

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="36"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="21"/> Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Miami International Securities Exchange, LLC.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
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” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to make a number of minor, non-substantive edits to Exchange Rule 100, Definitions, Rule 200, Trading Permits, Rule 402, Criteria for Underlying Securities, Rule 403, Withdrawal of Approval of Underlying Securities and Rule 519, MIAX Order Monitor, for purposes of clarification and uniformity.

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 changes were approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Board of Directors on January 31, 2019. 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 changes.

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 Exchange Rule 100, Definitions, to make a minor non-substantive edit to the definition for Electronic Exchange Member in order to provide consistency and clarity within the rule text. Currently, Exchange Rule 100 defines Electronic Exchange Member as follows:

The term “Electronic Exchange Member” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act.”<sup>3</sup>

The Exchange proposes to amend the definition for Electronic Exchange Member in Exchange Rule 100 to insert the abbreviation for Electronic Exchange Member as “EEM” to provide consistency and clarity within MIAX’s rulebook. With the proposed change, the definition for Electronic Exchange Member would be as follows:

The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act.

The proposed change would align the rule text for the definition of an Electronic Exchange Member with the rulebook for MIAX, which uses the EEM abbreviation for an Electronic Exchange Member in other Exchange rules.

The Exchange also proposes to amend Exchange Rule 100, Definitions, to make minor non-substantive edits to harmonize the rule text to that of the Exchange’s affiliate, MIAX Emerald, LLC (“MIAX Emerald”). Currently, Exchange Rule 100 does not include definitions for the Exchange’s affiliates, MIAX Emerald and MIAX PEARL, LLC (“MIAX PEARL”). In order to ensure conformity, the Exchange proposes to amend Exchange Rule 100 to adopt

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<sup>3</sup> See Exchange Rule 100.

definitions for MIAX Emerald and MIAX PEARL that are nearly identical to rule text found in MIAX Emerald Rule 100.

MIAX proposes to adopt the following definition for MIAX Emerald to be included in Exchange Rule 100: “The term ‘MIAX Emerald’ means MIAX Emerald, LLC.” MIAX proposes to adopt the following definition for MIAX PEARL to be included in Exchange Rule 100: “The term ‘MIAX PEARL’ means MIAX PEARL, LLC.” The Exchange believes that adopting the definitions of the Exchange’s affiliates, MIAX Emerald and MIAX PEARL, in Exchange Rule 100 creates consistency among MIAX, MIAX Emerald and MIAX PEARL.

Next, the Exchange proposes to amend Exchange Rule 100 to clarify the definition for the term “MIAX.” Exchange Rule 100 currently defines MIAX as follows: “The term ‘MIAX’ means the Miami International Securities Exchange, LLC.” The Exchange proposes to insert the phrase “or the Exchange” following the period in the current definition for the term MIAX in Exchange Rule 100 to clarify and align the rule text with the definition for the term the “Exchange” in Exchange Rule 100. Exchange Rule 100 currently defines Exchange as follows: “The term ‘Exchange’ means the national securities exchange known as Miami International Securities Exchange or MIAX.” The Exchange’s proposal to clarify the definition for the term “MIAX” would be as follows: “The term ‘MIAX’ means the Miami International Securities Exchange, LLC, or the Exchange.” The proposal is nearly identical to rule text in MIAX Emerald Rule 100.<sup>4</sup> The Exchange believes that its affiliate, MIAX PEARL, would also make a nearly identical change to MIAX PEARL Rule 100.<sup>5</sup>

The Exchange also proposes to amend Exchange Rule 100 to make minor non-substantive edit to the definition for “Exchange” in order to provide consistency and clarity

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<sup>4</sup> See MIAX Emerald Rule 100.

<sup>5</sup> See SR-PEARL-2019-16.

within the rule text. Currently, Exchange Rule 100 defines Exchange as follows: “The term ‘Exchange’ means the national securities exchange known as Miami International Securities Exchange or MIAX.” The definition for Exchange in MIAX Rule 100 should include a comma and the abbreviation “LLC” following the whole name for MIAX. Accordingly, the Exchange proposes to amend the definition for Exchange as follows: “The term ‘Exchange’ means the national securities exchange known as Miami International Securities Exchange, LLC or MIAX.”

Next, the Exchange proposes to amend Exchange Rule 200, Trading Permits, to conform to MIAX Emerald Rule 200 by adopting language to differentiate the MIAX trading permit application process for holders of MIAX Emerald or MIAX PEARL trading permits and applicants not holding MIAX Emerald or MIAX PEARL trading permits. Currently, Exchange Rule 200(c), Application Process, describes the application process for a person or entity seeking to hold a MIAX Trading Permit as follows:

All persons or entities seeking to hold a Trading Permit (“Applicant”) must submit an application to the Exchange in accordance with such procedures as shall be established by the Exchange via Regulatory Circular including submission deadlines and payment of any applicable application fees. In addition, the following shall apply:<sup>6</sup>

The current application process under Exchange Rule 200 for a MIAX trading permit was established prior to the Exchange’s affiliates, MIAX Emerald and MIAX PEARL, commencing operations.

The Exchange proposes to adopt the waive-in application process for a MIAX trading permit that is currently in place on MIAX Emerald. MIAX Emerald Rule 200 provides that a holder of a MIAX or MIAX PEARL trading permit in good standing is eligible to receive one

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<sup>6</sup> See Exchange Rule 200.

MIAX Emerald Trading Permit in the same Membership category to trade on MIAX Emerald.<sup>7</sup> Member<sup>8</sup> applicants of MIAX and MIAX PEARL are not required to submit a full application for membership on MIAX Emerald, but rather only need to complete selected MIAX Emerald forms concerning their election to trade on MIAX Emerald, consent to MIAX Emerald's jurisdiction, and other operational matters.<sup>9</sup> This waive-in application process is similar to arrangements in place at other exchanges.<sup>10</sup>

MIAX proposes to adopt the waive-in application process to conform to MIAX Emerald by adopting a new paragraph in Exchange Rule 200, that will be numbered (c)(1). Currently, sub-paragraph (c)(1) under Exchange Rule 200 provides as follows:

Each Applicant shall promptly update the application materials submitted to the Exchange if any of the information provided in these materials becomes inaccurate or incomplete after the date of submission of the application to the Exchange and prior to any approval of the application.

