

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 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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

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

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend Exchange Rule 515, Execution of Orders and Quotes, to add additional detail and make clarifying changes to the rule.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * <input type="text" value="Michael"/>	Last Name * <input type="text" value="Slade"/>
Title * <input type="text" value="Counsel"/>	
E-mail * <input type="text" value="mslade@miami-holdings.com"/>	
Telephone * <input type="text" value="(609) 897-8499"/>	Fax <input type="text"/>

Signature

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

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

(Title *)

Date <input type="text" value="06/18/2019"/>	<input type="text" value="Senior Vice President and Deputy General Counsel"/>
By <input type="text" value="Joseph Ferraro"/>	<input type="text" value="jferraro@miami-holdings.com"/>
(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 the “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 is filing with the Securities and Exchange Commission (the “Commission”) a proposal to amend Exchange Rule 515, Execution of Orders and Quotes, to add additional detail and make clarifying changes to the rule.

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Board of Directors on January 31, 2019. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend Exchange Rule 515, Execution of Orders and Quotes, to add additional detail and make clarifying changes to the rule. Specifically, the Exchange proposes to make a number of minor non-substantive edits to references to “Rule 515” or “Exchange Rule 515” throughout the rule text. Currently, there are several references in Exchange Rule 515 where the rule refers back to itself generally as “Rule 515” or “Exchange Rule 515.” The Exchange proposes to amend all general references in Exchange Rule 515 that are to “Rule 515” or “Exchange Rule 515” that do not refer to any particular section or paragraph to be replaced with “this Rule” in order to provide consistency and clarity within the rule text. The proposed changes would be to references to “Rule 515” or “Exchange Rule 515” that are currently in the following sections in Exchange Rule 515: paragraph (a); paragraph (c); subsection (c)(1)(i); subsection (c)(1)(ii)(A); subsection (c)(2)(i)(B); and Interpretation and Policy .04.

Next, the Exchange proposes to amend paragraph (c) of Exchange Rule 515, Non-Market Maker Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO³ Upon Receipt, subsection (3)(i)(C), to clarify the System’s⁴ behavior when certain conditions arise during a liquidity refresh pause. Paragraph (c) provides a definition of “initiating order” and “original NBBO” for the purposes of Exchange Rule 515 as follows. The term “initiating order” will be used to refer to (i) the incoming order that could not be executed,

³ The term “NBBO” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

⁴ The term “System” means the automated trading system used by the Exchange for the trading of Securities. See Exchange Rule 100.

(ii) the order reevaluated by the System for execution that could not be executed, or (iii) the remaining contracts of the incoming order or reevaluated order that could not be executed in full. The term “original NBBO” will be used to refer to the NBBO that existed at time of receipt of the initiating order or the NBBO at time of reevaluation of an order pursuant to Exchange Rule 515.

Subsection (c)(3), Liquidity Refresh Pause for Exhausted Market Maker⁵ Quotes, provides that the System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO⁶ to be received (“liquidity refresh pause”)⁷ when at the time of receipt or reevaluation of the initiating order by the System: (A) either the initiating order is a limit order whose limit price crosses the NBBO or the initiating order is a market order, and the limit order or market order could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) and the Market Maker quote was exhausted.⁸

As described in the Exchange’s current subsection (c)(3)(i)(C), during the liquidity refresh pause, if the Exchange receives a new order or quote on the same side of the market as the initiating order’s remaining contracts, which locks or crosses the original NBBO, the liquidity refresh pause will be terminated early.⁹ The Exchange recently identified an inconsistency between subsection (c)(3)(i)(C) of Exchange Rule 515 and the Exchange’s System behavior regarding the NBBO used for evaluation purposes (original versus current), which

⁵ The term “Market Maker” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.

⁶ The term “MBBO” means the best bid or offer on the Exchange. See Exchange Rule 100.

⁷ The Exchange notes that the current setting is 20 milliseconds.

⁸ See Exchange Rule 515(c)(3).

⁹ See Exchange Rule 515(c)(3)(i)(C).

determines whether the System will terminate the liquidity refresh pause early based on the receipt of a new order or quote on the same side of the market as the initiating order's remaining contracts. The Exchange believes that the System is operating correctly and that the rule text inadvertently described the NBBO used for evaluation purposes as the original NBBO, rather than the current NBBO. The System currently operates in the following manner. During the liquidity refresh pause, if the Exchange receives a new order or quote on the same side of the market as the initiating order's remaining contracts, which locks or crosses the current NBBO, the liquidity refresh pause will be terminated early. Accordingly, in subsection (c)(3)(i)(C) of Exchange Rule 515, the Exchange proposes to replace the word "original" preceding NBBO with the word "current" to more accurately describe the NBBO used in the reevaluation process that occurs in this scenario. By using the current NBBO, the System ensures the proper handling of new same side interest. The System will not execute routable orders¹⁰ or non-routable orders¹¹ at prices that are inferior to the current NBBO, therefore the Exchange's proposal improves the specificity of Exchange Rule 515.

Next, the Exchange proposes to amend subsection (c)(3) of Exchange Rule 515 to succinctly describe the conditions that must be present for the liquidity refresh pause to occur and 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. In particular, the Exchange proposes to insert numerical identifiers "(1)" and "(2)" into subsection (c)(3)(A) in order to clarify that to meet the first condition for the liquidity refresh pause to occur, the initiating order must be a limit order or market order, whose limit price must cross the NBBO and could only be partially executed. The Exchange proposes to delete

¹⁰ See Exchange Rule 515(c)(1)(i).

¹¹ See Exchange Rule 515(c)(1)(ii)(A).

redundant rule text in the first clause of subsection (c)(3)(A) in order to clarify the conditions for the liquidity refresh pause to occur. Accordingly, with the proposed changes, subsection (c)(3) will provide as follows:

The System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO to be received (“liquidity refresh pause”) when at the time of receipt or reevaluation of the initiating order by the System: (A) the initiating order is a limit order or market order whose (1) limit price crosses the NBBO and (2) could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) the Market Maker quote was exhausted.

Next, the Exchange proposes to amend paragraph (d) of Exchange Rule 515 to harmonize the rule text to the Exchange’s affiliate, MIAX Emerald, LLC (“MIAX Emerald”), and to make corrective changes to the numerical and alphabetical list item identifiers to properly conform to the hierarchical heading scheme used throughout the Exchange’s rulebook. The Exchange proposes to separate paragraph (d) into several subsections. In particular, the Exchange proposes to adopt subsection (d)(1) of Exchange Rule 515, which would state as follows:

If a Market Maker order or quote could not be executed or could not be executed in full upon receipt, the System will continue to execute the Market Maker’s order or quote at multiple prices until (i) the Market Maker’s quote has been exhausted or its order has been completely filled; (ii) the executions have reached the Market Maker’s limit price; or (iii) further executions will trade at a price inferior to the ABBO, whichever occurs first.

This new subsection (d)(1) would not contain any substantive change or add or delete any rule text already in place. The Exchange also proposes to adopt new subsection (d)(2) of Exchange Rule 515, which would state as follows:

For a Market Maker order or quote that locks or crosses the opposite side ABBO and the MBBO is inferior to the ABBO, the System will manage such order or quote in accordance with the following. Once the System can no longer execute the Market Maker’s order or quote, the System will display the order or quote one MPV away from the current opposite side ABBO and book the order or quote at a price that will lock the current opposite side ABBO. Should the ABBO price

change to an inferior price level, the Market Maker order or quote's Book price will continuously re-price to lock the new ABBO and the Market Maker order or quote's displayed price will continuously re-price one MPV away from the new ABBO, until the Market Maker order or quote reaches its original limit price, is fully executed or cancelled.

This new subsection (d)(2) of Exchange Rule 515 does not contain any substantive change to the rule text already in place and harmonizes the rule text to the Exchange's affiliate, MIAX

Emerald, by replacing references from "NBBO" to "ABBO."¹² The Exchange also proposes to delete the word "internally" in subsection (d)(2) to harmonize the rule text to the Exchange's affiliate, MIAX Emerald.¹³

The Exchange also proposes to adopt new subsection (d)(3)(i) of Exchange Rule 515, which would state as follows:

If the Exchange receives a new order or quote on the opposite side of the market from the Market Maker order or quote that can be executed, the System will immediately execute the remaining contracts from the Market Maker order or quote to the extent possible at the Market Maker order or quote's current Book bid or offer price, provided that the execution price does not violate the current NBBO.

