

Required fields are shown with yellow backgrounds and asterisks.

Filing by Miami International Securities Exchange, LLC.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

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 * Michael Last Name * Slade
Title * Counsel
E-mail * mslade@miami-holdings.com
Telephone * (609) 897-8499 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 03/08/2019 Assistant Vice President and Associate Counsel
By Dimitriy Kotov

(Name *)

dkotov@miami-holdings.com

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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

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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 the MIAX Options Fee Schedule (the “Fee Schedule”) to modify the manner in which the Exchange assesses its Fees for Customer Orders Routed to Another Options Exchange (“Routing Fees”) in order to align its Routing Fees and its Routing Fees rule text to the Routing Fees and Routing Fees rule text adopted by the Exchange’s affiliate, MIAX PEARL, LLC (“MIAX PEARL”),³ and to make a non-substantive technical correction.

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 Fee Schedule is attached hereto as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

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 January 31, 2019. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release Nos. 80061 (February 17, 2017), 82 FR 11676 (February 24, 2017)(SR-PEARL-2017-10); 82017 (November 6, 2017), 82 FR 52342 (November 13, 2017)(SR-PEARL-2017-36). See also SR-PEARL-2019-06 (Proposal to amend the routing fee table, filed on February 28, 2019).

authority. No other action by the Exchange is necessary for the filing of the proposed rule changes.

Questions and comments on the proposed rule changes may be directed to Michael Slade, Counsel, (609) 897-8499.

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

a. Purpose

Currently, the Exchange assesses a Routing Fee to market participants on all Public Customer⁴ orders routed to and executed on an away market that is equal to the amount charged by the away market to which such orders were routed and executed. The Exchange also pays any rebate offered by an away market. Such market participants are also currently assessed a Fixed Fee Surcharge of \$0.10 per contract by the Exchange, which is added to the fee charged, or netted against the rebate paid, by an away market. The Fixed Fee Surcharge applies to both Mini and Standard Option contracts.

The Exchange proposes to modify the manner in which it assesses its Routing Fees. Specifically, the Exchange proposes to assess the amount of the applicable fee, if any, based upon (i) the origin type of the order, (ii) whether or not it is an order for standard option classes

⁴ “Public Customer” refers to all Members of the Exchange other than Priority Customers. “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. “Priority Customer” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). See Exchange Rule 100.

in the Penny Pilot Program⁵ (“Penny classes”) or an order for standard option classes which are not in the Penny Pilot Program (“Non-Penny classes”) (or other explicitly identified classes), and (iii) to which away market it is being routed. This assessment practice is identical to the Routing Fees assessment practice currently utilized by the Exchange’s affiliate, MIAX PEARL. The purpose of the proposed rule change is to align the Routing Fees and Routing Fees rule text of the Exchange to the Routing Fees and Routing Fees rule text adopted by the Exchange’s affiliate, MIAX PEARL.⁶

The Exchange also proposes to assess Routing Fees to all market participants, not just Public Customers. The Exchange proposes to assess Priority Customers a lower Routing Fee than its Public Customers. The purpose of assessing Routing Fees to all market participants including Priority Customers is to recoup the costs that the Exchange incurs as a result of all orders which are routed away from the Exchange, not just those incurred from Public Customer orders.

The Exchange proposes to assess Routing Fees to all market participants according to the following table:

⁵ See Securities Exchange Act Release No. 84864 (December 19, 2018), 83 FR 66778 (December 27, 2018) (SR-MIAX-2018-38) (extending the Penny Pilot Program from December 31, 2018 to June 30, 2019).

⁶ See supra note 3.