Pursuant to this proposal, the Exchange proposes to adopt the following sub-paragraph, which will be numbered as (c)(1) under Exchange Rule 200:

**Holders of MIAX Emerald or MIAX PEARL Trading Permits.** A holder of a MIAX Emerald or MIAX PEARL trading permit in good standing is eligible to receive one MIAX Trading Permit in the same Membership category to trade on MIAX (i.e., a MIAX Emerald Primary Lead Market Maker Member is eligible to become a MIAX Primary Lead Market Maker Member, a MIAX Emerald Lead Market Maker Member is eligible to become a MIAX Lead Market Maker Member, a MIAX Emerald Registered Market Maker Member is eligible to

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<sup>7</sup> See MIAX Emerald Rule 100.

<sup>8</sup> 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.

<sup>9</sup> See MIAX Emerald Rule 100.

<sup>10</sup> See, e.g., Nasdaq MRX, LLC Rule 302(a) (containing similar expedited waive-in membership process for members of the Nasdaq ISE, LLC and Nasdaq GEMX, LLC); MIAX PEARL Rule 200(c)(1) (containing similar expedited waive-in membership process for members of MIAX); and Cboe C2 Exchange, Inc. Rule 3.1(c)(1) (containing similar expedited waive-in membership process for members of Cboe).

become a MIAX Registered Market Maker Member, a MIAX Emerald Electronic Exchange Member is eligible to become a MIAX Electronic Exchange Member, a MIAX PEARL Market Maker is eligible to become a MIAX Registered Market Maker and a MIAX PEARL Electronic Exchange Member is eligible to become a MIAX Electronic Exchange Member). A holder of a MIAX Emerald or MIAX PEARL trading permit who wishes to apply to the Exchange is not required to complete and submit an Exchange application. Instead only Exchange forms concerning election to trade on the Exchange, submitting to Exchange jurisdiction, and operational matters need be completed and tendered.

The Exchange proposes to amend the rule text of Exchange Rule 200 to adopt a new sub-paragraph in Exchange Rule 200, that would be numbered (c)(2) for trading permit applicants not holding a MIAX Emerald or MIAX PEARL trading permit already. Currently, Exchange Rule 200(c)(2) provides as follows:

The Exchange shall investigate each Applicant applying to be a Member (with the exception of any Applicant that was a Member within 9 months prior to the date of receipt of that Applicant's application by the Exchange, and any Applicant that was investigated by the Exchange within 9 months prior to the date of receipt of that Applicant's application by the Exchange). The Exchange may investigate any Applicant that is not required to be investigated pursuant to this paragraph. In connection with an investigation conducted pursuant to this paragraph, the Exchange may (i) conduct a fingerprint based criminal records check of the Applicant and its Responsible Person; or (ii) utilize the results of a fingerprint based criminal records check of the Applicant and its Responsible Person conducted by the Exchange or another self-regulatory organization within the prior year.

Pursuant to this proposal, the Exchange proposes to adopt the following sub-paragraph, which will be numbered as (c)(2) under Exchange Rule 200:

**Applicants Not Holding MIAX Emerald or MIAX PEARL Trading Permits.** An applicant not holding a MIAX Emerald or MIAX PEARL trading permit seeking to hold a MIAX Trading Permit (“Applicant”) must submit an application to the Exchange in accordance with such procedures as shall be established by the Exchange. In addition, the following shall apply:

The Exchange also proposes to make corrective changes to the numerical and alphabetical list item identifiers to account for the Exchange’s proposal to adopt new rule text for sub-paragraphs (c)(1) and (c)(2), as described above, which replaced the current sub-paragraphs

identified as (c)(1) and (c)(2). The Exchange proposes that the sub-paragraphs in Exchange Rule 200(c)(1) through (c)(7), as well as paragraphs (d) through (f), would be changed to conform to the hierarchical heading scheme used throughout the Exchange's rulebook as well as to account for the new language adopted in new sub-paragraphs (c)(1) and (c)(2). Accordingly, under Exchange Rule 200, the text in paragraph (c) would be deleted, leaving only the heading "Application Process" in bold font as a heading for the entire section identified as paragraph (c). The Exchange proposes to adopt new sub-paragraph (c)(1) and (c)(2), as described above. Current sub-paragraph (c)(1) through (c)(7) will be renumbered as (c)(2)(i) through (c)(2)(vi), and current sub-paragraph (c)(7) will become its own paragraph identified as paragraph (d); current paragraphs (d) through (f) will be renumbered as (e) through (g); current sub-paragraphs (c)(2)(i) through (c)(2)(ii) will be renumbered as (c)(2)(ii)(A) through (c)(2)(ii)(B); and the reference in current sub-paragraph (c)(3) to "paragraph (2)" will be corrected such that sub-paragraph (c)(3) will be renumbered as sub-paragraph (c)(2)(iii) and will reference "paragraph (ii)."

Next, the Exchange proposes to amend Exchange Rule 402, Criteria for Underlying Securities, to make minor corrective changes to the numerical and alphabetical list item identifiers to properly conform to the hierarchical heading scheme used throughout the Exchange's rulebook. Currently, Exchange Rule 402(i) provides as follows:

Securities deemed appropriate for options trading shall include shares or other securities ("Exchange-Traded Fund Shares") that are traded on a national securities exchange and are defined as an "NMS stock" under Rule 600 of Regulation NMS, and that:

The Exchange proposes that the sub-paragraphs that follow would be changed to conform to the hierarchical heading scheme used throughout the Exchange's rulebook. Accordingly, under Exchange Rule 402(i), sub-paragraphs (A) through (E) will be renumbered as (1) through (5);

sub-paragraphs (E)(1) through (E)(2) will be renumbered as (5)(i) through (5)(ii); sub-paragraphs (E)(1)(i) through (E)(1)(iii) will be renumbered as (5)(i)(A) through (5)(i)(C); sub-paragraph (E)(2) will be renumbered as (5)(ii); sub-paragraphs (E)(2)(i) through (E)(2)(ii) will be renumbered as (5)(ii)(A) through (5)(ii)(B); and sub-paragraphs (E)(2)(ii)(A) through (E)(2)(ii)(D) will be renumbered as (5)(ii)(B)(1) through (5)(ii)(B)(4).