The Exchange also proposes to adopt new subsection (d)(3)(ii) of Exchange Rule 515, which would state as follows:

If unexecuted contracts remain from the Market Maker's order or quote, the order or quote size will be revised and the MBBO disseminated to reflect the order or quote's remaining contracts.

The new subsections (d)(3)(i) and (d)(3)(ii) of Exchange Rule 515 do not contain any substantive change or add or delete any rule text already in place.

Next, the Exchange proposes to amend Exchange Rule 515(h) to consolidate subsections (h)(1)(A) and (h)(1)(C) into paragraph (h)(1) to conform Exchange Rule 515(h) to the

¹² See MIAX Emerald Rule 515(d)(ii).

¹³ See *id.*

Exchange's affiliate, MIAX Emerald.¹⁴ The Exchange also proposes to delete the rule text for subsection (h)(1)(B) as that subsection is redundant rule text and the Exchange believes that it is not necessary to specify the minimum trading increments applicable to that particular order type since minimum trading increments are covered in Exchange Rule 510. Accordingly, with the proposed changes, subsection (h)(1) of Exchange Rule 515 would state as follows:

Customer Cross Orders, as defined in Rule 516(i), are automatically executed upon entry provided that the execution (i) is at or between the best bid and offer on the Exchange; (ii) is not at the same price as a Priority Customer Order on the Exchange's Book; and (iii) will not trade at a price inferior to the NBBO. If trading interest exists on the MIAX Book that is subject to the liquidity refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. Customer Cross Orders will be automatically canceled if they cannot be executed. Rule 520, Interpretation and Policy .01 applies to the entry and execution of Customer Cross Orders.

The Exchange proposes to amend Exchange Rule 515(h) to consolidate subsection (h)(2)(A) into subsection (h)(2) to conform Exchange Rule 515(h) to the Exchange's affiliate, MIAX Emerald. The Exchange also proposes to delete the rule text for subsection (h)(2)(B) of Exchange Rule 515 as that subsection is redundant rule text and the Exchange believes that it is not necessary to specify the minimum trading increments applicable to that particular order type since minimum trading increments are covered in Exchange Rule 510. Accordingly, with the proposed changes, subsection (h)(2) of Exchange Rule 515 would state as follows:

Qualified Contingent Cross Orders, as defined in Rule 516(j), are automatically executed upon entry provided that the execution (i) is not at the same price as a Priority Customer Order on the Exchange's Book; and (ii) is at or between the NBBO. If trading interest exists on the MIAX Book that is subject to the liquidity refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Qualified Contingent

¹⁴ See MIAX Emerald Rule 515(h).

Cross Order, the System will reject the Qualified Contingent Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A when the Exchange receives a Qualified Contingent Cross Order, the System will reject the Qualified Contingent Cross Order. Qualified Contingent Cross Orders will be automatically canceled if they cannot be executed.

Next, the Exchange proposes to amend subsections (h)(3) and (h)(4) of Exchange Rule 515 to amend references in those subsections from the plural “Interpretations and Policies” to the singular “Interpretation and Policy” when referring to one specific Interpretation and Policy. Accordingly, the Exchange proposes to amend subsection (h)(3) of Exchange Rule 515, which references “Interpretations and Policies .12” to now read “Interpretation and Policy .12.” The Exchange proposes to amend subsection (h)(3)(C) of Exchange Rule 515, which references “Interpretations and Policies .01” to now read “Interpretation and Policy .01.” The Exchange proposes to amend subsection (h)(4) of Exchange Rule 515, which references “Interpretations and Policies .12” to now read “Interpretation and Policy .12.” The purpose of these changes is to provide consistency and clarity within the rule text and harmonize the rule text to the Exchange’s affiliate, MIAX Emerald.

Additionally, the Exchange proposes to amend Exchange Rule 515, Execution of Orders and Quotes, Interpretation and Policy .02, to adopt new rule text clarifying the treatment of interest being managed by the System during the limited scenario when the ABBO¹⁵ transitions from a crossed state to an uncrossed state. Currently, Exchange Rule 515 provides two separate processes for handling orders that could not be executed or that could not be executed in full upon receipt; subsection (c), Non-Market Maker Orders That Could Not Be Executed or Could

¹⁵ The term “ABBO” or “Away Best Bid or Offer” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

Not Be Executed in Full at the Original NBBO Upon Receipt, and subsection (d) Handling of Market Maker Orders and Quotes. Exchange Rule 515(c)(1)(ii) discusses the Managed Interest Process for Non-Routable Orders. If the limit price locks or crosses the current opposite side NBBO, the System will display the order one MPV¹⁶ away from the current opposite side NBBO, and book the order at a price that will lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the order's Book price will continuously re-price to lock the NBBO and the managed order's display price will continuously re-price one MPV away from the new NBBO.¹⁷ Similarly, current Exchange Rule 515(d) discusses the handling of Market Maker orders or quotes that could not be executed or could not be executed in full upon receipt. Specifically, for a Market Maker order or quote that locks or crosses the ABBO, the System will manage such order or quote in accordance with the following. Once the System can no longer execute the Market Maker's order or quote, the System will display the order or quote one MPV away from the current opposite side NBBO and book the order or quote at a price that will internally lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the Market Maker order or quote's Book price will continuously re-price to lock the new NBBO and the Market Maker order or quote's displayed price will continuously re-price one MPV away from the new NBBO.¹⁸

Currently, Interpretation and Policy .02 of Exchange Rule 515 discusses the Managed Interest Process for Non-Routable Orders as provided in subparagraph (c)(1)(ii) if managed interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from

¹⁶ An "MPV" is the Minimum Price Variation for options traded on the Exchange. See Exchange Rule 510, Minimum Price Variations and Minimum Trading Increments.

¹⁷ See Exchange Rule 515(c)(1)(ii)(A).

¹⁸ See Exchange Rule 515(d).

a crossed state to an uncrossed state, the midpoint of the MBBO, rounded up to the nearest MPV if necessary, will be used for the initial trade price. However, the current rule does not discuss how Market Maker orders or quotes that are being managed by the System are handled if the ABBO transitions from a crossed state to an uncrossed state.

The Exchange now proposes to amend Interpretation and Policy .02 of Exchange Rule 515 to adopt a definition for the term “Handled Interest” which will include both Non-Routable Orders as defined in subparagraph (c)(1)(ii) and Market Maker orders and quotes as defined in subparagraph (d). Additionally, the Exchange proposes to adopt new rule text regarding the handling of Handled Interest when the ABBO transitions from a crossed state to an uncrossed state. Specifically, the Exchange proposes to amend Interpretation and Policy .02 to replace the term “order” with the newly defined term “Handled Interest” where necessary, to more accurately describe the current functionality of the System during this specific scenario as Market Maker orders and quotes that are being managed are handled in a similar fashion. The purpose of these changes is to provide consistency and clarity within the rule text and harmonize the rule text to the Exchange’s affiliate, MIAX Emerald.¹⁹ Accordingly, with the proposed changes to Interpretation and Policy .02, the Exchange would adopt new paragraphs “(a)” through “(c),” and Interpretation and Policy .02 would be newly titled “Uncrossing of Orders and Quotes.” The proposed changes to Interpretation and Policy .02 would be as follows:

(a) In the course of the Managed Interest Process for Non-Routable Orders as provided in subparagraph (c)(1)(ii) or the management of a Market Maker order or quote as provided in subparagraph (d) (such Non-Routable Orders and Market Maker orders and quotes, “Handled Interest”), if Handled Interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state, the midpoint of the MBBO, rounded up to the nearest MPV if necessary, will be used for the initial trade price for the Handled

¹⁹ See MIAX Emerald Rule 515, Interpretation and Policy .02.

Interest. If locking or crossing interest remains, the next trade occurs at the Book price of the interest with lesser size.

(b) Trades included in the Handled Interest will continue to occur until (i) all locking or crossing interest has been satisfied, (ii) the ABBO is reached at which time the interest will be managed according to subparagraph (c)(1)(ii) or subparagraph (d), as applicable, (iii) the Handled Interest's limit price is reached at which time any remaining contracts will be booked, or (iv) the Handled Interest's price protection limit is reached at which time any remaining contracts will be canceled.