c) Fees for Customer Orders Routed to Another Options Exchange

Description	Fees
Routed, Priority Customer, Penny Pilot, to: NYSE American, BOX, Cboe, Cboe EDGX Options, Nasdaq MRX, Nasdaq PHLX (except SPY), Nasdaq BX Options	\$0.15
Routed, Priority Customer, Penny Pilot, to: NYSE Arca Options, Cboe BZX Options, Cboe C2, Nasdaq GEMX, Nasdaq ISE, NOM, Nasdaq PHLX (SPY only), MIAX Emerald, MIAX PEARL	\$0.65
Routed, Priority Customer, Non-Penny Pilot, to: NYSE American, BOX, Cboe, Cboe EDGX Options, Nasdaq ISE, Nasdaq MRX, Nasdaq PHLX, Nasdaq BX Options	\$0.15
Routed, Priority Customer, Non-Penny Pilot, to: NYSE Arca Options, Cboe BZX Options, Cboe C2, MIAX PEARL, MIAX Emerald, Nasdaq GEMX, NOM	\$1.00
Routed, Public Customer that is not a Priority Customer, Penny Pilot, to: NYSE American, NYSE Arca Options, Cboe BZX Options, BOX, Cboe, Cboe C2, Cboe EDGX Options, Nasdaq GEMX, Nasdaq ISE, Nasdaq MRX, MIAX PEARL, MIAX Emerald, NOM, Nasdaq PHLX, Nasdaq BX Options	\$0.65
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: NYSE American, Cboe, Nasdaq PHLX, Nasdaq ISE, Cboe EDGX Options	\$1.00
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: Cboe C2, BOX, Nasdaq MRX, Nasdaq BX Options, NOM, MIAX PEARL, MIAX Emerald	\$1.15
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: Cboe BZX Options, NYSE Arca Options, Nasdaq GEMX	\$1.25

In determining its Routing Fees, the Exchange takes into account transaction fees and rebates assessed by the away markets to which the Exchange routes orders, as well as the Exchange's clearing costs,⁷ administrative, regulatory, and technical costs associated with routing orders to an away market. The Exchange uses unaffiliated routing brokers to route orders to the away markets; the costs associated with the use of these services are included in the Routing Fees specified in the Fee Schedule. This Routing Fees structure is not only similar to the Exchange's affiliate, MIAX PEARL, but is also comparable to the structures in place at other

⁷ The OCC amended its clearing fee from \$0.01 per contract side to \$0.02 per contract side. See Securities Exchange Act Release No. 71769 (March 21, 2014), 79 FR 17214 (March 27, 2014) (SR-OCC-2014-05).

exchanges, such as Cboe BZX Options Exchange (“BZX Options”).⁸ The BZX Options fee schedule has exchange groupings, whereby several exchanges are grouped into the same category, dependent on the order’s origin type and whether it is a Penny or Non-Penny Pilot class. The Exchange is proposing a similar structure but with 8 different exchange groupings, based on the exchange, order type, and option class; like that of MIAX PEARL. The Exchange believes that, by having the same Routing Fees structure used by MIAX PEARL, with more groupings, it will offer the Exchange greater precision in covering its costs associated with routing orders to away markets. The per-contract transaction fee amount associated with each grouping closely approximates the Exchange’s all-in cost (plus an additional, non-material amount) to execute that corresponding contract at that corresponding exchange. For example, to execute a Priority Customer order in a Penny Pilot symbol at NYSE American costs the Exchange approximately \$0.15 a contract. Since this is also the approximate cost to execute that same order at BOX, the Exchange is able to group NYSE American and BOX together in the same grouping. The Exchange notes that in determining the appropriate groupings, the Exchange considers the transaction fees and rebates assessed by away markets, and groups exchanges together that assess transaction fees for routed orders within a similar range. This same logic and structure applies to all of the groupings in the Routing Fees table. The Exchange believes that the Exchange’s current structure of simply passing on the actual charge plus a mark-up can be administratively burdensome, particularly when multiple, third-party, unaffiliated routing broker-dealers are used to route and execute the orders at the away market. This is because the routing broker-dealers have different billing policies and practices, and it often can take several hours per month reconciling trades and bills at the end of each month. By utilizing the structure

⁸ This is similar to the methodologies utilized by BZX Options in assessing Routing Fees. See Cboe BZX Options Exchange Fee Schedule under “Fee Codes and Associated Fees”.

proposed by the Exchange which is currently used by MIAX PEARL, the Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets. Further, those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner, which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members.

Additionally, the Exchange proposes to amend the title of Section 1)c) of the Fee Schedule to remove the words “and Rebate” from the title. The Exchange notes that the title of the Section currently reads “Fees and Rebates for Customer Orders Routed to Another Options Exchange.” The routing fee table as proposed does not contain any net rebates, therefore, as amended, the Exchange proposes for the title of the Section to now read “Fees for Customer Orders Routed to Another Options Exchange.” The Exchange believes this will add clarity and precision with respect to the structure of its Fee Schedule.

b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁰ in particular, in that it is an equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4).

proposal furthers the objectives of Section 6(b)(5) of the Act¹¹ 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 customers, issuers, brokers and dealers.

