rule change will impose any burden on intra-market competition as the Rules apply equally to all Members of the Exchange.

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

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

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act²⁶ and Rule 19b-4(f)(6)²⁷ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the proposed rule change does not significantly affect the protection of investors or the public interest because the proposal seeks to provide additional detail and clarity in the Exchange's rules. The Exchange believes that the proposal adds greater transparency concerning the operation of Exchange functionality and will contribute to the protection of investors and the public interest by providing greater clarity and specificity in the Exchange's rules. Additionally, the Exchange believes that the additional clarity and transparency of the proposed rule change will help promote investor confidence in the market.

Specifically, the Exchange's proposed rule change to include two additional scenarios that will terminate a cPRIME auction does not significantly affect the protection of investors or the public interest as this change is designed to ensure the integrity of the Exchange's simple and complex markets. The Exchange notes that there are currently six conditions²⁸ that will terminate

²⁶ 15 U.S.C. 78s(b)(3)(A).

²⁷ 17 CFR 240.19b-4(f)(6).

²⁸ See Exchange Rule 515A.12(d)(i) – (vi).

a cPRIME Auction, and the Exchange is proposing to codify two additional scenarios.

Terminating a cPRIME Auction under certain scenarios as currently described in the rule, and in this proposal, ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's simple market.

The Exchange believes that its proposal does not significantly affect the protection of investors or the public interest as the proposal codifies the use of a TMPC Price used during a Complex Auction or a cPRIME Auction which protects investors against executions occurring at potentially erroneous prices. Currently, the Exchange provides MPC price protection to all complex orders and eQuotes received during free trading,²⁹ or if the complex order or eQuote is not received during free trading, at the beginning of a Complex Auction.³⁰ The MPC price protection feature is designed to protect investors and the public by contributing to the maintenance of a fair and orderly market by helping to mitigate the potential risk of executions occurring at prices that are extreme and potentially erroneous during free trading. The Exchange's proposal to provide Temporary MPC price protection during Complex Auctions similarly serves to protect investors and the public interest by contributing to the maintenance of a fair and orderly market by helping to mitigate the potential risk of executions occurring at prices that are extreme and potentially erroneous during Complex Auctions. As such, the proposal does not significantly affect the protection of investors or the public interest but rather

²⁹ The term "free trading" means trading that occurs during a trading session other than: (i) at the opening or re-opening for trading following a halt, or (ii) during the Complex Auction Process (as described in Rule 518(d)). See Exchange Rule 518(a)(10).

³⁰ See current Exchange Rule 518.05(f)(3).

is designed to enhance the protection of investors and the public interest by safeguarding against the possibility of potentially extreme and erroneous execution prices. Additionally, the proposal does not significantly affect the protection of investors or the public interest as the proposal reorganizes the description of MPC Price for clarity and ease of reference. Clarity and precision in the Exchange's rules benefits investors and the public interest by reducing the potential for confusion regarding the operation of Exchange functionality. Further, the proposal does not significantly affect the protection of investors or the public interest as the proposal adopts new rule text describing two additional scenarios which cause a cPRIME Auction to terminate early, which ensures that the complex market does not interfere with the simple market, thereby ensuring the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's simple market.

The Exchange believes its proposal does not impose any significant burden on competition as the Exchange's proposal does not address any competitive issues. The Exchange's proposed rule change to include two additional scenarios that will terminate a cPRIME auction is designed to ensure the integrity of the Exchange's simple and complex markets. Additionally, the proposal to codify the use of a TMPC Price during a Complex Auction or a cPRIME Auction does not impose any significant burden on competition and is designed to protect investors against executions occurring at potentially erroneous prices. Finally, the Exchange believes that its proposal to reorganize the description of the MPC Price for clarity and ease of reference does not impose any significant burden on competition, as this is not a substantive change to the Exchange's rules, and is designed to benefit investors and the public interest as clarity and transparency of the Exchange's rules benefits investors and the public interest by reducing the potential for confusion.

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. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act³¹ 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.

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.