(c) Trades included in the Handled Interest will then be handled as follows: (i) if the order or quote would lock or cross the current opposite side MBBO where the MBBO is the NBBO, the order or quote will be handled pursuant to the Managed Interest Process under 515(c)(1)(ii) and Rule 515(d).

The proposed changes are designed to clarify existing Exchange functionality in the Exchange's rules. The Exchange believes the proposed changes will also help eliminate potential confusion on behalf of market participants by clearly stating that any interest being managed is handled similarly by the System in this limited situation.

b. Statutory Basis

The Exchange believes that its proposed rule change are consistent with Section 6(b) of the Act²⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act²¹ in particular, in that they 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 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 that the proposed changes to Exchange Rule 515(c)(3)(i)(C) to replace the word "original" preceding NBBO with the word "current" to more accurately

²⁰ 15 U.S.C. 78f(b).

²¹ 15 U.S.C. 78f(b)(5).

describe the NBBO used in the reevaluation process promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and removes impediments to and perfects the mechanisms of a free and open market. This is because the proposal provides clarity and additional detail to Members, investors, and the public regarding the operation of the Exchange's System in the limited circumstance when a new order or quote is received on the same side of the market as an initiating order's remaining contracts during a liquidity refresh pause. The Exchange believes that the System is operating correctly and that the rule text inadvertently described the NBBO used for evaluation purposes as the original NBBO, rather than the current NBBO. By using the current NBBO, the System ensures the proper handling of new same side interest. The System will not execute routable orders or non-routable orders at prices that are inferior to the current NBBO, therefore the Exchange's proposal improves the specificity of Exchange Rule 515. Further, the Exchange believes it is in the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Accordingly, the Exchange proposes to replace the word "original" preceding NBBO with the word "current" to more accurately describe the NBBO used in the reevaluation process that occurs during a liquidity refresh pause under Exchange Rule 515(c)(3)(i)(C) to correct this inconsistency between the rule text and the System's behavior. Transparency and clarity are consistent with the Act because it removes impediments to and helps perfect the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest by accurately describing the behavior of the Exchange's System.

Currently, Exchange Rule 515 discusses the treatment of Non-Routable Orders that are being managed by the System as the ABBO transitions from a crossed to an uncrossed state. The Exchange believes that adopting a new definition of “Handled Interest” in Interpretation and Policy .02(a) to include Market Maker orders and quotes and amending the rule text to replace the term order with the newly defined term “Handled Interest” more accurately describes the operation of Exchange functionality during the limited circumstance when interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state. The Exchange believes that its proposal contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest by providing additional detail to clarify how orders that are being managed are handled in the limited circumstance when the ABBO transitions from a crossed state to an uncrossed state. The Exchange believes these changes provide consistency and clarity within the rule text regarding how Market Maker orders and quotes are handled and harmonize the rule text to the Exchange’s affiliate, MIAX Emerald.²² The Exchange also believes that its proposal to add the term “Handled Interest” to describe the System’s functionality when interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest because this proposed change will facilitate executions on the Exchange.

The Exchange believes the proposed changes to consolidate Exchange Rule 515 subsections (h)(1)(A) and (h)(1)(C) into paragraph (h)(1) and delete redundant rule text in subsections (h)(1)(B) promote just and equitable principles of trade and remove impediments to

²² See MIAX Emerald Rule 515, Interpretation and Policy .02.

and perfect the mechanism of a free and open market and a national market system because the proposed changes clarify the Exchange's rule text. In particular, the Exchange believes that deleting the rule text for subsection (h)(1)(B) will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market because that subsection is redundant rule text. The Exchange believes it is not necessary to specify the minimum trading increments applicable to Customer Cross Orders since minimum trading increments are covered in Exchange Rule 510 and applicable to all options traded on the Exchange.²³ Accordingly, the reference to minimum trading increments in subsection (h)(1)(B) is redundant, which the Exchange believes will cause confusion. The Exchange believes it is in the interest of investors and the public to accurately describe the Exchange's rules as this information is used by investors to make decisions concerning the submission of their orders on the Exchange.

Likewise, the Exchange believes the proposed changes to consolidate subsection (h)(2)(A) into subsection (h)(2) 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 changes clarify the Exchange's rule text and conform Exchange Rule 515(h) to the Exchange's affiliate, MIAX Emerald.²⁴ Further, the Exchange believes that deleting the rule text for subsection (h)(2)(B) will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market because that subsection is redundant rule text. The Exchange believes it is not necessary to specify the minimum trading increments applicable to Qualified Contingent Cross Orders as minimum trading increments are covered in Exchange Rule 510 and applicable to all options traded on the

²³ See Exchange Rule 510(a).

²⁴ See MIAX Emerald Rule 515(h).

Exchange.²⁵ Accordingly, the reference to minimum trading increments in subsection (h)(2)(B) is redundant, which the Exchange believes will cause confusion. The Exchange believes it is in the interest of investors and the public to accurately describe the Exchange's rules as this information is used by investors to make decisions concerning the submission of their orders on the Exchange.

The Exchange believes the proposed changes to amend paragraph (d) to harmonize the rule text to the Exchange's affiliate, MIAX Emerald, by replacing references from "NBBO" to "ABBO" and to make corrective changes to the numerical and alphabetical list item identifiers 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 changes clarify the Exchange's rule text and conform Exchange Rule 515(d) to the Exchange's affiliate, MIAX Emerald.²⁶ The Exchange also believes that its proposal to replace references from "NBBO" to "ABBO" in subsection (d)(2) contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest because it is more accurate to use the term "ABBO" as the System is not considering MIAX's market at this point. Further, the Exchange's proposal to delete the word "internally" in subsection (d)(2) harmonizes the rule text to the Exchange's affiliate, MIAX Emerald.²⁷

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 changes provide additional detail and make clarifying changes to the rule text of Exchange Rule 515, and correct errors in the hierarchical

²⁵ See Exchange Rule 510(a).

²⁶ See MIAX Emerald Rule 515(d)(ii).

²⁷ See MIAX Emerald Rule 515(d)(ii).

heading scheme to provide uniformity in the Exchange's rulebook. The Exchange believes that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's rules and that 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

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. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition as there is no functional change to the Exchange's System and because the rules of the Exchange apply to all MIAX participants equally. 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 Exchange Rule 515 and to remedy minor non-substantive issues in the rule text. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal does not address any competitive issues and is intended to protect investors by providing further transparency regarding the Exchange's functionality.

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 Act²⁸ and Rule 19b-4(f)(6)²⁹ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange's proposal to amend subsection (c)(3)(i)(C) to replace the word "original" preceding NBBO with the word "current" to more accurately describe the NBBO used in the reevaluation process during the liquidity refresh pause does not alter any Exchange functionality and provides additional detail and clarification to the existing rule text. This proposal promotes the protection of investors and the public interest by providing transparency in Exchange Rule 515 concerning the handling of orders during a liquidity refresh pause in the limited circumstance that the Exchange receives a new order or quote on the same side of the market as the initiating order's remaining contracts which locks or cross the current NBBO. Further, this proposed change protects investors and the public interest by correcting an inconsistency between the rule text of subsection (c)(3)(i)(C) and the System's actual behavior regarding the NBBO used for evaluation purpose during the liquidity refresh pause, and ensures the proper handling of new same side interest. This proposal does not impose a burden on competition because it applies evenly to all Exchange participants and is designed to promote the protection of investors by providing transparency regarding the Exchange's functionality.

The Exchange believes its proposal to adopt a new definition of "Handled Interest" in Interpretation and Policy .02(a) promotes the protection of investors and the public interest by

²⁸ 15 U.S.C. 78s(b)(3)(A).

²⁹ 17 CFR 240.19b-4(f)(6).

providing transparency in the Exchange's rule concerning the handling of orders on the Book during the limited circumstance when the ABBO transitions from a crossed state to an uncrossed state. The Exchange believes these changes provide consistency and clarity within the rule text regarding how Market Maker orders and quotes are handled and harmonize the rule text to the Exchange's affiliate, MIAX Emerald.³⁰ The proposal does not impose a burden on competition because it applies evenly to all Exchange participants and is designed to promote the protection of investors by providing transparency regarding the Exchange's functionality. Further, the proposed rule changes do not affect the protection of investors or the public interest as the proposed changes promote consistency and clarity within the rule text, reduce the potential for confusion by the Exchange's Members, and do not raise any new or novel regulatory issues.

