

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

**Description**

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

Amend Exchange Rule 1400 to adopt Complex Trade definition

**Contact Information**

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

First Name *	Last Name *
Gregory	Ziegler
Title *	
Senior Counsel	
E-mail *	
gziegler@miaoptions.com	
Telephone *	Fax
(609) 897-1483	

**Signature**

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

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

(Title \*)

Date	Senior Counsel	
12/03/2019		
By		
Gregory P. Ziegler		
(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 EFFF website.

**Form 19b-4 Information \***

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

**Exhibit 1 - Notice of Proposed Rule Change \***

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

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

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

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

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Exhibit Sent As Paper Document

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

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

**1. Text of the Proposed Rule Change**

(a) Miami International Securities Exchange, LLC (“MIAX” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend Exchange Rule 100, Definitions; Exchange Rule 503, Openings on the Exchange; Exchange Rule 515, Execution of Orders and Quotes; Exchange Rule 516, Order Types Defined; Exchange Rule 517, Quote Types Defined; Exchange Rule 518, Complex Orders; Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors; and Exchange Rule 1400, Definitions.

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

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

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

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

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

a. Purpose

The Exchange proposes to amend Exchange Rule 1400, Definitions, to adopt a definition for a Complex Trade, which will mean, “(i) the execution of an order in an option series in conjunction with the execution of one or more related order(s) in different option series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.0) and for the purpose of executing a particular investment strategy; or (ii) the execution of a stock-option order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock (“convertible security”) coupled with the purchase or sale of option contract(s) on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock or convertible security necessary to create a delta neutral position, but in no case in a ratio greater than eight (8) option contracts per unit of trading of the underlying stock or convertible security established for that series by The Options Clearing Corporation.”

The Exchange is a Participant<sup>3</sup> in the Options Order Protection and Locked/Crossed Market Plan (“Plan”), along with all other option exchanges.<sup>4</sup> All participating exchanges have

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<sup>3</sup> The term “Participant” is defined as an Eligible Exchange whose participation in the Plan has become effective pursuant to Section 3(c) of the Plan.

<sup>4</sup> On July 30, 2009, the Commission approved the Plan, which was proposed by Chicago Board Options Exchange, Incorporated (“CBOE”), International Securities Exchange, LLC (“ISE”), The NASDAQ Stock Market LLC (“Nasdaq”), NASDAQ OMX BX, Inc. (“BX”), NASDAQ OMX PHLX, Inc. (“Phlx”), NYSE Amex, LLC (“NYSE Amex”), and NYSE Arca, Inc. (“NYSE Arca”). See Securities Exchange Act Release No. 60405 (July 30, 2009), 74 FR 39362 (August 6, 2009). See also Securities Exchange Act Release No. 61546 (February 19, 2010), 75 FR 8762 (February 25, 2010) (adding BATS Exchange,

adopted substantially similar definitions of a Complex Trade for purposes of the Plan.<sup>5</sup>

However, when the rules relating to the Plan were adopted by the Exchange, the definition of a Complex Trade was inadvertently omitted. The Exchange now proposes to remedy this unintentional oversight.

Additionally, the Exchange proposes to make non-substantive changes to Rule 1400 to renumber existing definitions to allow the Exchange to insert the proposed definition for “Complex Trade” into the proper alphabetically ordered position among currently existing definitions.

As a result of the proposed amendment to Exchange Rule 1400, a number of non-substantive amendments must be made to correct internal cross-references in other rules within the Exchange’s rulebook. Specifically, the internal cross-reference to Eligible Exchanges in the definition of ABBO or Away Best Bid or Offer, in Exchange Rule 100, must be updated from Rule 1400(f) to Rule 1400(g). The internal cross-reference to Eligible Exchanges in Exchange