³¹ 17 CFR 240.19b-4(f)(6).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2018-27)

October __, 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 515A, MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism, and Rule 518, Complex Orders

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 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 Rule 515A, MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism, and Rule 518, Complex Orders. The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings/> at MIAX Options’ principal office, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend Rule 515A, MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism, Interpretations and Policies .12, to clarify and organize existing rule text for ease of reference and to adopt new rule text to describe additional scenarios which cause a cPRIME Auction³ to terminate early. The Exchange also proposes to amend Rule 518, Interpretations and Policies .05(f), to add additional detail pertaining to the operation of the Complex MIAX Price Collar (“MPC”), specifically to adopt new rule text for the use of a Temporary MIAX Price Collar (“TMPC”) during a cPRIME Auction or Complex Auction⁴ in the limited instance when an MPC has not been assigned. The Exchange notes that its proposal does not introduce any new functionality and is designed to codify existing functionality to add additional detail and clarity to the Exchange’s rules.

The Exchange proposes to amend Rule 515A, Interpretations and Policies .12, PRIME for Complex Orders. The current rule provides that, “. . . the provisions of Rule 515A(a) . . . shall be applicable to the trading of complex orders (as defined in Rule 518) on PRIME. The Exchange will determine, on a class-by-class basis, the option classes in which complex orders are available for trading on PRIME on the Exchange, and will announce such classes to

³ Members may use PRIME to execute complex orders at a net price. “cPRIME” is the process by which a Member may electronically submit a cPRIME Order (as defined in Rule 518(b)(7)) it represents as agent (a “cPRIME Agency Order”) against principal or solicited interest for execution (a “cPRIME Auction”). See Exchange Rule 515A, Interpretations and Policies .12(a).

⁴ See Exchange Rule 518(d).

Members⁵ via Regulatory Circular.” The Exchange now proposes to replace the word “on” which precedes “PRIME” with the phrase “in the” to more accurately describe Exchange functionality and maintain consistency with how the functionality is described in other areas of the rule.⁶

The Exchange also proposes to amend Rule 515A, Interpretations and Policies .12(d), to organize the rule for clarity and ease of reference and to codify two additional scenarios to new proposed subsections (d)(vi) and (d)(vii) describing conditions which will terminate a cPRIME Auction. Specifically, the Exchange proposes to consolidate current subsection (d)(v) and current subsection (d)(vi) into new subsection (d)(v). Current subsection (d)(v) provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on the same side of the market as the cPRIME Agency Order locks or crosses the NBBO⁷ for such component.” Current subsection (d)(vi) similarly provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on the opposite side of the market as the cPRIME Agency Order: (A) locks or crosses the NBBO for such component... .”

The Exchange now proposes to combine subsection (d)(v) and (d)(vi) into a single rule under new subsection (d)(v) that provides that a cPRIME Auction will terminate if, “a simple order or quote in a component of the strategy on either side of the market as the cPRIME Agency Order locks or crosses the NBBO for such component;”. The proposed change simplifies the rule text and clarifies two similar scenarios that will terminate a cPRIME Auction when interest is

⁵ 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.

⁶ See Exchange Rule 515A.01, 515A.03, 515A.04, and 515A.05, which references usage of “the PRIME.”

⁷ The term “NBBO” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

received on either side of the market as the cPRIME Agency Order. The Exchange believes that the proposed changes promote the protection of investors and the public interest by improving the accuracy and precision of the Exchange's rules.

Additionally, the Exchange proposes to adopt new subsections (d)(vi) and (d)(vii) to include additional scenarios that will cause a cPRIME Auction to terminate when interest is received on the same or opposite side of the market, respectively, as the cPRIME Agency Order. Specifically, proposed subsection (d)(vi) will provide that a cPRIME Auction shall conclude at the earlier of the end of the RFR period,⁸ or when, "a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book,⁹ is received on the same side of the market as the cPRIME Agency Order and causes the icMBBO¹⁰ to lock or cross the best price opposite the cPRIME Agency Order;" This provision ensures that a cPRIME Agency Order will always receive the best price¹¹ on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's simple market.

⁸ See Exchange Rule 515A.12(d)(i).

⁹ The term "Simple Order Book" is the Exchange's regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

¹⁰ The term "icMBBO" means the Implied Complex MIAX Best Bid or Offer. The icMBBO is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. See Exchange Rule 518(a)(11).

¹¹ The best price for an Agency Order to buy (sell) is the lowest offer (highest bid) on the Exchange, comprised of all available interest.

An example of this scenario is illustrated below.