Next, the Exchange proposes to amend Exchange Rule 403, Withdrawal of Approval of Underlying Securities, to conform references to Exchange Rule 402(i) sub-paragraphs that are in Exchange Rule 403. Exchange Rule 403(g)(1) and (g)(2) currently reference Exchange Rule 402(i)(E)(1)(i) and 402(i)(E)(1)(ii). The Exchange proposes to amend these reference to conform to the other proposed changes to Exchange Rule 402 and the proposed changes would be references to Exchange Rule 402(i)(5)(i)(A) and 402(i)(5)(i)(B).

Next, the Exchange proposes to amend Exchange Rule 519, MIAX Order Monitor, to amend sub-paragraph (a)(3)(i) to delete Roman numeral (i) in that sub-paragraph that immediately precedes the sentence “The following examples illustrate those situations where lower priced limit orders are rejected because they cross the NBBO by at least 50%:” The Exchange proposes to separate sub-paragraph (a)(3)(i) into sub-paragraphs (a)(3)(i)(A) and (a)(3)(i)(B). The Exchange also proposes to amend sub-paragraph (a)(3)(i) to separate Roman numeral (ii) into its own sub-paragraph that will become sub-paragraph (a)(3)(ii), with sub-paragraphs (a)(3)(ii)(A) and (a)(3)(ii)(B) separated into their own sub-paragraphs as well. The Exchange also proposes to make a minor corrective change to the current Roman numeral identifier for sub-paragraph (a)(3)(ii) that is directly below sub-paragraph (a)(3)(i) to properly conform to the hierarchical heading scheme used throughout the Exchange’s rulebook following

the other proposed changes to Rule 519, sub-paragraph (a)(3). Accordingly, the current sub-paragraph (a)(3)(ii) will be renumbered as sub-paragraph (a)(3)(iii).

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>12</sup> 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 the proposed rule changes correct errors in the hierarchical heading scheme to provide uniformity in the Exchange's rulebook. The Exchange notes that the proposed changes to Exchange Rule 100, Rule 402, Rule 403 and Rule 519 do not alter the application of each rule. As such, the proposed amendments would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national exchange system. 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.

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<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

The Exchange believes the proposed changes to Exchange Rule 200 promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system because the proposed changes will align MIAX Rule 200 with MIAX Emerald Rule 200 regarding trading permits. The Exchange believes this consistency across exchanges would remove impediments to and perfect the mechanism of a free and open market by ensuring that members, regulators and the public can more easily navigate the Exchange's rulebook and better understand the application process for trading permits. The Exchange also believes that although MIAX Emerald rules may, in certain instances, intentionally differ from MIAX rules, the proposed changes will promote uniformity with MIAX with respect to rules that are intended to be identical. The Exchange believes that this proposal will reduce the potential for confusion by its Members that are also Members of MIAX Emerald if the only differences between MIAX Emerald rules and MIAX rules are those are specific to each exchange.

The Exchange also believes the proposed changes to Exchange Rule 200 promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system because MIAX and its affiliates, MIAX Emerald and MIAX PEARL, have substantially the same Members, and by adopting the waive-in application process for those Members already holding trading permits on MIAX Emerald and/or MIAX PEARL, promotes the more effective utilization of time and resources of the Exchange. Furthermore, because MIAX Emerald and MIAX PEARL trading permit holders have already been vetted, the Exchange's proposal to adopt the waive-in application process in Exchange Rule 200 aligns the trading permit application process with that of the Exchange's

affiliates, MIAX Emerald and MIAX PEARL, preventing unnecessary regulatory burdens and promoting the efficient administration of the Exchange's rules.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule changes will have no impact on competition as they are not designed to address any competitive issues but rather are designed to add additional clarity to existing rules and to remedy minor non-substantive issues in the text of various rules identified in this proposal.

The Exchange does not believe that the proposed rule changes to Exchange Rule 200 will impose any burden on intermarket competition not necessary or appropriate in furtherance of the purposes of the Act because MIAX and its affiliates, MIAX Emerald and MIAX PEARL, have substantially the same Members, and by adopting the waive-in application process for those Members already holding trading permits on MIAX Emerald and/or MIAX PEARL promotes the more effective utilization of time and resources of the Exchange. Furthermore, because MIAX PEARL and MIAX Emerald trading permit holders have already been vetted, the Exchange's proposal to amend the waive-in application process in Exchange Rule 200 aligns the trading permit application process with that of the Exchange's affiliate, MIAX Emerald, preventing unnecessary regulatory burdens and promoting the efficient administration of the Exchange's rules.

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

No written comments were either solicited or received.

**6. Extension of Time Period for Commission Action**

Not applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act<sup>13</sup> and Rule 19b-4(f)(6)<sup>14</sup> 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 proposed rule changes to Exchange Rule 100 and Rule 200 do not affect the protection of investors or the public interest as the proposed changes promote uniformity among MIAX, MIAX Emerald and MIAX PEARL, and reduce the potential for confusion by the Exchange's Members and Members of MIAX Emerald and MIAX PEARL, and do not raise any new or novel issues. The proposed changes to Exchange Rule 200 to adopt the waive-in application process for trading permit holders of the Exchange's affiliates, MIAX Emerald and MIAX PEARL, is similar to arrangements in place at other exchanges.<sup>15</sup> The proposed rule changes protect investors by keeping the Exchange's rules consistent with those of the Exchange's affiliates, MIAX Emerald and MIAX PEARL, and industry practices thus eliminating confusion and preventing investor confusion.

The proposed rule changes to Exchange Rule 100, Rule 402, Rule 403 and Rule 519 do not affect the protection of investors or the public interest because the proposed changes are to

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> See supra note 10.

conform to the hierarchical heading scheme used throughout the Exchange's rulebook, which will provide greater clarity to Members and the public regarding the Exchange's Rules.

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 Act<sup>16</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)<sup>17</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

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 proposal is partly based on the rules of the Exchange's affiliate, MIAX Emerald.<sup>18</sup>

**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.

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<sup>16</sup> 17 CFR 240.19b-4(f)(6).

<sup>17</sup> 17 CFR 240.19b-4(f)(6).

<sup>18</sup> See MIAX Emerald Rule 100 and Rule 200.