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Inc. (“BATS”) as a Participant); 63119 (October 15, 2010), 75 FR 65536 (October 25, 2010)(adding C2 Options Exchange, Incorporated (“C2”) as a Participant); 66969 (May 11, 2012), 77 FR 29396 (May 17, 2012)(adding BOX Options Exchange LLC (“BOX Options”) as a Participant); 70763 (October 28, 2013), 78 FR 65740 (November 1, 2013)(adding Topaz Exchange, LLC (“Topaz”) as a Participant);70762 (October 28, 2013), 78 FR 65743 (November 1, 2013)(adding MIAX International Securities Exchange, LLC (“MIAX”) as a Participant); 76823 (January 5, 2016), 81 FR 1260 (January 11, 2016) (adding EDGX Exchange, Inc. (“EDGX”) as a Participant); 77324 (March 8, 2016), 81 FR 13425 (March 14, 2016)(adding ISE MERCURY, LLC (“ISE Mercury”) as a Participant); 79896 (January 30, 2017), 82 FR 9264 (February 3, 2017)(adding MIAX Pearl (“Pearl”) as a Participant); and 85229 (March 1, 2019), 84 FR 8347 (March 7, 2019) (adding MIAX Emerald, LLC (“MIAX Emerald”) as a Participant).

<sup>5</sup> See Cboe Exchange Rule 5.65(d); Cboe BZX Exchange Rule 27.1(a)(4); Cboe EDGX Exchange Rule 27.1(a)(4); Nasdaq ISE Exchange Rule, Options 5, Section 1(d); Nasdaq BX Exchange Rule, Options 5, Section 1(d); Nasdaq Phlx Exchange Rule 1083(d); Nasdaq Options Market (“NOM”) Chapter XII, Section 1(4); NYSE American Exchange Rule 990NY(4); NYSE Arca Exchange Rule 6.92-O(a)(4); and BOX Exchange Rule 1500(e).

Rule 503(e)(1)(iii) must be updated from Rule 1400(f) to Rule 1400(g). The internal cross-reference to Intermarket Sweep Orders in Rule 503(f)(2)(iv)(A)2. must be updated from Rule 1400(h) to Rule 1400(i). The internal cross-reference to the NBBO in Exchange Rule 515(a) must be updated from Rule 1400(j) to Rule 1400(k). The internal cross-reference to Intermarket Sweep Orders in Exchange Rule 516(f) must be updated from Rule 1400(h) to Rule 1400(i). Similarly in Rule 516(f) the internal cross-references to Protected Quotes and Eligible Exchanges must be updated from 1400(p) and (f) to 1400(q) and (g) respectively. Lastly, in Rule 516(f), the internal cross-reference to Protected Bid or Protected Offer must be updated from 1400(o) to 1400(p). The internal cross-references to Protected Bid and Protected Offer in Exchange Rule 517(a)(2)(vi) must be updated from 1400(o) to 1400(p). The internal cross-reference to Eligible Exchanges in Exchange Rule 518(a)(1) must be updated from Rule 1400(f) to Rule 1400(g). Finally, the internal cross-reference to the Options Order Protection and Locked/Crossed Market Plan in Exchange Rule 521(j) must be updated from Rule 1400(n) to Rule 1400(o).

The Exchange believes these changes add clarity and precision to the Exchange's rules.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

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 its proposal to adopt a definition of a Complex Trade is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange is a Participant in the Options Order Protection and Locked/Crossed Market Plan along with all other option exchanges.<sup>8</sup> The Exchange believes using common definitions promotes the protection of investors and the public interest as using consistent terms across exchanges promotes consistency in rule interpretation and application under the Plan. The Exchange notes that its proposed definition of a Complex Trade is identical to that of Nasdaq Phlx,<sup>9</sup> and substantially similar to the definition of a Complex Trade used on other exchanges.<sup>10</sup> Further, the Exchange believes that its proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, as the proposal harmonizes the Exchange's rules to those of other Participants in the Plan and promotes the objectives of the

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<sup>8</sup> See supra note 4.

<sup>9</sup> See Nasdaq Phlx Exchange Rule 1083(d).

<sup>10</sup> See supra note 5.