Example 1 - A simple order or quote on the same side as the Agency Order causes the icMBBO to equal the best price opposite the Agency Order

MIAX – LMM¹² Mar 50 Call 5.80-6.30 (10x10)
 MIAX – LMM Mar 55 Call 2.90-3.30 (10x10)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The icMBBO is 2.50 debit bid and 3.40 credit offer

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)¹³

Since the order price is at least \$0.01 better than (inside) the icMBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

A Request for Responses (“RFR”) is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 50 milliseconds BD1 response, cAOC Order¹⁴ @ 2.95 credit sell of 100 arrives
- @ 70 milliseconds MM1 response, cAOC eQuote¹⁵ @ 2.98 credit sell of 500 arrives

The cPRIME Auction process will continue until the Response Time Interval¹⁶ ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

¹² The term “Lead Market Maker” means a Member registered with the Exchange for the purposes of making markets in securities traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange’s Rules with respect to Lead Market Makers. See Exchange Rule 100.

¹³ The term “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

¹⁴ A Complex Auction-or-Cancel or “cAOC” order is a complex limit order used to provide liquidity during a specific Complex Auction with a time in force that corresponds with that event. cAOC orders are not displayed to any market participant, and are not eligible for trading outside of the event. See Exchange Rule 518(b)(3).

¹⁵ A “Complex Auction or Cancel eQuote” or “cAOC eQuote,” which is an eQuote submitted by a Market Maker that is used to provide liquidity during a specific Complex Auction with a time in force that corresponds with the duration of a Complex Auction. See Exchange Rule 518.02(c)(1).

- @ 85 milliseconds a simple order bid to pay 6.25 for 10 MAR 50 Calls arrives

The icMBBO is now 2.95 debit bid and 3.40 credit offer. Since the bid side of the icMBBO is now equal to the best price opposite the Agency Order [BD1 response, 2.95 credit sell of 100], the cPRIME Auction is concluded prior to the end of the Response Time Interval.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:¹⁷

- The cPRIME Agency Order buys 100 from BD1 @ 2.95
- The cPRIME Agency Order buys 400 from MM1 @ 2.98

Similarly, proposed subsection (d)(vii) will provide that a cPRIME Auction shall conclude at the earlier of the end of the RFR period or if, “a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book, is received on the opposite side of the market from the cPRIME Agency Order and Order Book and causes the icMBBO to lock or cross the initiating price.” This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange’s simple market.

An example of this scenario is illustrated below.

Example 2 - A simple order or quote on the opposite side from the Agency Order causes the icMBBO to equal the initiating price

MIAX – LMM Mar 50 Call 5.80-6.30 (10x10)

MIAX – LMM Mar 55 Call 2.90-3.30 (10x10)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The icMBBO is 2.50 debit bid and 3.40 credit offer

¹⁶ The “Response Time Interval” means the period of time during which responses to the RFR may be entered. See Exchange Rule 518(d)(3).

¹⁷ See Exchange Rule 515A(a)(2)(iii).

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)

Since the order price is at least \$0.01 better than (inside) the icMBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

An RFR is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 40 milliseconds BD1 response, cAOC Order @ 2.95 credit sell of 100 arrives
- @ 50 milliseconds MM1 response, cAOC eQuote @ 2.98 credit sell of 500 arrives

The cPRIME Auction process will continue until the Response Time Interval ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

- @ 75 milliseconds a simple order offer to sell 10 MAR 50 Calls @ 5.90 arrives

The icMBBO is now 2.50 debit bid and 3.00 credit offer. Since the offer side of the icMBBO is now equal to the initiating price, the cPRIME Auction is concluded prior to the end of the Response Time Interval.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:

- The cPRIME Agency Order buys 100 from BD1 @ 2.95
- The cPRIME Agency Order buys 400 from MM1 @ 2.98

The Exchange believes that terminating a cPRIME Auction when these conditions are present ensures that the execution of the cPRIME Agency Order improves the best price on the Exchange at the time of receipt, and that there is no interference between the simple and complex markets. (The System will reject cPRIME Agency Orders submitted with an initiating price that is equal to or worse than (outside) the icMBBO or any other complex orders on the Strategy Book.)¹⁸ This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing orders executed in a cPRIME Auction from possibly trading through the Exchange's

¹⁸ See Exchange Rule 515 A, Interpretations and Policies .12(a)(i).

simple market. The Exchange believes that including these scenarios in the rules will provide additional detail concerning the operation of cPRIME Auctions and the conditions which will terminate a cPRIME Auction. The Exchange believes that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and concise so as to minimize the potential for confusion.