The Exchange believes its proposed changes to paragraph (h) do not significantly affect the protection of investors or the public interest because the proposed changes clarify the Exchange's rule text and conform Exchange Rule 515(h) to the Exchange's affiliate, MIAX Emerald.³¹ Further, the Exchange's proposal to delete rule text with references to Exchange Rule 510 that are in subsections (h)(1)(B) and (h)(2)(B) do not significantly affect the protection of investors or the public interest because those subsections are redundant. The Exchange already describes minimum trading increments applicable to those particular order types in Exchange Rule 510. Accordingly, the references to minimum trading increments in subsections (h)(1)(B) and (h)(2)(B) are redundant. The Exchange believes the proposed changes to paragraph (h) do not impose any significant burden on competition because they apply evenly to

³⁰ See MIAX Emerald Rule 515, Interpretation and Policy .02.

³¹ See MIAX Emerald Rule 515(h).

all Exchange participants and do not raise any new or novel regulatory issues as the proposed changes harmonize the Exchange's rule text the Exchange's affiliate, MIAX Emerald.³²

The Exchange believes the proposed changes to paragraph (d) do not significantly affect the protection of investors or the public interest because the proposed changes seek to harmonize Exchange Rule 515(d) to the Exchange's affiliate, MIAX Emerald.³³ The Exchange believes the proposed changes to paragraph (d) do not impose any significant burden on competition because they apply evenly to all Exchange participants and do not raise any new or novel regulatory issues as the proposed changes harmonize the Exchange's rule text the Exchange's affiliate, MIAX Emerald.³⁴

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 Act³⁵ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)³⁶ 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

³² See id.

³³ See MIAX Emerald Rule 515(d)(ii).

³⁴ See id.

³⁵ 17 CFR 240.19b-4(f)(6).

³⁶ 17 CFR 240.19b-4(f)(6).

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 rule of the Exchange's affiliate, MIAX Emerald.³⁷

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

5. Text of proposed rule change.

³⁷ See MIAX Emerald Rule 515.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2019-30)

June __, 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 515, Execution of Orders and Quotes

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 June 18, 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 amend Exchange Rule 515, Execution of Orders and Quotes, to add additional detail and make clarifying changes to the rule.

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

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

1. Purpose

The Exchange proposes to amend Exchange Rule 515, Execution of Orders and Quotes, to add additional detail and make clarifying changes to the rule. Specifically, the Exchange proposes to make a number of minor non-substantive edits to references to “Rule 515” or “Exchange Rule 515” throughout the rule text. Currently, there are several references in Exchange Rule 515 where the rule refers back to itself generally as “Rule 515” or “Exchange Rule 515.” The Exchange proposes to amend all general references in Exchange Rule 515 that are to “Rule 515” or “Exchange Rule 515” that do not refer to any particular section or paragraph to be replaced with “this Rule” in order to provide consistency and clarity within the rule text. The proposed changes would be to references to “Rule 515” or “Exchange Rule 515” that are currently in the following sections in Exchange Rule 515: paragraph (a); paragraph (c); subsection (c)(1)(i); subsection (c)(1)(ii)(A); subsection (c)(2)(i)(B); and Interpretation and Policy .04.

Next, the Exchange proposes to amend paragraph (c) of Exchange Rule 515, Non-Market Maker Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO³ Upon Receipt, subsection (3)(i)(C), to clarify the System’s⁴ behavior when certain

³ The term “NBBO” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

⁴ The term “System” means the automated trading system used by the Exchange for the trading of Securities. See Exchange Rule 100.

conditions arise during a liquidity refresh pause. Paragraph (c) provides a definition of “initiating order” and “original NBBO” for the purposes of Exchange Rule 515 as follows. The term “initiating order” will be used to refer to (i) the incoming order that could not be executed, (ii) the order reevaluated by the System for execution that could not be executed, or (iii) the remaining contracts of the incoming order or reevaluated order that could not be executed in full. The term “original NBBO” will be used to refer to the NBBO that existed at time of receipt of the initiating order or the NBBO at time of reevaluation of an order pursuant to Exchange Rule 515.

Subsection (c)(3), Liquidity Refresh Pause for Exhausted Market Maker⁵ Quotes, provides that the System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO⁶ to be received (“liquidity refresh pause”)⁷ when at the time of receipt or reevaluation of the initiating order by the System: (A) either the initiating order is a limit order whose limit price crosses the NBBO or the initiating order is a market order, and the limit order or market order could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) and the Market Maker quote was exhausted.⁸

As described in the Exchange’s current subsection (c)(3)(i)(C), during the liquidity refresh pause, if the Exchange receives a new order or quote on the same side of the market as the initiating order’s remaining contracts, which locks or crosses the original NBBO, the

⁵ The term “Market Maker” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.

⁶ The term “MBBO” means the best bid or offer on the Exchange. See Exchange Rule 100.

⁷ The Exchange notes that the current setting is 20 milliseconds.

⁸ See Exchange Rule 515(c)(3).

liquidity refresh pause will be terminated early.⁹ The Exchange recently identified an inconsistency between subsection (c)(3)(i)(C) of Exchange Rule 515 and the Exchange's System behavior regarding the NBBO used for evaluation purposes (original versus current), which determines whether the System will terminate the liquidity refresh pause early based on the receipt of a new order or quote on the same side of the market as the initiating order's remaining contracts. The Exchange believes that the System is operating correctly and that the rule text inadvertently described the NBBO used for evaluation purposes as the original NBBO, rather than the current NBBO. The System currently operates in the following manner. During the liquidity refresh pause, if the Exchange receives a new order or quote on the same side of the market as the initiating order's remaining contracts, which locks or crosses the current NBBO, the liquidity refresh pause will be terminated early. Accordingly, in subsection (c)(3)(i)(C) of Exchange Rule 515, the Exchange proposes to replace the word "original" preceding NBBO with the word "current" to more accurately describe the NBBO used in the reevaluation process that occurs in this scenario. By using the current NBBO, the System ensures the proper handling of new same side interest. The System will not execute routable orders¹⁰ or non-routable orders¹¹ at prices that are inferior to the current NBBO, therefore the Exchange's proposal improves the specificity of Exchange Rule 515.

Next, the Exchange proposes to amend subsection (c)(3) of Exchange Rule 515 to succinctly describe the conditions that must be present for the liquidity refresh pause to occur and 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.

⁹ See Exchange Rule 515(c)(3)(i)(C).

¹⁰ See Exchange Rule 515(c)(1)(i).

¹¹ See Exchange Rule 515(c)(1)(ii)(A).

In particular, the Exchange proposes to insert numerical identifiers “(1)” and “(2)” into subsection (c)(3)(A) in order to clarify that to meet the first condition for the liquidity refresh pause to occur, the initiating order must be a limit order or market order, whose limit price must cross the NBBO and could only be partially executed. The Exchange proposes to delete redundant rule text in the first clause of subsection (c)(3)(A) in order to clarify the conditions for the liquidity refresh pause to occur. Accordingly, with the proposed changes, subsection (c)(3) will provide as follows:

The System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO to be received (“liquidity refresh pause”) when at the time of receipt or reevaluation of the initiating order by the System: (A) the initiating order is a limit order or market order whose (1) limit price crosses the NBBO and (2) could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) the Market Maker quote was exhausted.

Next, the Exchange proposes to amend paragraph (d) of Exchange Rule 515 to harmonize the rule text to the Exchange’s affiliate, MIAX Emerald, LLC (“MIAX Emerald”), and to make corrective changes to the numerical and alphabetical list item identifiers to properly conform to the hierarchical heading scheme used throughout the Exchange’s rulebook. The Exchange proposes to separate paragraph (d) into several subsections. In particular, the Exchange proposes to adopt subsection (d)(1) of Exchange Rule 515, which would state as follows:

If a Market Maker order or quote could not be executed or could not be executed in full upon receipt, the System will continue to execute the Market Maker’s order or quote at multiple prices until (i) the Market Maker’s quote has been exhausted or its order has been completely filled; (ii) the executions have reached the Market Maker’s limit price; or (iii) further executions will trade at a price inferior to the ABBO, whichever occurs first.