Plan to enable the Participants to act jointly in establishing a framework for providing order protection and addressing Locked<sup>11</sup> and Crossed Markets.<sup>12</sup>

The Exchange believes that the proposed non-substantive rule changes to update internal cross-references within the Exchange's Rules will provide greater clarity to Members<sup>13</sup> and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and precise 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 change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that its proposal will impose any burden on intermarket competition as the proposed definition of a Complex Trade serves to harmonize the Exchange's definition of a Complex Trade to that used by other Plan participants.<sup>14</sup> Additionally, the minor non-substantive edits to update internal cross-references in the Exchange's rulebook provides precision and accuracy in the Exchange's rules.

The Exchange does not believe that its proposal to adopt a definition for a Complex Trade will impose any burden on intramarket competition as the definition is intended to harmonize the Exchange's rules with those of other Plan Participants. Additionally, the non-substantive changes to update internal cross-references in the Exchange's rulebook proposed by

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<sup>11</sup> A "Locked Market" means a quoted market in which a Protected Bid is equal to a Protected Offer in a series of an Eligible Options Class. See Exchange Rule 1400(i).

<sup>12</sup> A "Crossed Market" means a quoted market in which a Protected Bid is higher than a Protected Offer in a series of an Eligible Class. See Exchange Rule 1400(d).

<sup>13</sup> The term "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>14</sup> See supra note 5.

the Exchange provide additional clarity and detail in the Exchange's rules. The Exchange does not believe that its proposal to make non-substantive changes to update internal cross-references in the Exchange's rulebook imposes any burden on intramarket competition as the rules of the Exchange apply equally to all Exchange Members.

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

No written comments were either solicited or received.

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

Not applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act<sup>15</sup> and Rule 19b-4(f)(6)<sup>16</sup> thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange's proposal to adopt a definition of a Complex Trade promotes the protection of investors and the public interest as it provides consistency in the terms used by all Plan Participants related to the Plan. The proposed definition of a Complex Trade is identical to the definition used by at least one other exchange<sup>17</sup> and is consistent with the definition used by

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

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

<sup>17</sup> See supra note 9.

other Plan Participants.<sup>18</sup> The proposal to adopt a definition of a Complex Trade does not impose any burden on competition as the proposed definition is substantially similar in all material respects to the definition of a Complex Trade used by other option exchanges.<sup>19</sup> The proposed change promotes the protection of investors and the public interest as using consistent terms across exchanges promotes consistency in rule interpretation and application under the Plan. Additionally, the proposed non-substantive changes to update internal cross-references in the Exchange's rulebook promotes the protection of investors and the public interest by improving the accuracy and precision of the Exchange's rules.

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>20</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)<sup>21</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange respectfully requests that the Commission waive the 30-day operative delay period pursuant to Section 19(b)(3)(A) of the Act<sup>22</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>23</sup> The Exchange believes that waiver is consistent with the protection of investors

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<sup>18</sup> See supra note 5.

<sup>19</sup> See id.

<sup>20</sup> 17 CFR 240.19b-4(f)(6).

<sup>21</sup> Id.

<sup>22</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>23</sup> 17 CFR 240.19b-4(f)(6).

and the public interest because it would enable the Exchange to immediately harmonize its rules to those of other Plan Participants. The Exchange believes it is in the public interest for Participants of the Plan to have common definitions for like terms as it promotes consistency in rule interpretation and application under the Plan and furthers the objectives of the Plan to enable Participants to provide order protection and address Locked and Crossed Markets. Additionally, waiver of the operative delay will benefit the public interest by allowing the internal cross-references in the Exchange's rulebook to remain accurate.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposed rule change to adopt a definition of a Complex Trade is based on the definition of a Complex Trade used by Nasdaq Phlx.<sup>24</sup>

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

Not applicable.

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

Not applicable.

**11. Exhibits**

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

5. Text of proposed rule change.

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<sup>24</sup> See supra note 9.

**EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-MIAX-2019-48)

December \_\_, 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 1400, Definitions

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 3, 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; Exchange Rule 516, Order Types Defined; Exchange Rule 517, Quote Types Defined; Exchange Rule 518, Complex Orders; Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors; and Exchange Rule 1400, Definitions.