The Exchange also proposes to amend Rule 518, Interpretations and Policies .05, to add additional detail to the rule regarding the establishment of the MIAX Price Collar ("MPC") under various circumstances. The MPC is a price protection feature designed to help maintain a fair and orderly market by helping to mitigate the potential risk of executions at prices that are extreme and potentially erroneous. The MPC prevents complex orders from automatically executing at potentially erroneous prices by establishing a price range outside of which a complex order will not be executed.

The Exchange now proposes to amend Rule 518, Interpretations and Policies .05, by removing current subsection (f)(3) and replacing it with new proposed subsections (f)(3), (f)(4) and (f)(5), current subsection (f)(4) will remain intact and become new subsection (f)(6), and current subsection (f)(5) will remain intact and become new subsection (f)(7). New subsection (f)(3) will provide that, "[t]he MPC Price is established: (i) upon receipt of the complex order or eQuote during free trading, or (ii) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or (iii) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists."¹⁹

¹⁹ The Exchange notes that if wide market conditions exist (any individual option component of a complex strategy has a displayed MBBO quote width that is wider than the permissible simple market quote width) when an order is received, an MPC will not be calculated until the wide market conditions are resolved. See Exchange Rule 518.05(e)(1).

New subsection (f)(5) will provide that, “[a] Temporary MPC Price (‘TMPC Price’) is established solely for use during a Complex Auction (as defined in Rule 518(d)) or a cPRIME Auction (as defined in Rule 515A, Interpretations and Policies .12) for (i) any complex order resting on the Strategy Book that does not have an MPC assigned and is eligible to participate in a Complex Auction or a cPRIME Auction in that strategy; or (ii) any complex order or eQuote received during a cPRIME Auction²⁰ if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction. The TMPC Price shall be the auction start price²¹ (the auction start price of a cPRIME Agency Order for a cPRIME Auction is defined in Rule 515A.12(a)(i) and the auction start price for a Complex Auction is defined in Rule 518(d)(1)) plus (minus) the MPC Setting²² if the order is a buy (sell). If the complex order or eQuote eligible to participate in the Complex Auction or cPRIME Auction is priced more aggressively than the TMPC Price (i.e., the complex order or eQuote price is greater than the TMPC Price for a buy order, or the complex order or eQuote price is lower than the TMPC Price for a sell order) the complex order or eQuote may participate in the auction but will not trade through its TMPC Price.” The minimum MPC Setting is \$0.00 and the maximum MPC Setting is \$1.00, as determined by the Exchange and communicated to Members via Regulatory Circular.²³ A TMPC

²⁰ The Exchange notes that if a wide market condition exists for a component of a complex strategy, trading in the strategy will be suspended, except as otherwise set forth in Exchange Rule 518.05(e)(1)(iii), which states that a wide market condition shall have no impact on the trading of cPRIME Orders and processing of cPRIME Auctions (including the processing of cPRIME Auction responses) pursuant to Rule 515A, Interpretations and Policies .12. See Exchange Rule 518.05(e)(1)(i).

²¹ The auction start price for a cPRIME Auction is the initiating price of a cPRIME Agency Order as described in Exchange Rule 515A.12(a)(i). The auction start price for a Complex Auction is the initiating order’s limit price as described in Exchange Rule 518(d)(1).

²² See Exchange Rule 518.05(f).

²³ See Exchange Rule 518.05(f)(2). The Exchange notes the current setting is \$.25.

Price will be calculated for use during the length of the auction for any complex order resting on the Strategy Book that does not have an MPC assigned and is eligible to participate in a Complex Auction or cPRIME Auction in that strategy, or any complex order or eQuote received during a cPRIME Auction if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction.

An example of the TMPC Price being established and used is provided below.

Example 3 – A TMPC Price is established for an order or eQuote received during a cPRIME Auction

MIAX – LMM Mar 50 Call 1.00-6.50 (10x10) (Wide Market)

MIAX – LMM Mar 55 Call 2.90-3.30 (10x10)

ABBO – Mar 50 Call 6.00-6.30 (10x10)

ABBO – Mar 55 Call 3.00-3.30 (10x10)

NBBO – Mar 50 Call 6.00-6.30 (10x10)

NBBO – Mar 55 Call 3.00-3.30 (10x20)

Strategy: Buy 1 Mar 50 Call, Sell 1 Mar 55 Call

The cNBBO is 2.70 debit bid and 3.30 credit offer

The MPC Setting is \$.25.

The Exchange receives a cPRIME Order with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 3.00, 500 times. Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.