This new subsection (d)(1) would not contain any substantive change or add or delete any rule text already in place. The Exchange also proposes to adopt new subsection (d)(2) of Exchange Rule 515, which would state as follows:

For a Market Maker order or quote that locks or crosses the opposite side ABBO and the MBBO is inferior to the ABBO, the System will manage such order or quote in accordance with the following. Once the System can no longer execute the Market Maker's order or quote, the System will display the order or quote one MPV away from the current opposite side ABBO and book the order or quote at a price that will lock the current opposite side ABBO. Should the ABBO price change to an inferior price level, the Market Maker order or quote's Book price will continuously re-price to lock the new ABBO and the Market Maker order or quote's displayed price will continuously re-price one MPV away from the new ABBO, until the Market Maker order or quote reaches its original limit price, is fully executed or cancelled.

This new subsection (d)(2) of Exchange Rule 515 does not contain any substantive change to the rule text already in place and harmonizes the rule text to the Exchange's affiliate, MIAX Emerald, by replacing references from "NBBO" to "ABBO."¹² The Exchange also proposes to delete the word "internally" in subsection (d)(2) to harmonize the rule text to the Exchange's affiliate, MIAX Emerald.¹³

The Exchange also proposes to adopt new subsection (d)(3)(i) of Exchange Rule 515, which would state as follows:

If the Exchange receives a new order or quote on the opposite side of the market from the Market Maker order or quote that can be executed, the System will immediately execute the remaining contracts from the Market Maker order or quote to the extent possible at the Market Maker order or quote's current Book bid or offer price, provided that the execution price does not violate the current NBBO.

The Exchange also proposes to adopt new subsection (d)(3)(ii) of Exchange Rule 515, which would state as follows:

If unexecuted contracts remain from the Market Maker's order or quote, the order or quote size will be revised and the MBBO disseminated to reflect the order or quote's remaining contracts.

The new subsections (d)(3)(i) and (d)(3)(ii) of Exchange Rule 515 do not contain any substantive change or add or delete any rule text already in place.

¹² See MIAX Emerald Rule 515(d)(ii).

¹³ See *id.*

Next, the Exchange proposes to amend Exchange Rule 515(h) to consolidate subsections (h)(1)(A) and (h)(1)(C) into paragraph (h)(1) to conform Exchange Rule 515(h) to the Exchange's affiliate, MIAX Emerald.¹⁴ The Exchange also proposes to delete the rule text for subsection (h)(1)(B) as that subsection is redundant rule text and the Exchange believes that it is not necessary to specify the minimum trading increments applicable to that particular order type since minimum trading increments are covered in Exchange Rule 510. Accordingly, with the proposed changes, subsection (h)(1) of Exchange Rule 515 would state as follows:

Customer Cross Orders, as defined in Rule 516(i), are automatically executed upon entry provided that the execution (i) is at or between the best bid and offer on the Exchange; (ii) is not at the same price as a Priority Customer Order on the Exchange's Book; and (iii) will not trade at a price inferior to the NBBO. If trading interest exists on the MIAX Book that is subject to the liquidity refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. Customer Cross Orders will be automatically canceled if they cannot be executed. Rule 520, Interpretation and Policy .01 applies to the entry and execution of Customer Cross Orders.

The Exchange proposes to amend Exchange Rule 515(h) to consolidate subsection (h)(2)(A) into subsection (h)(2) to conform Exchange Rule 515(h) to the Exchange's affiliate, MIAX Emerald. The Exchange also proposes to delete the rule text for subsection (h)(2)(B) of Exchange Rule 515 as that subsection is redundant rule text and the Exchange believes that it is not necessary to specify the minimum trading increments applicable to that particular order type since minimum trading increments are covered in Exchange Rule 510. Accordingly, with the proposed changes, subsection (h)(2) of Exchange Rule 515 would state as follows:

Qualified Contingent Cross Orders, as defined in Rule 516(j), are automatically executed upon entry provided that the execution (i) is not at the same price as a Priority Customer Order on the Exchange's Book; and (ii) is at or between the NBBO. If trading interest exists on the MIAX Book that is subject to the liquidity

¹⁴ See MIAX Emerald Rule 515(h).

refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Qualified Contingent Cross Order, the System will reject the Qualified Contingent Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A when the Exchange receives a Qualified Contingent Cross Order, the System will reject the Qualified Contingent Cross Order. Qualified Contingent Cross Orders will be automatically canceled if they cannot be executed.

Next, the Exchange proposes to amend subsections (h)(3) and (h)(4) of Exchange Rule 515 to amend references in those subsections from the plural “Interpretations and Policies” to the singular “Interpretation and Policy” when referring to one specific Interpretation and Policy. Accordingly, the Exchange proposes to amend subsection (h)(3) of Exchange Rule 515, which references “Interpretations and Policies .12” to now read “Interpretation and Policy .12.” The Exchange proposes to amend subsection (h)(3)(C) of Exchange Rule 515, which references “Interpretations and Policies .01” to now read “Interpretation and Policy .01.” The Exchange proposes to amend subsection (h)(4) of Exchange Rule 515, which references “Interpretations and Policies .12” to now read “Interpretation and Policy .12.” The purpose of these changes is to provide consistency and clarity within the rule text and harmonize the rule text to the Exchange’s affiliate, MIAX Emerald.

Additionally, the Exchange proposes to amend Exchange Rule 515, Execution of Orders and Quotes, Interpretation and Policy .02, to adopt new rule text clarifying the treatment of interest being managed by the System during the limited scenario when the ABBO¹⁵ transitions from a crossed state to an uncrossed state. Currently, Exchange Rule 515 provides two separate processes for handling orders that could not be executed or that could not be executed in full upon receipt; subsection (c), Non-Market Maker Orders That Could Not Be Executed or Could

¹⁵ The term “ABBO” or “Away Best Bid or Offer” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

Not Be Executed in Full at the Original NBBO Upon Receipt, and subsection (d) Handling of Market Maker Orders and Quotes. Exchange Rule 515(c)(1)(ii) discusses the Managed Interest Process for Non-Routable Orders. If the limit price locks or crosses the current opposite side NBBO, the System will display the order one MPV¹⁶ away from the current opposite side NBBO, and book the order at a price that will lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the order's Book price will continuously re-price to lock the NBBO and the managed order's display price will continuously re-price one MPV away from the new NBBO.¹⁷ Similarly, current Exchange Rule 515(d) discusses the handling of Market Maker orders or quotes that could not be executed or could not be executed in full upon receipt. Specifically, for a Market Maker order or quote that locks or crosses the ABBO, the System will manage such order or quote in accordance with the following. Once the System can no longer execute the Market Maker's order or quote, the System will display the order or quote one MPV away from the current opposite side NBBO and book the order or quote at a price that will internally lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the Market Maker order or quote's Book price will continuously re-price to lock the new NBBO and the Market Maker order or quote's displayed price will continuously re-price one MPV away from the new NBBO.¹⁸

Currently, Interpretation and Policy .02 of Exchange Rule 515 discusses the Managed Interest Process for Non-Routable Orders as provided in subparagraph (c)(1)(ii) if managed interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state, the midpoint of the MBBO, rounded up to the nearest MPV

¹⁶ An "MPV" is the Minimum Price Variation for options traded on the Exchange. See Exchange Rule 510, Minimum Price Variations and Minimum Trading Increments.

¹⁷ See Exchange Rule 515(c)(1)(ii)(A).

¹⁸ See Exchange Rule 515(d).

if necessary, will be used for the initial trade price. However, the current rule does not discuss how Market Maker orders or quotes that are being managed by the System are handled if the ABBO transitions from a crossed state to an uncrossed state.