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

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

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

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

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

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

1. Purpose

The Exchange proposes to amend Exchange Rule 1400, Definitions, to adopt a definition for a Complex Trade, which will mean, “(i) the execution of an order in an option series in conjunction with the execution of one or more related order(s) in different option series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.0) and for the purpose of executing a particular investment strategy; or (ii) the execution of a stock-option order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of option contract(s) on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock or convertible security necessary to create a delta neutral position, but in no case in a ratio greater than eight (8) option contracts per unit of trading of the underlying stock or convertible security established for that series by The Options Clearing Corporation.”

The Exchange is a Participant<sup>3</sup> in the Options Order Protection and Locked/Crossed Market Plan (“Plan”), along with all other option exchanges.<sup>4</sup> All participating exchanges have adopted substantially similar definitions of a Complex Trade for purposes of the Plan.<sup>5</sup> However, when the rules relating to the Plan were adopted by the Exchange, the definition of a Complex Trade was inadvertently omitted. The Exchange now proposes to remedy this unintentional oversight.

Additionally, the Exchange proposes to make non-substantive changes to Rule 1400 to renumber existing definitions to allow the Exchange to insert the proposed definition for

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<sup>3</sup> The term “Participant” is defined as an Eligible Exchange whose participation in the Plan has become effective pursuant to Section 3(c) of the Plan.

<sup>4</sup> On July 30, 2009, the Commission approved the Plan, which was proposed by Chicago Board Options Exchange, Incorporated (“CBOE”), International Securities Exchange, LLC (“ISE”), The NASDAQ Stock Market LLC (“Nasdaq”), NASDAQ OMX BX, Inc. (“BX”), NASDAQ OMX PHLX, Inc. (“Phlx”), NYSE Amex, LLC (“NYSE Amex”), and NYSE Arca, Inc. (“NYSE Arca”). See Securities Exchange Act Release No. 60405 (July 30, 2009), 74 FR 39362 (August 6, 2009). See also Securities Exchange Act Release No. 61546 (February 19, 2010), 75 FR 8762 (February 25, 2010) (adding BATS Exchange, Inc. (“BATS”) as a Participant); 63119 (October 15, 2010), 75 FR 65536 (October 25, 2010)(adding C2 Options Exchange, Incorporated (“C2”) as a Participant); 66969 (May 11, 2012), 77 FR 29396 (May 17, 2012)(adding BOX Options Exchange LLC (“BOX Options”) as a Participant); 70763 (October 28, 2013), 78 FR 65740 (November 1, 2013)(adding Topaz Exchange, LLC (“Topaz”) as a Participant);70762 (October 28, 2013), 78 FR 65743 (November 1, 2013)(adding MIAX International Securities Exchange, LLC (“MIAX”) as a Participant); 76823 (January 5, 2016), 81 FR 1260 (January 11, 2016) (adding EDGX Exchange, Inc. (“EDGX”) as a Participant); 77324 (March 8, 2016), 81 FR 13425 (March 14, 2016)(adding ISE MERCURY, LLC (“ISE Mercury”) as a Participant); 79896 (January 30, 2017), 82 FR 9264 (February 3, 2017)(adding MIAX Pearl (“Pearl”) as a Participant); and 85229 (March 1, 2019), 84 FR 8347 (March 7, 2019) (adding MIAX Emerald, LLC (“MIAX Emerald”) as a Participant).

<sup>5</sup> See Cboe Exchange Rule 5.65(d); Cboe BZX Exchange Rule 27.1(a)(4); Cboe EDGX Exchange Rule 27.1(a)(4); Nasdaq ISE Exchange Rule, Options 5, Section 1(d); Nasdaq BX Exchange Rule, Options 5, Section 1(d); Nasdaq Phlx Exchange Rule 1083(d); Nasdaq Options Market (“NOM”) Chapter XII, Section 1(4); NYSE American Exchange Rule 990NY(4); NYSE Arca Exchange Rule 6.92-O(a)(4); and BOX Exchange Rule 1500(e).

“Complex Trade” into the proper alphabetically ordered position among currently existing definitions.