**11. Exhibits**

1. Notice of proposed rule for publication in the Federal Register.
5. Text of proposed rule change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-MIAX-2019-21)

April\_\_, 2019

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange, LLC to Amend Exchange Rule 100, Definitions, Rule 200, Trading Permits, Rule 402, Criteria for Underlying Securities, Rule 403, Withdrawal of Approval of Underlying Securities and Rule 519, MIAX Order Monitor

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 24, 2019, 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 make a number of minor, non-substantive edits to Exchange Rule 100, Definitions, Rule 200, Trading Permits, Rule 402, Criteria for Underlying Securities, Rule 403, Withdrawal of Approval of Underlying Securities and Rule 519, MIAX Order Monitor, for purposes of clarification and uniformity.

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.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange proposes to amend Exchange Rule 100, Definitions, to make a minor non-substantive edit to the definition for Electronic Exchange Member in order to provide consistency and clarity within the rule text. Currently, Exchange Rule 100 defines Electronic Exchange Member as follows:

The term “Electronic Exchange Member” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act.”<sup>3</sup>

The Exchange proposes to amend the definition for Electronic Exchange Member in Exchange Rule 100 to insert the abbreviation for Electronic Exchange Member as “EEM” to provide consistency and clarity within MIAX’s rulebook. With the proposed change, the definition for Electronic Exchange Member would be as follows:

The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act.

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<sup>3</sup> See Exchange Rule 100.

The proposed change would align the rule text for the definition of an Electronic Exchange Member with the rulebook for MIAX, which uses the EEM abbreviation for an Electronic Exchange Member in other Exchange rules.

The Exchange also proposes to amend Exchange Rule 100, Definitions, to make minor non-substantive edits to harmonize the rule text to that of the Exchange's affiliate, MIAX Emerald, LLC ("MIAX Emerald"). Currently, Exchange Rule 100 does not include definitions for the Exchange's affiliates, MIAX Emerald and MIAX PEARL, LLC ("MIAX PEARL"). In order to ensure conformity, the Exchange proposes to amend Exchange Rule 100 to adopt definitions for MIAX Emerald and MIAX PEARL that are nearly identical to rule text found in MIAX Emerald Rule 100.

MIAX proposes to adopt the following definition for MIAX Emerald to be included in Exchange Rule 100: "The term 'MIAX Emerald' means MIAX Emerald, LLC." MIAX proposes to adopt the following definition for MIAX PEARL to be included in Exchange Rule 100: "The term 'MIAX PEARL' means MIAX PEARL, LLC." The Exchange believes that adopting the definitions of the Exchange's affiliates, MIAX Emerald and MIAX PEARL, in Exchange Rule 100 creates consistency among MIAX, MIAX Emerald and MIAX PEARL.

Next, the Exchange proposes to amend Exchange Rule 100 to clarify the definition for the term "MIAX." Exchange Rule 100 currently defines MIAX as follows: "The term 'MIAX' means the Miami International Securities Exchange, LLC." The Exchange proposes to insert the phrase "or the Exchange" following the period in the current definition for the term MIAX in Exchange Rule 100 to clarify and align the rule text with the definition for the term the "Exchange" in Exchange Rule 100. Exchange Rule 100 currently defines Exchange as follows: "The term 'Exchange' means the national securities exchange known as Miami International Securities Exchange or MIAX." The Exchange's proposal to clarify the definition for the term

“MIAX” would be as follows: “The term ‘MIAX’ means the Miami International Securities Exchange, LLC, or the Exchange.” The proposal is nearly identical to rule text in MIAX Emerald Rule 100.<sup>4</sup> The Exchange believes that its affiliate, MIAX PEARL, would also make a nearly identical change to MIAX PEARL Rule 100.<sup>5</sup>

The Exchange also proposes to amend Exchange Rule 100 to make minor non-substantive edit to the definition for “Exchange” in order to provide consistency and clarity within the rule text. Currently, Exchange Rule 100 defines Exchange as follows: “The term ‘Exchange’ means the national securities exchange known as Miami International Securities Exchange or MIAX.” The definition for Exchange in MIAX Rule 100 should include a comma and the abbreviation “LLC” following the whole name for MIAX. Accordingly, the Exchange proposes to amend the definition for Exchange as follows: “The term ‘Exchange’ means the national securities exchange known as Miami International Securities Exchange, LLC or MIAX.”

Next, the Exchange proposes to amend Exchange Rule 200, Trading Permits, to conform to MIAX Emerald Rule 200 by adopting language to differentiate the MIAX trading permit application process for holders of MIAX Emerald or MIAX PEARL trading permits and applicants not holding MIAX Emerald or MIAX PEARL trading permits. Currently, Exchange Rule 200(c), Application Process, describes the application process for a person or entity seeking to hold a MIAX Trading Permit as follows:

All persons or entities seeking to hold a Trading Permit (“Applicant”) must submit an application to the Exchange in accordance with such procedures as shall be established by the Exchange via Regulatory Circular including submission deadlines and payment of any applicable application fees. In addition, the following shall apply:<sup>6</sup>

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<sup>4</sup> See MIAX Emerald Rule 100.

<sup>5</sup> See SR-PEARL-2019-16.

<sup>6</sup> See Exchange Rule 200.

The current application process under Exchange Rule 200 for a MIAX trading permit was established prior to the Exchange's affiliates, MIAX Emerald and MIAX PEARL, commencing operations.

The Exchange proposes to adopt the waive-in application process for a MIAX trading permit that is currently in place on MIAX Emerald. MIAX Emerald Rule 200 provides that a holder of a MIAX or MIAX PEARL trading permit in good standing is eligible to receive one MIAX Emerald Trading Permit in the same Membership category to trade on MIAX Emerald.<sup>7</sup> Member<sup>8</sup> applicants of MIAX and MIAX PEARL are not required to submit a full application for membership on MIAX Emerald, but rather only need to complete selected MIAX Emerald forms concerning their election to trade on MIAX Emerald, consent to MIAX Emerald's jurisdiction, and other operational matters.<sup>9</sup> This waive-in application process is similar to arrangements in place at other exchanges.<sup>10</sup>

MIAX proposes to adopt the waive-in application process to conform to MIAX Emerald by adopting a new paragraph in Exchange Rule 200, that will be numbered (c)(1). Currently, sub-paragraph (c)(1) under Exchange Rule 200 provides as follows:

Each Applicant shall promptly update the application materials submitted to the Exchange if any of the information provided in these materials becomes inaccurate or incomplete after the date of submission of the application to the Exchange and prior to any approval of the application.