The Exchange now proposes to amend Interpretation and Policy .02 of Exchange Rule 515 to adopt a definition for the term “Handled Interest” which will include both Non-Routable Orders as defined in subparagraph (c)(1)(ii) and Market Maker orders and quotes as defined in subparagraph (d). Additionally, the Exchange proposes to adopt new rule text regarding the handling of Handled Interest when the ABBO transitions from a crossed state to an uncrossed state. Specifically, the Exchange proposes to amend Interpretation and Policy .02 to replace the term “order” with the newly defined term “Handled Interest” where necessary, to more accurately describe the current functionality of the System during this specific scenario as Market Maker orders and quotes that are being managed are handled in a similar fashion. The purpose of these changes is to provide consistency and clarity within the rule text and harmonize the rule text to the Exchange’s affiliate, MIAX Emerald.¹⁹ Accordingly, with the proposed changes to Interpretation and Policy .02, the Exchange would adopt new paragraphs “(a)” through “(c),” and Interpretation and Policy .02 would be newly titled “Uncrossing of Orders and Quotes.” The proposed changes to Interpretation and Policy .02 would be as follows:

(a) In the course of the Managed Interest Process for Non-Routable Orders as provided in subparagraph (c)(1)(ii) or the management of a Market Maker order or quote as provided in subparagraph (d) (such Non-Routable Orders and Market Maker orders and quotes, “Handled Interest”), if Handled Interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state, the midpoint of the MBBO, rounded up to the nearest MPV if necessary, will be used for the initial trade price for the Handled Interest. If locking or crossing interest remains, the next trade occurs at the Book price of the interest with lesser size.

¹⁹ See MIAX Emerald Rule 515, Interpretation and Policy .02.

(b) Trades included in the Handled Interest will continue to occur until (i) all locking or crossing interest has been satisfied, (ii) the ABBO is reached at which time the interest will be managed according to subparagraph (c)(1)(ii) or subparagraph (d), as applicable, (iii) the Handled Interest's limit price is reached at which time any remaining contracts will be booked, or (iv) the Handled Interest's price protection limit is reached at which time any remaining contracts will be canceled.

(c) Trades included in the Handled Interest will then be handled as follows: (i) if the order or quote would lock or cross the current opposite side MBBO where the MBBO is the NBBO, the order or quote will be handled pursuant to the Managed Interest Process under 515(c)(1)(ii) and Rule 515(d).

The proposed changes are designed to clarify existing Exchange functionality in the Exchange's rules. The Exchange believes the proposed changes will also help eliminate potential confusion on behalf of market participants by clearly stating that any interest being managed is handled similarly by the System in this limited situation.

2. Statutory Basis

The Exchange believes that its proposed rule change are consistent with Section 6(b) of the Act²⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act²¹ in particular, in that they 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 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 that the proposed changes to Exchange Rule 515(c)(3)(i)(C) to replace the word "original" preceding NBBO with the word "current" to more accurately describe the NBBO used in the reevaluation process promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling,

²⁰ 15 U.S.C. 78f(b).

²¹ 15 U.S.C. 78f(b)(5).

processing information with respect to, and facilitating transactions in securities, and removes impediments to and perfects the mechanisms of a free and open market. This is because the proposal provides clarity and additional detail to Members, investors, and the public regarding the operation of the Exchange's System in the limited circumstance when a new order or quote is received on the same side of the market as an initiating order's remaining contracts during a liquidity refresh pause. The Exchange believes that the System is operating correctly and that the rule text inadvertently described the NBBO used for evaluation purposes as the original NBBO, rather than the current NBBO. By using the current NBBO, the System ensures the proper handling of new same side interest. The System will not execute routable orders or non-routable orders at prices that are inferior to the current NBBO, therefore the Exchange's proposal improves the specificity of Exchange Rule 515. Further, the Exchange believes it is in the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Accordingly, the Exchange proposes to replace the word "original" preceding NBBO with the word "current" to more accurately describe the NBBO used in the reevaluation process that occurs during a liquidity refresh pause under Exchange Rule 515(c)(3)(i)(C) to correct this inconsistency between the rule text and the System's behavior. Transparency and clarity are consistent with the Act because it removes impediments to and helps perfect the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest by accurately describing the behavior of the Exchange's System.

Currently, Exchange Rule 515 discusses the treatment of Non-Routable Orders that are being managed by the System as the ABBO transitions from a crossed to an uncrossed state. The Exchange believes that adopting a new definition of "Handled Interest" in Interpretation and

Policy .02(a) to include Market Maker orders and quotes and amending the rule text to replace the term order with the newly defined term “Handled Interest” more accurately describes the operation of Exchange functionality during the limited circumstance when interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state. The Exchange believes that its proposal contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest by providing additional detail to clarify how orders that are being managed are handled in the limited circumstance when the ABBO transitions from a crossed state to an uncrossed state. The Exchange believes these changes provide consistency and clarity within the rule text regarding how Market Maker orders and quotes are handled and harmonize the rule text to the Exchange’s affiliate, MIAX Emerald.²² The Exchange also believes that its proposal to add the term “Handled Interest” to describe the System’s functionality when interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest because this proposed change will facilitate executions on the Exchange.

The Exchange believes the proposed changes to consolidate Exchange Rule 515 subsections (h)(1)(A) and (h)(1)(C) into paragraph (h)(1) and delete redundant rule text in subsections (h)(1)(B) 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 changes clarify the Exchange’s rule text. In particular, the Exchange believes that deleting the rule text for subsection (h)(1)(B) will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market because that

²² See MIAX Emerald Rule 515, Interpretation and Policy .02.

subsection is redundant rule text. The Exchange believes it is not necessary to specify the minimum trading increments applicable to Customer Cross Orders since minimum trading increments are covered in Exchange Rule 510 and applicable to all options traded on the Exchange.²³ Accordingly, the reference to minimum trading increments in subsection (h)(1)(B) is redundant, which the Exchange believes will cause confusion. The Exchange believes it is in the interest of investors and the public to accurately describe the Exchange's rules as this information is used by investors to make decisions concerning the submission of their orders on the Exchange.

Likewise, the Exchange believes the proposed changes to consolidate subsection (h)(2)(A) into subsection (h)(2) 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 changes clarify the Exchange's rule text and conform Exchange Rule 515(h) to the Exchange's affiliate, MIAX Emerald.²⁴ Further, the Exchange believes that deleting the rule text for subsection (h)(2)(B) will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market because that subsection is redundant rule text. The Exchange believes it is not necessary to specify the minimum trading increments applicable to Qualified Contingent Cross Orders as minimum trading increments are covered in Exchange Rule 510 and applicable to all options traded on the Exchange.²⁵ Accordingly, the reference to minimum trading increments in subsection (h)(2)(B) is redundant, which the Exchange believes will cause confusion. The Exchange believes it is in the interest of investors and the public to accurately describe the Exchange's rules as this

²³ See Exchange Rule 510(a).

²⁴ See MIAX Emerald Rule 515(h).

²⁵ See Exchange Rule 510(a).

information is used by investors to make decisions concerning the submission of their orders on the Exchange.

The Exchange believes the proposed changes to amend paragraph (d) to harmonize the rule text to the Exchange's affiliate, MIAX Emerald, by replacing references from "NBBO" to "ABBO" and to make corrective changes to the numerical and alphabetical list item identifiers 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 changes clarify the Exchange's rule text and conform Exchange Rule 515(d) to the Exchange's affiliate, MIAX Emerald.²⁶ The Exchange also believes that its proposal to replace references from "NBBO" to "ABBO" in subsection (d)(2) contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest because it is more accurate to use the term "ABBO" as the System is not considering MIAX's market at this point. Further, the Exchange's proposal to delete the word "internally" in subsection (d)(2) harmonizes the rule text to the Exchange's affiliate, MIAX Emerald.²⁷

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 changes provide additional detail and make clarifying changes to the rule text of Exchange Rule 515, and correct errors in the hierarchical heading scheme to provide uniformity in the Exchange's rulebook. The Exchange believes that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's rules and that it is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

²⁶ See MIAX Emerald Rule 515(d)(ii).

²⁷ See MIAX Emerald Rule 515(d)(ii).

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. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition as there is no functional change to the Exchange's System and because the rules of the Exchange apply to all MIAX participants equally. 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 Exchange Rule 515 and to remedy minor non-substantive issues in the rule text. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal does not address any competitive issues and is intended to protect investors by providing further transparency regarding the Exchange's functionality.

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 Act²⁸ and Rule 19b-4(f)(6)²⁹ thereunder.

²⁸ 15 U.S.C. 78s(b)(3)(A).