As a result of the proposed amendment to Exchange Rule 1400, a number of non-substantive amendments must be made to correct internal cross-references in other rules within the Exchange’s rulebook. Specifically, the internal cross-reference to Eligible Exchanges in the definition of ABBO or Away Best Bid or Offer, in Exchange Rule 100, must be updated from Rule 1400(f) to Rule 1400(g). The internal cross-reference to Eligible Exchanges in Exchange Rule 503(e)(1)(iii) must be updated from Rule 1400(f) to Rule 1400(g). The internal cross-reference to Intermarket Sweep Orders in Rule 503(f)(2)(iv)(A)2. must be updated from Rule 1400(h) to Rule 1400(i). The internal cross-reference to the NBBO in Exchange Rule 515(a) must be updated from Rule 1400(j) to Rule 1400(k). The internal cross-reference to Intermarket Sweep Orders in Exchange Rule 516(f) must be updated from Rule 1400(h) to Rule 1400(i). Similarly in Rule 516(f) the internal cross-references to Protected Quotes and Eligible Exchanges must be updated from 1400(p) and (f) to 1400(q) and (g) respectively. Lastly, in Rule 516(f), the internal cross-reference to Protected Bid or Protected Offer must be updated from 1400(o) to 1400(p). The internal cross-references to Protected Bid and Protected Offer in Exchange Rule 517(a)(2)(vi) must be updated from 1400(o) to 1400(p). The internal cross-reference to Eligible Exchanges in Exchange Rule 518(a)(1) must be updated from Rule 1400(f) to Rule 1400(g). Finally, the internal cross-reference to the Options Order Protection and Locked/Crossed Market Plan in Exchange Rule 521(j) must be updated from Rule 1400(n) to Rule 1400(o).

The Exchange believes these changes add clarity and precision to the Exchange’s rules.

## 2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes its proposal to adopt a definition of a Complex Trade is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange is a Participant in the Options Order Protection and Locked/Crossed Market Plan along with all other option exchanges.<sup>8</sup> The Exchange believes using common definitions promotes the protection of investors and the public interest as using consistent terms across exchanges promotes consistency in rule interpretation and application under the Plan. The Exchange notes that its proposed definition of a Complex Trade is identical to that of Nasdaq

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> See supra note 4.

Phlx,<sup>9</sup> and substantially similar to the definition of a Complex Trade used on other exchanges.<sup>10</sup> Further, the Exchange believes that its proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, as the proposal harmonizes the Exchange's rules to those of other Participants in the Plan and promotes the objectives of the Plan to enable the Participants to act jointly in establishing a framework for providing order protection and addressing Locked<sup>11</sup> and Crossed Markets.<sup>12</sup>

The Exchange believes that the proposed non-substantive rule changes to update internal cross-references within the Exchange's Rules will provide greater clarity to Members<sup>13</sup> and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and precise so as to eliminate the potential for confusion.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that its proposal will impose any burden on intermarket competition as the proposed definition of a Complex Trade serves to harmonize the Exchange's definition of a Complex Trade to that used by other Plan participants.<sup>14</sup> Additionally, the minor

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<sup>9</sup> See Nasdaq Phlx Exchange Rule 1083(d).

<sup>10</sup> See supra note 5.

<sup>11</sup> A "Locked Market" means a quoted market in which a Protected Bid is equal to a Protected Offer in a series of an Eligible Options Class. See Exchange Rule 1400(i).

<sup>12</sup> A "Crossed Market" means a quoted market in which a Protected Bid is higher than a Protected Offer in a series of an Eligible Class. See Exchange Rule 1400(d).

<sup>13</sup> The term "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>14</sup> See supra note 5.

non-substantive edits to update internal cross-references in the Exchange's rulebook provides precision and accuracy in the Exchange's rules.