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<sup>7</sup> See MIAX Emerald Rule 100.

<sup>8</sup> 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.

<sup>9</sup> See MIAX Emerald Rule 100.

<sup>10</sup> See, e.g., Nasdaq MRX, LLC Rule 302(a) (containing similar expedited waive-in membership process for members of the Nasdaq ISE, LLC and Nasdaq GEMX, LLC); MIAX PEARL Rule 200(c)(1) (containing similar expedited waive-in membership process for members of MIAX); and Cboe C2 Exchange, Inc. Rule 3.1(c)(1) (containing similar expedited waive-in membership process for members of Cboe).

Pursuant to this proposal, the Exchange proposes to adopt the following sub-paragraph, which will be numbered as (c)(1) under Exchange Rule 200:

**Holders of MIAX Emerald or MIAX PEARL Trading Permits.**  A holder of a MIAX Emerald or MIAX PEARL trading permit in good standing is eligible to receive one MIAX Trading Permit in the same Membership category to trade on MIAX (i.e., a MIAX Emerald Primary Lead Market Maker Member is eligible to become a MIAX Primary Lead Market Maker Member, a MIAX Emerald Lead Market Maker Member is eligible to become a MIAX Lead Market Maker Member, a MIAX Emerald Registered Market Maker Member is eligible to become a MIAX Registered Market Maker Member, a MIAX Emerald Electronic Exchange Member is eligible to become a MIAX Electronic Exchange Member, a MIAX PEARL Market Maker is eligible to become a MIAX Registered Market Maker and a MIAX PEARL Electronic Exchange Member is eligible to become a MIAX Electronic Exchange Member). A holder of a MIAX Emerald or MIAX PEARL trading permit who wishes to apply to the Exchange is not required to complete and submit an Exchange application. Instead only Exchange forms concerning election to trade on the Exchange, submitting to Exchange jurisdiction, and operational matters need be completed and tendered.

The Exchange proposes to amend the rule text of Exchange Rule 200 to adopt a new sub-paragraph in Exchange Rule 200, that would be numbered (c)(2) for trading permit applicants not holding a MIAX Emerald or MIAX PEARL trading permit already. Currently, Exchange Rule 200(c)(2) provides as follows:

The Exchange shall investigate each Applicant applying to be a Member (with the exception of any Applicant that was a Member within 9 months prior to the date of receipt of that Applicant's application by the Exchange, and any Applicant that was investigated by the Exchange within 9 months prior to the date of receipt of that Applicant's application by the Exchange). The Exchange may investigate any Applicant that is not required to be investigated pursuant to this paragraph. In connection with an investigation conducted pursuant to this paragraph, the Exchange may (i) conduct a fingerprint based criminal records check of the Applicant and its Responsible Person; or (ii) utilize the results of a fingerprint based criminal records check of the Applicant and its Responsible Person conducted by the Exchange or another self-regulatory organization within the prior year.

Pursuant to this proposal, the Exchange proposes to adopt the following sub-paragraph, which will be numbered as (c)(2) under Exchange Rule 200:

**Applicants Not Holding MIAX Emerald or MIAX PEARL Trading Permits.**

An applicant not holding a MIAX Emerald or MIAX PEARL trading permit seeking to hold a MIAX Trading Permit (“Applicant”) must submit an application to the Exchange in accordance with such procedures as shall be established by the Exchange. In addition, the following shall apply:

The Exchange also proposes to make corrective changes to the numerical and alphabetical list item identifiers to account for the Exchange’s proposal to adopt new rule text for sub-paragraphs (c)(1) and (c)(2), as described above, which replaced the current sub-paragraphs identified as (c)(1) and (c)(2). The Exchange proposes that the sub-paragraphs in Exchange Rule 200(c)(1) through (c)(7), as well as paragraphs (d) through (f), would be changed to conform to the hierarchical heading scheme used throughout the Exchange’s rulebook as well as to account for the new language adopted in new sub-paragraphs (c)(1) and (c)(2). Accordingly, under Exchange Rule 200, the text in paragraph (c) would be deleted, leaving only the heading “Application Process” in bold font as a heading for the entire section identified as paragraph (c). The Exchange proposes to adopt new sub-paragraph (c)(1) and (c)(2), as described above. Current sub-paragraph (c)(1) through (c)(7) will be renumbered as (c)(2)(i) through (c)(2)(vi), and current sub-paragraph (c)(7) will become its own paragraph identified as paragraph (d); current paragraphs (d) through (f) will be renumbered as (e) through (g); current sub-paragraphs (c)(2)(i) through (c)(2)(ii) will be renumbered as (c)(2)(ii)(A) through (c)(2)(ii)(B); and the reference in current sub-paragraph (c)(3) to “paragraph (2)” will be corrected such that sub-paragraph (c)(3) will be renumbered as sub-paragraph (c)(2)(iii) and will reference “paragraph (ii).”

Next, the Exchange proposes to amend Exchange Rule 402, Criteria for Underlying Securities, to make minor corrective changes to the numerical and alphabetical list item identifiers to properly conform to the hierarchical heading scheme used throughout the Exchange’s rulebook. Currently, Exchange Rule 402(i) provides as follows:

Securities deemed appropriate for options trading shall include shares or other securities (“Exchange-Traded Fund Shares”) that are traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, and that:

The Exchange proposes that the sub-paragraphs that follow would be changed to conform to the hierarchical heading scheme used throughout the Exchange’s rulebook. Accordingly, under Exchange Rule 402(i), sub-paragraphs (A) through (E) will be renumbered as (1) through (5); sub-paragraphs (E)(1) through (E)(2) will be renumbered as (5)(i) through (5)(ii); sub-paragraphs (E)(1)(i) through (E)(1)(iii) will be renumbered as (5)(i)(A) through (5)(i)(C); sub-paragraph (E)(2) will be renumbered as (5)(ii); sub-paragraphs (E)(2)(i) through (E)(2)(ii) will be renumbered as (5)(ii)(A) through (5)(ii)(B); and sub-paragraphs (E)(2)(ii)(A) through (E)(2)(ii)(D) will be renumbered as (5)(ii)(B)(1) through (5)(ii)(B)(4).