²⁹ 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,

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-2019-30 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-2019-30. 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>).

or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2019-30 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.³⁰

Brent J. Fields
Secretary

³⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined:

Deleted text is in [brackets]

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

Rule 515. Execution of Orders and Quotes

(a) **General.** Incoming orders and quotes and orders reevaluated pursuant to this Rule [515] that are executable against orders and quotes in the System will be executed by the System in accordance with the following provisions, provided such orders and quotes will not be executed at prices inferior to the NBBO (as defined in Rules 100 and 1400(j)). Orders and quotes that could not be executed because the executions would be at prices inferior to the NBBO will be handled in accordance with the managed interest process for orders described in paragraph (c) below or in accordance with process for handling Market Maker orders and quotes described in paragraph (d) below.

(b) No change.

(c) **Non-Market Maker Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO Upon Receipt.** An incoming non-Market Maker order that could not be executed or could not be executed in full at the original NBBO upon receipt will be handled in accordance with the following provisions. In addition, non-Market Maker orders that are reevaluated by the System for execution pursuant to an order's price protection instructions that could not be executed or could not be executed in full at the NBBO at the time of reevaluation will be handled in accordance with the following provisions. The following paragraphs will apply to orders both (i) upon receipt by the System, and (ii) upon reevaluation by the System for execution and according to the price protections designated on the order. The term "initiating order" will be used in the following paragraphs to refer to (i) the incoming order that could not be executed, (ii) the order reevaluated by the System for execution that could not be executed, or (iii) the remaining contracts of the incoming order or reevaluated order that could not be executed in full. The term "original NBBO" will be used in the following paragraphs to refer to the NBBO that existed at time of receipt of the initiating order or the NBBO at time of reevaluation of an order pursuant to this Rule[515].

(1) **Price Protection on Non-Market Maker Orders in Non-Proprietary Products.** The System will apply the following price protection process to all non-Market Maker orders received during a trading session. The price protection process prevents an order from being executed beyond the price designated in the order's price protection instructions (the "price protection limit"). The price protection instructions are expressed in units of MPV away from the NBBO at the time of the order's receipt, or the MBBO if the ABBO is crossing the MBBO. Market participants may designate price protection instructions on an order by order basis within

a minimum and maximum number of MPVs away from the NBBO at the time of receipt, or the MBBO if the ABBO is crossing the MBBO. The minimum and maximum number of MPVs will be determined by the Exchange and announced to Members through a Regulatory Circular, provided that the minimum shall be no less than zero (0) MPVs and the maximum shall be no more than twenty (20) MPVs. If an order does not contain price protection instructions, the Exchange will assign a default price protection instruction, which will be within one (1) to five (5) MPVs away from the NBBO at the time of receipt, or the MBBO if the ABBO is crossing the MBBO, which default price protection instruction shall be determined by the Exchange and announced to Members through a Regulatory Circular. When triggered, the price protection process will cancel an order or the remaining contracts of an order. The System will not execute such orders at prices inferior to the current NBBO. The price protection process set forth in this paragraph (c)(1) will not apply to orders received (A) prior to the open or during a trading halt; or (B) during a prior trading session and that remain on the Book following the opening process (as described in Rule 503). Further, the price protection process set forth in this paragraph (c)(1) will not apply to Intermarket Sweep Orders (“ISO”), which will be handled in accordance with paragraph (g) below. Immediate or Cancel (“IOC”) orders will be handled in accordance with paragraph (e) below, and Fill-or-Kill (“FOK”) orders will be handled in accordance with paragraph (f) below. The System will handle Market Maker quotes and orders in accordance with paragraph (d) below.

(i) **Orders Eligible For Routing.** The System will seek to trade the initiating order to the extent possible at MIAX and route to the ABBO until the first of: (A) the order is fully executed; (B) the order has traded or routed to and including its price protection limit, at which any remaining contracts will be canceled; or (C) the order has traded or routed to and including its limit price, at which the System will display and book the initiating order at its limit price and will reevaluate the order for execution pursuant to this Rule[515]. The System will not execute such orders at prices inferior to the current NBBO. The System will handle any routing of the order in accordance with the order routing provisions set forth in Rule 529.

(ii) **Managed Interest Process for Non-Routable Orders.**

(A) If the initiating order is non-routable (for example, the Public Customer order was marked “Do Not Route”) the order will never be routed outside of the Exchange regardless of prices displayed by away markets. A non-routable initiating order may execute on the Exchange at a price equal to or better than, but not inferior to, the ABBO. The System will not execute such orders at prices inferior to the current NBBO. The System will seek to trade the initiating order until the first of: (A) the order is fully executed; (B) the order has traded to and including its price protection limit at which any remaining contracts are canceled; or (C) the order has traded to and including its limit price at which the System will attempt to display and book the initiating order at its limit price and will reevaluate the order for execution pursuant to this Rule[515]. If the limit price locks or crosses the current opposite side NBBO, the System will display the order one MPV away from the current opposite side NBBO, and book the order at a price that will lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the order’s Book price will continuously re-price to lock the new NBBO and the managed order’s displayed price will continuously re-price one MPV away from the new NBBO until (i) the order has traded to and including its limit price, (ii) the order

has traded to and including its price protection limit at which any remaining contracts are cancelled, (iii) the order is fully executed or (iv) the order is cancelled. If the Exchange receives a new order or quote on the opposite side of the market from the managed order that can be executed, the System will immediately execute the remaining contracts from the initiating order to the extent possible at the order's current Book price, provided that the execution price does not violate the current NBBO. If unexecuted contracts remain from the initiating order, the order's size will be revised and the MBBO disseminated to reflect the order's remaining contracts.

(B) No change.

(2) **Price Protection on Non-Market Maker Orders in Proprietary Products.** The System will apply the following price protection process to all non-Market Maker orders received during a regular trading session that are larger than, and priced through, the opposite side NBBO. The price protection process provides exposure and time for market responses at defined price levels. A protection price limit is calculated by adding (subtracting) a set number of MPVs if the order is a buy (sell) to (i) the opposite side NBBO, (ii) the previous protection limit price; or (iii) in certain circumstances the limit price of same side joining interest after the expiration of the liquidity exposure process timer as discussed in paragraph (2)(i) below. The number of MPVs will be determined by the Exchange and announced to Members through a Regulatory Circular, provided that the minimum shall be no less than two (2) MPVs and the maximum shall be no more than twenty (20) MPVs. Further, the price protection process set forth in this paragraph (2) will not apply to Intermarket Sweep Orders (ISOs) or Auction or Cancel (AOC) orders.

(i) **Liquidity Exposure Process ("LEP") for Over-Sized Orders in Proprietary Products.** Interest that would be posted, managed, or would trade at a price more aggressive than the order's protected price will be subject to the LEP for over-sized orders in Proprietary Products. First, the System will broadcast a liquidity exposure message (which includes the symbol, side of the market, quantity of matched contracts, the imbalance quantity, "must fill" quantity, and price) to all subscribers of the Exchange's data feeds, and begin a timer, not to exceed three (3) seconds, as determined by the Exchange and announced via Regulatory Circular.

(A) No change.

(B) **End of Liquidity Exposure Process.** At the end of the timer, the initiating order, resting liquidity, and any same side joining interest received during the timer will (i) be handled in accordance to this [Exchange] Rule[515], or (ii) trade against opposite side interest in the following sequence: Resting interest will be filled first, followed by joining interest in the order it was received; interest on the opposite side will be allocated in accordance to the Exchange's standard allocation, as defined in Exchange Rule 514, Priority of Quotes and Orders.

(3) **Liquidity Refresh Pause for Exhausted Market Maker Quotes.** The System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO to be received ("liquidity refresh pause") when at the time

of receipt or reevaluation of the initiating order by the System: (A) [either] the initiating order is a limit order or market order whose (1) limit price crosses the NBBO [or the initiating order is a market order, and the limit order or market order] and (2) could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) [and] the Market Maker quote was exhausted.

At the start of the liquidity refresh pause, the System will broadcast a liquidity refresh message to subscribers of the Exchange's data feeds, providing a description of the option and the size and side of the order and the exhausted MBBO price. In addition, during the liquidity refresh pause the System will display the remainder of the initiating order at the exhausted MBBO price, and on the opposite side of the market, the Exchange's next bid (or offer) as non-firm (or in the absence thereof, a price of zero with a size of zero). If the NBBO was crossed when the initiating order was received, the System will continue to process the initiating order in accordance with paragraph (c) of this Rule and will not pause the market or broadcast a liquidity refresh message.