A TMPC Price will be calculated for use during the length of the auction for any complex order or eQuote received during a cPRIME Auction if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction. The TMPC Price will be the cPRIME auction start price +/- the MPC Setting. In this example the auction start price is \$3.00. The TMPC Price is \$2.75 (\$3.00 - \$.25) for sell orders, and \$3.25 (\$3.00 + \$.25) for buy orders.

An RFR is broadcast to all subscribers and the RFR period is started.

The following responses are received:

- @ 20 milliseconds BD1 response, cAOC Order @ 2.95 credit sell of 200 arrives
- @ 30 milliseconds MM1 response, cAOC eQuote @ 2.90 credit sell of 200 arrives
- @ 50 milliseconds C1 response, cAOC Order @ 2.70 credit sell of 100 arrives

The cPRIME Auction process will continue until the Response Time Interval ends. When the 100 millisecond Response Time Interval ends, the cPRIME Auction process will trade the Agency Order with the best priced responses. The Agency Order will be filled as follows:

- The cPRIME Agency Order buys 100 from C1 @ 2.75
- The cPRIME Agency Order buys 200 from MM1 @ 2.90
- The cPRIME Agency Order buys 200 from BD1 @ 2.95

Note that C1 is prevented from selling at 2.70 by the cPRIME Auction TMPC Price limit of 2.75.

The Exchange believes that amending the rule to codify the use of a TMPC Price, which is applicable only in the limited circumstance when an MPC has not been assigned, and exists only for the duration of a Complex Auction or cPRIME Auction, adds additional detail to the Exchange's rules and provides greater transparency of Exchange functionality. The use of a TMPC Price provides protection for orders that participate in either a Complex Auction or a cPRIME Auction when the order does not have an assigned MPC Price as described above. This price protection ensures that orders are not executed at potentially erroneous prices during the auction. The Exchange believes that the proposed changes promote the protection of investors and the public interest by providing greater clarity and specificity of Exchange functionality, and it is in the public interest for the Exchange's rules to be accurate and concise so as to minimize the potential for confusion.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act²⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁵ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in

²⁴ 15 U.S.C. 78f(b).

²⁵ 15 U.S.C. 78f(b)(5).

regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes the proposed changes promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because they seek to add additional detail to, and improve the accuracy of, the Exchange's rules. In particular, the Exchange believes that the proposed rule changes will provide clarity and transparency of the Exchange's rules to Members and the public, and it is in the public interest for rules to be accurate and concise so as to minimize the potential for confusion.

Additionally, the Exchange believes that including additional scenarios which will terminate a cPRIME Auction promotes just and equitable principles of trade and removes impediments to a free and open market by providing greater transparency concerning the operation of Exchange functionality. This provision ensures that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market.

Further, the Exchange believes that providing a TMPC Price during a Complex Auction or a cPRIME Auction protects investors against executions at potentially erroneous prices. Additionally, the Exchange believes that adding additional detail to the Exchange's rules regarding the operation of MIAX Options Price Collars, and including the method of calculating a TMPC Price for the limited circumstances when one is used, promotes just and equitable principles of trade and removes impediments to a free and open market by providing greater transparency concerning the operation of Exchange functionality.

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's proposal is not designed to address any competitive issues. As discussed above the proposal is designed to make minor non substantive corrections to the rule text and to organize rule text in a fashion that makes it easier to read and understand. The changes to the Exchange rules concerning the use of a TMPC Price, and the addition of new scenarios which will terminate a cPRIME Auction, are designed to add additional detail to the rules to further clarify the operation of Exchange functionality and to minimize the potential for confusion.

Additionally, the Exchange does not believe the proposed rule change will impose any burden on intra-market competition as the Rules apply equally to all Members of the Exchange.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act²⁶ and Rule 19b-4(f)(6)²⁷ thereunder.

²⁶ 15 U.S.C. 78s(b)(3)(A).

²⁷ 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.

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-2018-27 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-2018-27. 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-2018-27 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.²⁸

Brent J. Fields
Secretary

²⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

Rule 515A. MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism

(a) – (b) No change

Interpretations and Policies:

.01 – .11 No change

.12 PRIME for Complex Orders. Unless otherwise provided in this Interpretations and Policies .12 or unless the context otherwise requires, the provisions of Rule 515A(a) above shall be applicable to the trading of complex orders (as defined in Rule 518) [on]in the PRIME. The Exchange will determine, on a class-by-class basis, the option classes in which complex orders are available for trading [on]in the PRIME on the Exchange, and will announce such classes to Members via Regulatory Circular.