The Exchange believes the proposed modifications in the Fee Schedule to the Routing Fees furthers the objectives of Section 6(b)(4) of the Act and are equitable and reasonable and not unfairly discriminatory because they will apply the same manner to all Members that are subject to Routing Fees. The Exchange believes the proposed Routing Fees are equitable and reasonable since they align the Exchange's manner of assessing its Routing Fees with that of its affiliate, MIAX PEARL, and those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner, which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members.

The Exchange believes that the proposed Routing Fees furthers the objectives of Section 6(b)(5) of the Act and are designed to promote just and equitable principles of trade and are not unfairly discriminatory because they seek to recoup costs that are incurred by the Exchange when routing orders to away markets on behalf of Members. Each destination market's transaction charge varies and there is a cost incurred by the Exchange when routing orders to away markets. The costs to the Exchange primarily include transaction fees assessed by the away markets to which the Exchange routes orders, in addition to the Exchange's clearing costs, administrative, regulatory and technical costs associated with routing options. The Exchange

¹¹ 15 U.S.C. 78f(b)(5).

believes that the proposed Routing Fees would better enable the Exchange to recover the costs it incurs to route orders to away markets in addition to transaction fees assessed to market participants for the execution of orders by the away market. The Exchange believes the proposed changes are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. In particular, the Exchange believes that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Rules. It is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion. By utilizing the structure proposed by the Exchange, the Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets. Further, those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members.

Further, the Exchange believes that modifying the manner in which it assesses its Routing Fees by grouping exchanges together that assess transaction fees and rebates for routed orders within a similar range is reasonable and not unfairly discriminatory. Specifically, the Exchange believes that the Exchange's current structure of assessing a Fixed Fee Surcharge of \$0.10 per contract by the Exchange, which is added to the fee charged, or netted against the rebate paid, by

an away market can be administratively burdensome, particularly when multiple, third-party, unaffiliated routing broker-dealers are used to route and execute the orders at the away market. This is because the routing broker-dealers have different billing policies and practices, and it often can take several hours per month reconciling trades and bills at the end of each month. By utilizing the structure proposed by the Exchange which is currently used by MIAX PEARL, the Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets. The Exchange believes it is reasonable, equitable, and not unfairly discriminatory to eliminate passing through any rebate amount (that is, netting the rebate against the Exchange's \$0.10 charge), as the amount of any such rebate was negligible. The Exchange notes that because the amount of volume that the Exchange routes to away markets is de minimis, the Exchange does not receive the higher rebate amounts offered in the higher tiers of the away markets. Therefore, eliminating that rebate is reasonable because the amount was immaterial. Further, those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner, which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members. Additionally, the Exchange notes that it will continue to monitor the transaction fees and rebates assessed by the away market to determine the appropriate exchange groupings within which to group the away markets.

In addition, the Exchange believes that it is equitable and not unfairly discriminatory to assess lower routing fees to Priority Customer orders than to Public Customer orders. A Priority Customer is by definition not a broker or dealer in securities, and does not place more than 390

orders in listed options per day on average during a calendar month for its own beneficial account(s). The routing fees for Priority Customer orders are based on the fees charged by the away market for the execution of such orders, therefore it is reasonable and appropriate for the routing fees to be lower than the routing fees for Public Customer orders, as this is the fee construct at the away markets.

Lastly, the Exchange believes that the proposed non-substantive, technical correction furthers the objectives of Section 6(b)(4) of the Act and 6(b)(5) of the Act in that the change is equitable and reasonable and not unfairly discriminatory because this proposal is intended only as a technical correction to update to the title of Section 1)c) of the Fee Schedule to accurately reflect that this Section is a fee and not a rebate, which does not have any substantive impact on the Routing Fees. The Exchange believes making this technical correction promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in facilitating transactions in securities, and protects investors and the public interest, because it would eliminate any potential confusion as a result of wording that is no longer applicable. It is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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

MIAX Options does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposed Routing Fees are similar in structure to those assessed by its affiliate, MIAX PEARL, and are similar in structure and are comparable to routing fees charged by other options exchanges.¹² The Exchange notes that it operates in a highly competitive market in

¹² See supra note 8.