Next, the Exchange proposes to amend Exchange Rule 403, Withdrawal of Approval of Underlying Securities, to conform references to Exchange Rule 402(i) sub-paragraphs that are in Exchange Rule 403. Exchange Rule 403(g)(1) and (g)(2) currently reference Exchange Rule 402(i)(E)(1)(i) and 402(i)(E)(1)(ii). The Exchange proposes to amend these reference to conform to the other proposed changes to Exchange Rule 402 and the proposed changes would be references to Exchange Rule 402(i)(5)(i)(A) and 402(i)(5)(i)(B).

Next, the Exchange proposes to amend Exchange Rule 519, MIAX Order Monitor, to amend sub-paragraph (a)(3)(i) to delete Roman numeral (i) in that sub-paragraph that immediately precedes the sentence “The following examples illustrate those situations where lower priced limit orders are rejected because they cross the NBBO by at least 50%:” The Exchange proposes to separate sub-paragraph (a)(3)(i) into sub-paragraphs (a)(3)(i)(A) and (a)(3)(i)(B). The Exchange also proposes to amend sub-paragraph (a)(3)(i) to separate Roman numeral (ii) into its own sub-paragraph that will become sub-paragraph (a)(3)(ii), with sub-paragraphs (a)(3)(ii)(A) and (a)(3)(ii)(B) separated into their own sub-paragraphs as well. The

Exchange also proposes to make a minor corrective change to the current Roman numeral identifier for sub-paragraph (a)(3)(ii) that is directly below sub-paragraph (a)(3)(i) to properly conform to the hierarchical heading scheme used throughout the Exchange's rulebook following the other proposed changes to Rule 519, sub-paragraph (a)(3). Accordingly, the current sub-paragraph (a)(3)(ii) will be renumbered as sub-paragraph (a)(3)(iii).

## 2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>12</sup> 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 the proposed rule changes correct errors in the hierarchical heading scheme to provide uniformity in the Exchange's rulebook. The Exchange notes that the proposed changes to Exchange Rule 100, Rule 402, Rule 403 and Rule 519 do not alter the application of each rule. As such, the proposed amendments would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national exchange system. In particular, the Exchange believes that the proposed changes will provide greater

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<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

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.

The Exchange believes the proposed changes to Exchange Rule 200 promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system because the proposed changes will align MIAX Rule 200 with MIAX Emerald Rule 200 regarding trading permits. The Exchange believes this consistency across exchanges would remove impediments to and perfect the mechanism of a free and open market by ensuring that members, regulators and the public can more easily navigate the Exchange's rulebook and better understand the application process for trading permits. The Exchange also believes that although MIAX Emerald rules may, in certain instances, intentionally differ from MIAX rules, the proposed changes will promote uniformity with MIAX with respect to rules that are intended to be identical. The Exchange believes that this proposal will reduce the potential for confusion by its Members that are also Members of MIAX Emerald if the only differences between MIAX Emerald rules and MIAX rules are those are specific to each exchange.

The Exchange also believes the proposed changes to Exchange Rule 200 promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system because MIAX and its affiliates, MIAX Emerald and MIAX PEARL, have substantially the same Members, and by adopting the waive-in application process for those Members already holding trading permits on MIAX Emerald and/or MIAX PEARL, promotes the more effective utilization of time and resources of the Exchange. Furthermore, because MIAX Emerald and MIAX PEARL trading permit holders have already been vetted, the Exchange's proposal to adopt the waive-in application process in Exchange Rule 200 aligns the trading permit application process with that of the Exchange's

affiliates, MIAX Emerald and MIAX PEARL, preventing unnecessary regulatory burdens and promoting the efficient administration of the Exchange's rules.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule changes will have no impact on competition as they are not designed to address any competitive issues but rather are designed to add additional clarity to existing rules and to remedy minor non-substantive issues in the text of various rules identified in this proposal.

The Exchange does not believe that the proposed rule changes to Exchange Rule 200 will impose any burden on intermarket competition not necessary or appropriate in furtherance of the purposes of the Act because MIAX and its affiliates, MIAX Emerald and MIAX PEARL, have substantially the same Members, and by adopting the waive-in application process for those Members already holding trading permits on MIAX Emerald and/or MIAX PEARL promotes the more effective utilization of time and resources of the Exchange. Furthermore, because MIAX PEARL and MIAX Emerald trading permit holders have already been vetted, the Exchange's proposal to amend the waive-in application process in Exchange Rule 200 aligns the trading permit application process with that of the Exchange's affiliate, MIAX Emerald, preventing unnecessary regulatory burdens and promoting the efficient administration of the Exchange's rules.

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 Act<sup>13</sup> and Rule 19b-4(f)(6)<sup>14</sup> thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-MIAX-2019-21 on the subject line.

##### Paper comments:

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 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.

- 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-2019-21. 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-2019-21 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.<sup>15</sup>

Brent J. Fields  
Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC**

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**Rule 100. Definitions**

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**Discretion**

The term “**discretion**” means the authority of a broker or dealer to determine for a customer the type of option, the class or series of options, the number of contracts, or whether options are to be bought or sold.

**Electronic Exchange Member**

The term “**Electronic Exchange Member**” or “**EEM**” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act.

**European-Style Option**

The term “**European-style option**” means an option contract that, subject to the provisions of Rule 700 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

**Exchange**

The term “**Exchange**” means the national securities exchange known as Miami International Securities Exchange, LLC or MIAX.

**Exchange Act**

The term “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

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**Membership**

The term “**Membership**” refers to the trading privileges held by a Member.

**MIAX**

The term “**MIAX**” means the Miami International Securities Exchange, LLC[.], or the Exchange.

**MIAX Emerald**

The term “**MIAX Emerald**” means MIAX Emerald, LLC.

**MIAX PEARL**

The term “**MIAX PEARL**” means MIAX PEARL, LLC.

**NBBO**

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.

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**Rule 200. Trading Permits**

(a) – (b) No Change.