(a) – (c) No change

(d) A cPRIME Auction shall conclude at the sooner of (i) through (vii) below with the cPRIME Agency Order executing pursuant to Rule 515A(2)(iii) below:

(i) the end of the RFR period;

(ii) a cAOC eQuote (as defined in Rule 518, Interpretations and Policies .02(c)(1)) or cAOC Order (as defined in Rule 518(b)(3)) on the opposite side of the market from the cPRIME Agency Order locks or crosses (A) the icMBBO, or (B) the best net price of a complex order in the same strategy on the Strategy Book, whichever is more aggressive;

(iii) unrelated interest on the same side of the market as the cPRIME Agency Order locks or crosses the best price on the opposite side of the market;

(iv) unrelated interest on the opposite side of the market from the cPRIME Agency Order:

(A) locks or crosses (1) the icMBBO, or (2) the best net price of a complex order in the same strategy on the Strategy Book, whichever is more aggressive; or

(B) improves the price of any RFR response.

(v) a simple order or quote in a component of the strategy on [the same]either side of the market as the cPRIME Agency Order locks or crosses the NBBO for such component;

[(vi) a simple order or quote in a component of the strategy on the opposite side of the market from the cPRIME Agency Order:

(A) locks or crosses the NBBO for such component;

(B) causes the icMBBO to be equal to order better than the initiating price.]

(vi) a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book, is received on the same side of the market as the cPRIME Agency Order and causes the icMBBO to lock or cross the best price opposite the cPRIME Agency Order;

(vii) a simple order or quote in a component of the strategy, eligible to rest on the Simple Order Book, is received on the opposite side of the market from the cPRIME Agency Order and causes the icMBBO to lock or cross the initiating price.

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(a) – (d) No change

Interpretations and Policies:

.01. – .04. No change

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

(a) – (e) No change

(f) **Complex MIAX Options Price Collar Protection.** The Complex MIAX Price Collar (“MPC”) price protection feature is an Exchange-wide price protection mechanism under which a complex order or eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in \$0.01 increments (the “MPC Setting”), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the “MPC Price”).

(1) All complex orders, together with cAOC eQuotes and cIOC eQuotes (as defined in Interpretations and Policies .02(c)(1) and (2) of this Rule) (collectively, eQuotes”), are subject to the MPC price protection feature.

(2) The minimum MPC Setting is \$0.00 and the maximum MPC Setting is \$1.00, as determined by the Exchange and communicated to Members via Regulatory Circular. The MPC Setting will apply equally to all options listed on the Exchange in which complex orders are available, and will be the same dollar amount for both buy and sell transactions.

[(3) The MPC Price is established (i) upon receipt of the complex order or eQuote during free trading, or (ii) if the complex order or eQuote is not received during free trading:(A) at the beginning of a Complex Auction; (B) at the opening (or reopening following a halt) of trading in the complex strategy; or (C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists. Once established, the MPC Price will not change during the life of the complex order or eQuote.]

(3) The MPC Price is established:

(i) upon receipt of the complex order or eQuote during free trading, or

(ii) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or

(iii) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists.

(4) Once established, the MPC Price will not change during the life of the complex order or eQuote.

(5) A Temporary MPC Price (“TMPC Price”) is established solely for use during a Complex Auction (as described in Rule 518(d)) or a cPRIME Auction (as described in Rule 515A, Interpretations and Policies .12) for (i) any complex order resting on the Strategy Book that does not have an MPC assigned and is eligible to participate in a Complex Auction or a cPRIME Auction in that strategy; or (ii) any complex order or eQuote received during a cPRIME Auction if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction. The TMPC Price shall be the auction start price (the auction start price of a cPRIME Agency Order for a cPRIME Auction is defined in Rule 515A.12(a)(i) and the auction start price for a Complex Auction is defined in Rule 518(d)(1)) plus (minus) the MPC Setting if the order is a buy (sell). If the complex order or eQuote eligible to participate in the Complex Auction or cPRIME Auction is priced more aggressively than the TMPC Price (i.e., the complex order or eQuote price is greater than the TMPC Price for a buy order, or the complex order or eQuote price is lower than the TMPC Price for a sell order) the complex order or eQuote may participate in the auction but will not trade through its TMPC Price.

([4]6) If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price, and (B) may be subject to the managed interest process described in Rule 518(c)(4).

([5]7) If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described in Rule 518(c)(4), or placed on the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.

.06. No change