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 rebates and fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule change reflects this competitive environment because it modifies the Exchange's fees in a manner that encourages market participants to continue to provide liquidity and to send order flow to the Exchange. Further, the Exchange does not believe that the technical correction to the routing fee table will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because the proposal is intended to eliminate any potential confusion as a result of wording that is no longer applicable. In doing so, the proposed rule change will also serve to promote clarity and consistency in the Exchange's Fee Schedule.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,¹³ and Rule 19b-4(f)(2) thereunder¹⁴ 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.

¹³ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁴ 17 CFR 240.19b-4.

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

The proposed rule change is based upon the rules of MIAX PEARL.¹⁵

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. Completed notice of proposed rule change for publication in the Federal Register.
5. Copy of the applicable section of the MIAX Options Fee Schedule.

¹⁵ See supra note 3.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2019-13)

March__, 2019

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 March 8, 2019, 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 amend the MIAX Options Fee Schedule (the “Fee Schedule”) to modify the manner in which the Exchange assesses its Fees for Customer Orders Routed to Another Options Exchange (“Routing Fees”) in order to align its Routing Fees and its Routing Fees rule text to the Routing Fees and Routing Fees rule text adopted by the Exchange’s affiliate, MIAX PEARL, LLC (“MIAX PEARL”),³ and to make a non-substantive technical correction.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release Nos. 80061 (February 17, 2017), 82 FR 11676 (February 24, 2017)(SR-PEARL-2017-10); 82017 (November 6, 2017), 82 FR 52342 (November 13, 2017)(SR-PEARL-2017-36). See also SR-PEARL-2019-06 (Proposal to amend the routing fee table, filed on February 28, 2019).

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 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

Currently, the Exchange assesses a Routing Fee to market participants on all Public Customer⁴ orders routed to and executed on an away market that is equal to the amount charged by the away market to which such orders were routed and executed. The Exchange also pays any rebate offered by an away market. Such market participants are also currently assessed a Fixed Fee Surcharge of \$0.10 per contract by the Exchange, which is added to the fee charged, or netted against the rebate paid, by an away market. The Fixed Fee Surcharge applies to both Mini and Standard Option contracts.

⁴ "Public Customer" refers to all Members of the Exchange other than Priority Customers. "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. "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). See Exchange Rule 100.

The Exchange proposes to modify the manner in which it assesses its Routing Fees. Specifically, the Exchange proposes to assess the amount of the applicable fee, if any, based upon (i) the origin type of the order, (ii) whether or not it is an order for standard option classes in the Penny Pilot Program⁵ (“Penny classes”) or an order for standard option classes which are not in the Penny Pilot Program (“Non-Penny classes”) (or other explicitly identified classes), and (iii) to which away market it is being routed. This assessment practice is identical to the Routing Fees assessment practice currently utilized by the Exchange’s affiliate, MIAX PEARL. The purpose of the proposed rule change is to align the Routing Fees and Routing Fees rule text of the Exchange to the Routing Fees and Routing Fees rule text adopted by the Exchange’s affiliate, MIAX PEARL.⁶

The Exchange also proposes to assess Routing Fees to all market participants, not just Public Customers. The Exchange proposes to assess Priority Customers a lower Routing Fee than its Public Customers. The purpose of assessing Routing Fees to all market participants including Priority Customers is to recoup the costs that the Exchange incurs as a result of all orders which are routed away from the Exchange, not just those incurred from Public Customer orders.

The Exchange proposes to assess Routing Fees to all market participants according to the following table:

⁵ See Securities Exchange Act Release No. 84864 (December 19, 2018), 83 FR 66778 (December 27, 2018) (SR-MIAX-2018-38) (extending the Penny Pilot Program from December 31, 2018 to June 30, 2019).