(c) **Application Process.** [All persons or entities seeking to hold a Trading Permit (“Applicant”) must submit an application to the Exchange in accordance with such procedures as shall be established by the Exchange via Regulatory Circular including submission deadlines and payment of any applicable application fees. In addition, the following shall apply:]

(1) Holders of MIAX Emerald or MIAX PEARL Trading Permits. A holder of a MIAX Emerald or MIAX PEARL trading permit in good standing is eligible to receive one MIAX Trading Permit in the same Membership category to trade on MIAX (i.e., a MIAX Emerald Primary Lead Market Maker Member is eligible to become a MIAX Primary Lead Market Maker Member, a MIAX Emerald Lead Market Maker Member is eligible to become a MIAX Lead Market Maker Member, a MIAX Emerald Registered Market Maker Member is eligible to become a MIAX Registered Market Maker Member, a MIAX Emerald Electronic Exchange Member is eligible to become a MIAX Electronic Exchange Member, a MIAX PEARL Market Maker is eligible to become a MIAX Registered Market Maker and a MIAX PEARL Electronic Exchange Member is eligible to become a MIAX Electronic Exchange Member). A holder of a MIAX Emerald or MIAX PEARL trading permit who wishes to apply to the Exchange is not required to complete and submit an Exchange application. Instead only Exchange forms concerning election to trade on the Exchange, submitting to Exchange jurisdiction, and operational matters need be completed and tendered.

(2) Applicants Not Holding MIAX Emerald or MIAX PEARL Trading Permits. An applicant not holding a MIAX Emerald or MIAX PEARL trading permit seeking to hold a MIAX Trading Permit (“Applicant”) must submit an application to the Exchange in accordance with such procedures as shall be established by the Exchange. In addition, the following shall apply:

(i) [(1)] Each Applicant shall promptly update the application materials submitted to the Exchange if any of the information provided in these materials becomes inaccurate or incomplete after the date of submission of the application to the Exchange and prior to any approval of the application.

(ii) [(2)] The Exchange shall investigate each Applicant applying to be a Member (with the exception of any Applicant that was a Member within 9 months prior to the date of receipt of that Applicant's application by the Exchange, and any Applicant that was investigated by the Exchange within 9 months prior to the date of receipt of that Applicant's application by the Exchange). The Exchange may investigate any Applicant that is not required to be investigated pursuant to this paragraph. In connection with an investigation conducted pursuant to this paragraph, the Exchange may (A) [(i)] conduct a fingerprint based criminal records check of the Applicant and its Responsible Person; or (B) [(ii)] utilize the results of a fingerprint based criminal records check of the Applicant and its Responsible Person conducted by the Exchange or another self-regulatory organization within the prior year.

(iii) [(3)] The Exchange may approve an application submitted pursuant to this Rule only if any investigation pursuant to paragraph (ii) [(2)] above has been completed, and any applicable orientation and/or exam requirements established by the Exchange have been satisfied.

(iv) [(4)] Each Applicant that submits an application pursuant to paragraph (c) of this Rule shall submit to the Exchange any additional information requested by the Exchange in connection with the Exchange's review of the application and may be required to appear before the Exchange for an in-person interview or interviews.

(v) [(5)] Upon completion of the application process, the Exchange shall determine whether to approve or disapprove the application, unless there is just cause for delay. One such just cause for delay is when an Applicant is the subject of an inquiry, investigation, or proceeding conducted by a self-regulatory organization or governmental authority that involves the Applicant's fitness to be a Member. In such an instance, the Exchange need not act on any application submitted by that Applicant until the matter has been resolved.

(vi) [(6)] Written notice of the action regarding an application to become a Member, specifying in the case of disapproval of an application the grounds thereof, shall be provided to the Applicant.

(d) [(7)] **Membership in Another Registered Options Exchange.** Every [Applicant] Trading Permit Holder must have and maintain membership in another registered options exchange other than MIAX Emerald or MIAX PEARL (that is not registered solely under Section 6(g) of the Exchange Act). If such other registered options exchange has not been designated by the Commission, pursuant to Rule 17d-1 under the Exchange Act, to examine Members for compliance with financial responsibility rules, then such Applicant must have and maintain a membership in FINRA.

(e) [(d)] **Rights of Member.** No rights shall be conferred upon a Member except those set forth in the By-Laws or Rules as amended from time to time. A Trading Permit shall not convey any ownership interest in the Exchange. Trading Permits may not be leased and are not transferable except in the event of a change in control or corporate reorganization involving a Member. In such a case, Member status may be transferred to a qualified affiliate or successor upon written notice to the Exchange.

(f) [(e)] **Fees and Charges for Trading Permits.** Trading Permits shall be subject to such fees and charges as are established by the Exchange from time to time pursuant to Rule 1202 and Rule 1203 and the Exchange Fee Schedule. An organization holding a Trading Permit in its name shall be responsible for paying all fees and charges for that Trading Permit. An individual holding a Trading Permit in his or her name shall be responsible for paying all fees and charges for that Trading Permit.

(g) [(f)] **Exchange Jurisdiction over Trading Members.** Every Member shall be subject to the regulatory jurisdiction of the Exchange under the Exchange Act and the Rules, including without limitation the Exchange's disciplinary jurisdiction under Chapter X of the Rules.

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#### **Rule 402. Criteria for Underlying Securities**

(a) – (h) No Change.

(i) Securities deemed appropriate for options trading shall include shares or other securities (“Exchange-Traded Fund Shares”) that are traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, and that:

(1) [(A)] represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments (“Funds”), including, but not limited to, stock index futures contracts, options on futures, options on securities and indices, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) comprising or otherwise based on or representing investments in broad-based indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments); or

(2) [(B)] represent interests in a trust or similar entity that holds a specified non-U.S. currency or currencies deposited with the trust which when aggregated in some specified minimum number may be surrendered to the trust or similar entity by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust (“Currency Trust Shares”); or

(3) [(C)] represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency (“Commodity Pool ETFs”); or

(4) [(D)] are issued by the SPDR® Gold Trust or the iShares COMEX Gold Trust or the iShares Silver Trust or the ETFS Silver Trust or the ETFS Gold Trust or the ETFS Palladium Trust or the ETFS Platinum Trust or the Sprott Physical Gold Trust; or

(5) [(E)] represent an interest in a registered investment company (“Investment Company”) organized as an open-end management company or similar entity, that invests in a portfolio of securities selected by the Investment Company’s investment adviser consistent with the Investment Company’s investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value (“NAV”), and when aggregated in the same specified minimum number, may be redeemed at a holder’s request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV (“Managed Fund Share”); provided that all of the following conditions are met:

(i) [(1)] the Exchange-Traded Fund Shares either:

(A) [(i)] meet the criteria and guidelines set forth in paragraphs (a) and (b) above;

or

(B) [(ii)] the Exchange-Traded Fund Shares are available for creation or redemption each business day from or through the issuing trust, investment company, commodity pool or other entity in cash or in kind at a price related to net asset value, and the issuer is obligated to issue Exchange-Traded Fund Shares in a specified aggregate number even if some or all of the investment assets and/or cash required to be deposited have not been received by the issuer, subject to the condition

that the person obligated to deposit the investment assets has undertaken to deliver them as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer of the Exchange-Traded Fund Shares, all as described in the Exchange-Traded Fund Shares' prospectus; and

(C) [(iii)] For Commodity Pool ETFs that engage in holding and/or managing portfolios or baskets commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities, options on non-U.S. currency and/or securities, the Exchange has entered into a comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in such commodity futures contracts and/or options on commodity futures contracts on the specified commodities or non-U.S. currency, which are utilized by the national securities exchange where the underlying Commodity Pool ETFs are listed and traded.

(ii) [(2)] the Exchange-Traded Fund Shares meet the following criteria:

(A) [(i)] are listed pursuant to generic listing standards for series of portfolio depositary receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required; or

(B) [(ii)] (1) [(A)] any non-U.S. component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based that are not subject to comprehensive surveillance agreements do not in the aggregate represent more than 50% of the weight of the index or portfolio;

(2) [(B)] component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based for which the primary market is in any one country that is not subject to a comprehensive surveillance agreement do not represent 20% or more of the weight of the index;

(3) [(C)] component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based for which the primary market is in any two countries that are not subject to comprehensive surveillance agreements do not represent 33% or more of the weight of the index; and

(4) [(D)] For Currency Trust Shares, the Exchange has entered into an appropriate comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in derivatives (options or futures) on the specified non-U.S. currency or currencies, which are utilized by the national securities exchange where the underlying Currency Trust Shares are listed and traded.

(j) – (k) No Change.

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#### **Rule 403. Withdrawal of Approval of Underlying Securities**

(a)– (f) No Change.

(g) Exchange-Traded Fund Shares approved for options trading pursuant to Rule 402(i) will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Exchange-Traded Fund Shares if the Exchange-Traded Fund Shares are delisted from trading as provided in subparagraph (b)(4) of this Rule or the Exchange-Traded Fund Shares are halted or suspended from trading on their primary market. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Exchange-Traded Fund Shares in any of the following circumstances:

(1) In the case of options covering Exchange-Traded Fund Shares approved pursuant to Rule [402(i)(E)(1)(i)] 402(i)(5)(i)(A), in accordance with the terms of subparagraphs (b)(1), (2) and (3) of this Rule 403;

(2) In the case of options covering Exchange-Traded Fund Shares approved pursuant to Rule [402(i)(E)(1)(ii)] 402(i)(5)(i)(B), following the initial twelve-month period beginning upon the commencement of trading in the Exchange-Traded Fund Shares on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, there were fewer than 50 record and/or beneficial holders of such Exchange-Traded Fund Shares for 30 or more consecutive trading days;

(3) the value of the index or portfolio of securities or non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities and/or Financial Instruments and Money Market Instruments, on which the Exchange-Traded Fund Shares are based is no longer calculated or available; or

(4) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

(h) – (i) No Change.

#### **Interpretations and Policies:**

.01 - .02 No Change.

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#### **Rule 519. MIAX Order Monitor**

(a) **Order Price Protections.** In order to avoid the occurrence of potential obvious or catastrophic errors on the Exchange, the System will take the following steps in accordance with the MIAX Order Monitor, which will prevent certain orders from executing or being placed on the Book at prices outside pre-set standard limits. Beginning after the Opening Process is complete, the MIAX Order Monitor will be operational each trading day until the close of trading. The MIAX Order Monitor will not be operational during a trading halt.

##### **(1) Market Orders to Sell.**

(i) If the Exchange upon initial receipt or reevaluation evaluates a market order to sell an option when the national best bid is zero and the Exchange’s disseminated offer is equal to or less than \$0.10, the System will convert the market order to sell to a limit order to sell with a limit price of one

Minimum Trading Increment. In this case, such sell orders will automatically be placed on the Book in time priority and will be displayed at the appropriate Minimum Price Variation.

(ii) If the Exchange upon initial receipt or reevaluation evaluates a market order to sell an option when the national best bid is zero and the national best offer is greater than \$0.10, the System will cancel the market order to sell.

**(2) Market Orders to Buy or Sell.**

(i) If the differential between the bid and the offer of the NBBO is equal to or greater than \$5.00, market orders to buy or sell will be rejected by the System upon receipt.

(ii) Notwithstanding the foregoing, certain options classes may be designated by the Exchange as Extended Market Width classes and as such will be exempt from subparagraph (a)(2)(i) above. A list of Extended Market Width classes will be made available to Members through the issuance of a Regulatory Circular.

**(3) Limit Orders to Buy Or Sell.**

(i) The System will reject an incoming limit order that crosses the contra-side NBBO by at least 50% or \$2.50, whichever is less. [(i)] The following examples illustrate those situations where lower priced limit orders are rejected because they cross the NBBO by at least 50%:

(A) if the NBBO on the offer side is \$4.00, an order to buy options for \$6.00 or more will be rejected; and

(B) if the NBBO on the bid side is \$4.00, an order to sell options for \$2.00 or less will be rejected.

(ii) Additionally, the following are examples of those situations where higher priced limit orders are rejected because they cross the NBBO by \$2.50 or more:

(A) if the NBBO on the offer side is \$12.00, an order to buy options for \$14.50 or more will be rejected; and

(B) if the NBBO on the bid side is \$12.00, an order to sell options for \$9.50 or less will be rejected.

(iii) [(ii)] Notwithstanding the foregoing, with respect to limit orders to sell, the MIAX Order Monitor will not be activated under this paragraph (a)(3), when the NBBO on the bid side is equal to or less than \$0.25. Thus, the System will accept all limit orders to sell regardless of price during this time.

(b) – (d) No Change.

**Interpretations and Policies:**

.01 - .03 No Change.

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