(i) **During the Liquidity Refresh Pause.** During the liquidity refresh pause the following provisions will apply:

(A) – (B) No change.

(C) If the Exchange receives a new order or quote on the same side of the market as the initiating order's remaining contracts, which locks or crosses the [original] current NBBO, the liquidity refresh pause will be terminated early. The initiating order and any new order(s) or quote(s) on the same side of the market received during the liquidity refresh pause will be processed in the order in which they were received. Thus, the initiating order will be executed first and any additional order(s) or quote(s) will be executed in order of receipt;

(D) – (I) No change.

(ii) No change.

(d) **Handling of Market Maker Orders and Quotes.**

(1) If a Market Maker order or quote could not be executed or could not be executed in full upon receipt, the System will continue to execute the Market Maker's order or quote at multiple prices until (i) the Market Maker's quote has been exhausted or its order has been completely filled; (ii) the executions have reached the Market Maker's limit price; or (iii) further executions will trade at a price inferior to the ABBO, whichever occurs first.

(2) For a Market Maker order or quote that locks or crosses the opposite side ABBO and the MBBO is inferior to the ABBO, the System will manage such order or quote in accordance with the following. Once the System can no longer execute the Market Maker's order or quote, the System will display the order or quote one MPV away from the current opposite side ABBO [NBBO] and book the order or quote at a price that will [internally] lock the current opposite side ABBO [NBBO]. Should the ABBO [NBBO] price change to an inferior price level, the

Market Maker order or quote's Book price will continuously re-price to lock the new ABBO[NBBO] and the Market Maker order or quote's displayed price will continuously re-price one MPV away from the new ABBO[NBBO], until the Market Maker order or quote reaches its original limit price, is fully executed or cancelled.

(3) (i) If the Exchange receives a new order or quote on the opposite side of the market from the Market Maker order or quote that can be executed, the System will immediately execute the remaining contracts from the Market Maker order or quote to the extent possible at the Market Maker order or quote's current Book bid or offer price, provided that the execution price does not violate the current NBBO.

(ii) If unexecuted contracts remain from the Market Maker's order or quote, the order or quote size will be revised and the MBBO disseminated to reflect the order or quote's remaining contracts.

(e) - (g) No change.

(h) Crossing Orders.

(1) Customer Cross Orders, as defined in Rule 516(i), are automatically executed upon entry provided that the execution (i) is at or between the best bid and offer on the Exchange; (ii) is not at the same price as a Priority Customer Order on the Exchange's Book; and (iii) will not trade at a price inferior to the NBBO. If trading interest exists on the MIAX Book that is subject to the liquidity refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. Customer Cross Orders will be automatically canceled if they cannot be executed. Rule 520, Interpretation and Policy .01, applies to the entry and execution of Customer Cross Orders.

[(A) Customer Cross Orders will be automatically canceled if they cannot be executed.

(B) Customer Cross Orders may only be entered in the minimum trading increments applicable to the options class under Rule 510.

(C) Rule 520; Interpretations and Policies .01 applies to the entry and execution of Customer Cross Orders.]

(2) Qualified Contingent Cross Orders, as defined in Rule 516(j), are automatically executed upon entry provided that the execution (i) is not at the same price as a Priority Customer Order on the Exchange's Book; and (ii) is at or between the NBBO. If trading interest exists on the MIAX Book that is subject to the liquidity refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Qualified Contingent Cross Order, the System will reject the Qualified Contingent

Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A when the Exchange receives a Qualified Contingent Cross Order, the System will reject the Qualified Contingent Cross Order. Qualified Contingent Cross Orders will be automatically canceled if they cannot be executed.

[(A) Qualified Contingent Cross Orders will be automatically canceled if they cannot be executed.

(B) Qualified Contingent Cross Orders may only be entered in the minimum trading increments applicable to the options class under Rule 510.]

(3) **Complex Customer Cross (“cC2C”) Orders.** cC2C Orders, as defined in Rule 518(b)(5), are automatically executed upon entry provided that the execution is at least \$0.01 better than (inside) the icMBBO (as defined in Rule 518(a)(11)) price or the best net price of a complex order (as defined in Rule 518(a)(5)) on the Strategy Book (as defined in Rule 518(a)(17)), whichever is more aggressive. The System will reject a cC2C Order if, at the time of receipt of the cC2C Order: (i) the strategy is subject to a cPRIME Auction pursuant to Rule 515A, Interpretation[s] and Policy[ies] .12 or to a Complex Auction pursuant to Rule 518(d); or (ii) any component of the strategy is subject to a SMAT Event as described in Rule 518(a)(16).

(A) cC2C Orders will be automatically canceled if they cannot be executed.

(B) cC2C Orders may only be entered in the minimum trading increments applicable to complex orders under Rule 518(c)(1)(i).

(C) Rule 520, Interpretation[s] and Policy[ies] .01, applies to the entry and execution of cC2C Orders.

(D) The Exchange will determine, on a class-by-class basis, the option classes in which cC2C Orders are available for trading on the Exchange, and will announce such classes to Members via Regulatory Circular.

(4) **Complex Qualified Contingent Cross (“cQCC”) Orders.** cQCC Orders, as defined in Rule 518(b)(6), are automatically executed upon entry provided that, with respect to each option leg of the cQCC Order, the execution (i) is not at the same price as a Priority Customer Order on the Exchange’s Book; and (ii) is at or between the NBBO. The System will reject a cQCC Order if, at the time of receipt of the cQCC Order: (i) the strategy is subject to a cPRIME Auction pursuant to Rule 515A, Interpretation[s] and Policy[ies] .12 or to a Complex Auction pursuant to Rule 518(d); or (ii) any component of the strategy is subject to a SMAT Event as described in Rule 518(a)(16).

(A) cQCC Orders will be automatically canceled if they cannot be executed.

(B) cQCC Orders may only be entered in the minimum trading increments applicable to complex orders under Rule 518(c)(1)(i).

(C) The Exchange will determine, on a class-by-class basis, the option classes in which cQCC Orders are available for trading on the Exchange, and will announce such classes to Members via Regulatory Circular.

Interpretations and Policies:

.01 Reserved

.02 Uncrossing of Orders and Quotes.

(a) In the course of the Managed Interest Process for Non-Routable Orders as provided in subparagraph (c)(1)(ii) or the management of a Market Maker order or quote as provided in subparagraph (d) (such Non-Routable Orders and Market Maker orders and quotes, “Handled Interest”), if [managed]Handled [i]Interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state, the midpoint of the MBBO, rounded up to the nearest MPV if necessary, will be used for the initial trade price for the Handled Interest. If locking or crossing interest remains, the next trade occurs at the Book price of the interest with lesser size. [Trades will continue to occur until (a) all locking or crossing interest has been satisfied, (b) the ABBO is reached at which the interest will be managed according to subparagraph (c)(1)(ii), (c) the order’s limit price with any remaining contracts being booked, or (d) the order’s price protection limit at which any remaining contracts being canceled.]

(b) Trades included in the Handled Interest will continue to occur until (i) all locking or crossing interest has been satisfied, (ii) the ABBO is reached at which time the interest will be managed according to subparagraph (c)(1)(ii) or subparagraph (d), as applicable, (iii) the Handled Interest’s limit price is reached at which time any remaining contracts will be booked, or (iv) the Handled Interest’s price protection limit is reached at which time any remaining contracts will be canceled.

(c) Trades included in the Handled Interest will then be handled as follows: (i) if the order or quote would lock or cross the current opposite side MBBO where the MBBO is the NBBO, the order or quote will be handled pursuant to the Managed Interest Process under Rule 515 (c)(1)(ii) and Rule 515(d).

.03 No change.

.04 Immediately following the commencement of a trading halt pursuant to Rule 504 and at the end of each trading session, the System will cancel an order which was managed under this Rule [515] where the order’s price protection limit for a buy (sell) order is lower (higher) than the order’s effective limit price. For purposes of this Rule [515], the effective limit price for: (i) a limit order will be the order’s limit price; (ii) a market order to buy will be the maximum price permitted by the Exchange’s System; and (iii) a market order to sell will be the lowest MPV as established by Rule 510 (either \$.01 for option classes quoted and traded in increments as low as \$.01, or \$.05 for option classes quoted and traded in increments as low as \$.05).