⁶ See supra note 3.

c) Fees for Customer Orders Routed to Another Options Exchange

Description	Fees
Routed, Priority Customer, Penny Pilot, to: NYSE American, BOX, Cboe, Cboe EDGX Options, Nasdaq MRX, Nasdaq PHLX (except SPY), Nasdaq BX Options	\$0.15
Routed, Priority Customer, Penny Pilot, to: NYSE Arca Options, Cboe BZX Options, Cboe C2, Nasdaq GEMX, Nasdaq ISE, NOM, Nasdaq PHLX (SPY only), MIAX Emerald, MIAX PEARL	\$0.65
Routed, Priority Customer, Non-Penny Pilot, to: NYSE American, BOX, Cboe, Cboe EDGX Options, Nasdaq ISE, Nasdaq MRX, Nasdaq PHLX, Nasdaq BX Options	\$0.15
Routed, Priority Customer, Non-Penny Pilot, to: NYSE Arca Options, Cboe BZX Options, Cboe C2, MIAX PEARL, MIAX Emerald, Nasdaq GEMX, NOM	\$1.00
Routed, Public Customer that is not a Priority Customer, Penny Pilot, to: NYSE American, NYSE Arca Options, Cboe BZX Options, BOX, Cboe, Cboe C2, Cboe EDGX Options, Nasdaq GEMX, Nasdaq ISE, Nasdaq MRX, MIAX PEARL, MIAX Emerald, NOM, Nasdaq PHLX, Nasdaq BX Options	\$0.65
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: NYSE American, Cboe, Nasdaq PHLX, Nasdaq ISE, Cboe EDGX Options	\$1.00
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: Cboe C2, BOX, Nasdaq MRX, Nasdaq BX Options, NOM, MIAX PEARL, MIAX Emerald	\$1.15
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: Cboe BZX Options, NYSE Arca Options, Nasdaq GEMX	\$1.25

In determining its Routing Fees, the Exchange takes into account transaction fees and rebates assessed by the away markets to which the Exchange routes orders, as well as the Exchange's clearing costs,⁷ administrative, regulatory, and technical costs associated with routing orders to an away market. The Exchange uses unaffiliated routing brokers to route orders to the away markets; the costs associated with the use of these services are included in the Routing Fees specified in the Fee Schedule. This Routing Fees structure is not only similar to the Exchange's affiliate, MIAX PEARL, but is also comparable to the structures in place at other

⁷ The OCC amended its clearing fee from \$0.01 per contract side to \$0.02 per contract side. See Securities Exchange Act Release No. 71769 (March 21, 2014), 79 FR 17214 (March 27, 2014) (SR-OCC-2014-05).

exchanges, such as Cboe BZX Options Exchange (“BZX Options”).⁸ The BZX Options fee schedule has exchange groupings, whereby several exchanges are grouped into the same category, dependent on the order’s origin type and whether it is a Penny or Non-Penny Pilot class. The Exchange is proposing a similar structure but with 8 different exchange groupings, based on the exchange, order type, and option class; like that of MIAX PEARL. The Exchange believes that, by having the same Routing Fees structure used by MIAX PEARL, with more groupings, it will offer the Exchange greater precision in covering its costs associated with routing orders to away markets. The per-contract transaction fee amount associated with each grouping closely approximates the Exchange’s all-in cost (plus an additional, non-material amount) to execute that corresponding contract at that corresponding exchange. For example, to execute a Priority Customer order in a Penny Pilot symbol at NYSE American costs the Exchange approximately \$0.15 a contract. Since this is also the approximate cost to execute that same order at BOX, the Exchange is able to group NYSE American and BOX together in the same grouping. The Exchange notes that in determining the appropriate groupings, the Exchange considers the transaction fees and rebates assessed by away markets, and groups exchanges together that assess transaction fees for routed orders within a similar range. This same logic and structure applies to all of the groupings in the Routing Fees table. The Exchange believes that the Exchange’s current structure of simply passing on the actual charge plus a mark-up can be administratively burdensome, particularly when multiple, third-party, unaffiliated routing broker-dealers are used to route and execute the orders at the away market. This is because the routing broker-dealers have different billing policies and practices, and it often can take several hours per month reconciling trades and bills at the end of each month. By utilizing the structure proposed by the Exchange which is currently used by MIAX PEARL, the Exchange will know

⁸ This is similar to the methodologies utilized by BZX Options in assessing Routing Fees. See Cboe BZX Options Exchange Fee Schedule under “Fee Codes and Associated Fees”.

immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets. Further, those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner, which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members.

Additionally, the Exchange proposes to amend the title of Section 1)c) of the Fee Schedule to remove the words “and Rebate” from the title. The Exchange notes that the title of the Section currently reads “Fees and Rebates for Customer Orders Routed to Another Options Exchange.” The routing fee table as proposed does not contain any net rebates, therefore, as amended, the Exchange proposes for the title of the Section to now read “Fees for Customer Orders Routed to Another Options Exchange.” The Exchange believes this will add clarity and precision with respect to the structure of its Fee Schedule.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁰ in particular, in that it is an equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act¹¹ in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4).

¹¹ 15 U.S.C. 78f(b)(5).

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 customers, issuers, brokers and dealers.

The Exchange believes the proposed modifications in the Fee Schedule to the Routing Fees furthers the objectives of Section 6(b)(4) of the Act and are equitable and reasonable and not unfairly discriminatory because they will apply the same manner to all Members that are subject to Routing Fees. The Exchange believes the proposed Routing Fees are equitable and reasonable since they align the Exchange's manner of assessing its Routing Fees with that of its affiliate, MIAX PEARL, and those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner, which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members.

The Exchange believes that the proposed Routing Fees furthers the objectives of Section 6(b)(5) of the Act and are designed to promote just and equitable principles of trade and are not unfairly discriminatory because they seek to recoup costs that are incurred by the Exchange when routing orders to away markets on behalf of Members. Each destination market's transaction charge varies and there is a cost incurred by the Exchange when routing orders to away markets. The costs to the Exchange primarily include transaction fees assessed by the away markets to which the Exchange routes orders, in addition to the Exchange's clearing costs, administrative, regulatory and technical costs associated with routing orders. The Exchange believes that the proposed Routing Fees would better enable the Exchange to recover the costs it incurs to route orders to away markets in addition to transaction fees assessed to market participants for the execution of orders by the away market. The Exchange believes the proposed changes are designed to prevent fraudulent and manipulative acts and practices, to

promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. In particular, the Exchange believes that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Rules. It is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion. By utilizing the structure proposed by the Exchange, the Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets. Further, those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members.

Further, the Exchange believes that modifying the manner in which it assesses its Routing Fees by grouping exchanges together that assess transaction fees and rebates for routed orders within a similar range is reasonable and not unfairly discriminatory. Specifically, the Exchange believes that the Exchange's current structure of assessing a Fixed Fee Surcharge of \$0.10 per contract by the Exchange, which is added to the fee charged, or netted against the rebate paid, by an away market can be administratively burdensome, particularly when multiple, third-party, unaffiliated routing broker-dealers are used to route and execute the orders at the away market. This is because the routing broker-dealers have different billing policies and practices, and it often can take several hours per month reconciling trades and bills at the end of each month. By utilizing the structure proposed by the Exchange which is currently used by MIAX PEARL, the

Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets. The Exchange believes it is reasonable, equitable, and not unfairly discriminatory to eliminate passing through any rebate amount (that is, netting the rebate against the Exchange's \$0.10 charge), as the amount of any such rebate was negligible. The Exchange notes that because the amount of volume that the Exchange routes to away markets is de minimis, the Exchange does not receive the higher rebate amounts offered in the higher tiers of the away markets. Therefore, eliminating that rebate is reasonable because the amount was immaterial. Further, those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner, which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members. Additionally, the Exchange notes that it will continue to monitor the transaction fees and rebates assessed by the away market to determine the appropriate exchange groupings within which to group the away markets.

In addition, the Exchange believes that it is equitable and not unfairly discriminatory to assess lower routing fees to Priority Customer orders than to Public Customer orders. A Priority Customer is by definition not a broker or dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). The routing fees for Priority Customer orders are based on the fees charged by the away market for the execution of such orders, therefore it is reasonable and appropriate for the routing fees to be lower than the routing fees for Public Customer orders, as this is the fee construct at the away markets.

Lastly, the Exchange believes that the proposed non-substantive, technical correction furthers the objectives of Section 6(b)(4) of the Act and 6(b)(5) of the Act in that the change is equitable and reasonable and not unfairly discriminatory because this proposal is intended only as a technical correction to update to the title of Section 1)c) of the Fee Schedule to accurately reflect that this Section is a fee and not a rebate, which does not have any substantive impact on the Routing Fees. The Exchange believes making this technical correction promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in facilitating transactions in securities, and protects investors and the public interest, because it would eliminate any potential confusion as a result of wording that is no longer applicable. It is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposed Routing Fees are similar in structure to those assessed by its affiliate, MIAX PEARL, and are similar in structure and are comparable to routing fees charged by other options exchanges.¹² 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 rebates and fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule change reflects this competitive environment because it modifies the Exchange's fees in a manner that encourages market participants to continue to

¹² See supra note 8.

provide liquidity and to send order flow to the Exchange. Further, the Exchange does not believe that the technical correction to the routing fee table will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because the proposal is intended to eliminate any potential confusion as a result of wording that is no longer applicable. In doing so, the proposed rule change will also serve to promote clarity and consistency in the Exchange's Fee Schedule.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,¹³ and Rule 19b-4(f)(2)¹⁴ thereunder. At any time within 60 days¹⁴ 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:

¹³ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁴ 17 CFR 240.19b-4(f)(2).

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-2019-13 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-2019-13. 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-2019-13 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.¹⁵

Brent J. Fields
Secretary

¹⁵ 17 CFR 200.30-3(a)(12).

Exhibit 5New text is underlined;

Deleted text is in [brackets]

MIAX Options Fee Schedule**1) Transaction Fees****a) - b) No change.****c) Fees [and Rebates] for Customer Orders Routed to Another Options Exchange**

[MIAX will assess a Routing Fee to market participants on all Public Customer orders routed to and executed on an away market that is equal to the amount charged by the away market to which such orders were routed and executed. MIAX will also pay any rebate offered by an away market. Such market participants will also be assessed a Fixed Fee Surcharge by MIAX, which is added to the fee charged, or netted against the rebate paid, by an away market.

Fixed Fee Surcharge

\$0.10 per contract in addition to the actual transaction fee assessed, or less the rebate paid, by the away exchange. The Fixed Fee Surcharge applies to both Mini and Standard Option contracts.]

MIAX will assess a Routing Fee to market participants on all orders routed to and executed on an away market as set forth in the table below.

Description	Fees
<u>Routed, Priority Customer, Penny Pilot, to: NYSE American, BOX, Cboe, Cboe EDGX Options, Nasdaq MRX, Nasdaq PHLX (except SPY), Nasdaq BX Options</u>	<u>\$0.15</u>
<u>Routed, Priority Customer, Penny Pilot, to: NYSE Arca Options, Cboe BZX Options, Cboe C2, Nasdaq GEMX, Nasdaq ISE, NOM, Nasdaq PHLX (SPY only), MIAX Emerald, MIAX PEARL</u>	<u>\$0.65</u>
<u>Routed, Priority Customer, Non-Penny Pilot, to: NYSE American, BOX, Cboe, Cboe EDGX Options, Nasdaq ISE, Nasdaq MRX, Nasdaq PHLX, Nasdaq BX Options</u>	<u>\$0.15</u>
<u>Routed, Priority Customer, Non-Penny Pilot, to: NYSE Arca Options, Cboe BZX Options, Cboe C2, MIAX PEARL, MIAX Emerald, Nasdaq GEMX, NOM</u>	<u>\$1.00</u>
<u>Routed, Public Customer that is not a Priority Customer, Penny Pilot, to: NYSE American, NYSE Arca Options, Cboe BZX Options, BOX, Cboe, Cboe C2, Cboe EDGX Options, Nasdaq GEMX, Nasdaq ISE, Nasdaq MRX, MIAX PEARL, MIAX Emerald, NOM, Nasdaq PHLX, Nasdaq BX Options</u>	<u>\$0.65</u>

<u>Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: NYSE American, Cboe, Nasdaq PHLX, Nasdaq ISE, Cboe EDGX Options</u>	<u>\$1.00</u>
<u>Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: Cboe C2, BOX, Nasdaq MRX, Nasdaq BX Options, NOM, MIAX PEARL, MIAX Emerald</u>	<u>\$1.15</u>
<u>Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: Cboe BZX Options, NYSE Arca Options, Nasdaq GEMX</u>	<u>\$1.25</u>