The Exchange does not believe that its proposal to adopt a definition for a Complex Trade will impose any burden on intramarket competition as the definition is intended to harmonize the Exchange's rules with those of other Plan Participants. Additionally, the non-substantive changes to update internal cross-references in the Exchange's rulebook proposed by the Exchange provide additional clarity and detail in the Exchange's rules. The Exchange does not believe that its proposal to make non-substantive changes to update internal cross-references in the Exchange's rulebook imposes any burden on intramarket competition as the rules of the Exchange apply equally to all Exchange Members.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act<sup>15</sup> and Rule 19b-4(f)(6)<sup>16</sup> thereunder.

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

<sup>16</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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

#### IV. Solicitation of Comments

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

Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail [to rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2019-48 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Vanessa Countryman , Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2019-48. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications

relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-MIAX-2019-48 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

Vanessa Countryman  
Secretary

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

**EXHIBIT 5**

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

**MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules**

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**Rule 100. Definitions****ABBO or Away Best Bid or Offer**

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]g)) and calculated by the Exchange based on market information received by the Exchange from OPRA.

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**Rule 503. Openings on the Exchange**

(a) – (d) No change.

**(e) Starting the Opening Process.**

(1) No change.

(i) – (ii) No change.

(iii) for multiply listed option classes, at least one Eligible Exchange (as defined in Rule 1400([f]g)) has disseminated a quote in the individual option in accordance with Rule 1402(a), there is a valid width NBBO available and the valid width quote of at least one Lead Market Maker has been submitted.

(2) – (6) No change.

**(f) Opening Process.**

(1) No change.

(2) If there are quotes or orders that lock or cross each other, the System will open by following the Opening Process detailed below.

(i) – (iii) No change.

(iv) No change.

(A) No change.

1. No change
2. Any order that is routed pursuant to this Rule will be marked as an Intermarket Sweep Order (“ISO”), as defined in Rule 1400([h]i), with a limit price equal to the away market’s displayed price.

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### **Rule 515. Execution of Orders and Quotes**

(a) **General.** Incoming orders and quotes and orders reevaluated pursuant to this Rule 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]k)). 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.

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### **Rule 516. Order Types Defined**

It should be noted that some of the order types defined below are valid only during certain portions of the trading day (e.g., Opening Orders) or during certain events (e.g., Auction or Cancel Orders). If a Member submits an order type during a time period when the order type is not valid, the System will reject the order. It should also be noted that not all of the order types listed and described in this rule will be initially available for use on the Exchange. The Exchange will issue a Regulatory Circular listing which order types, among the order types set forth below, are available. Additional Regulatory Circulars will be issued as additional order types, among those order types set forth below, become available for use on the Exchange. Regulatory Circulars will also be issued when an order type that had been in usage on the Exchange will no longer be available for use.

(a) – (e) No change.

(f) **Intermarket Sweep Order.** An Intermarket Sweep Order or “ISO”, as defined in Rule 1400([h]i), is a limit order that is designated by a Member as an ISO in the manner prescribed by the Exchange, and is executed within the System by Members without respect to Protected Quotations of other Eligible Exchanges as defined in Rule 1400([p]q) and ([f]g). ISOs are immediately executable within the System and shall not be eligible for routing. ISOs that are not

designated as immediate or cancel will be cancelled by the System if not executed upon receipt. Simultaneously with the routing of an ISO to the System, one or more additional limit orders, as necessary, are routed by the entering Member to execute against the full displayed size of any Protected Bid or Protected Offer (as defined in Rule 1400([o]p)) in the case of a limit order to sell or buy with a price that is superior to the limit price of the limit order identified as an ISO. These additional routed orders must be identified as ISOs. An ISO is not valid during the opening rotation process described in Rule 503.

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### **Rule 517. Quote Types Defined**

Market Makers may communicate to the Exchange bids and offers using one or more of the following quote types. All of the bids and offers in the quote types described below shall be firm in accordance with the Market Maker's obligations under Exchange Rules and Rule 602 of Regulation NMS. However, bids and offers in certain of the eQuote types, as identified in paragraph (d) below, will not be disseminated by the Exchange to quotation vendors in accordance with Rule 602 of Regulation NMS given their limited time in force contingencies. Some of the quote types defined below are valid only during certain portions of the trading day (e.g., Opening Only eQuotes) or during certain events (e.g., Auction or Cancel eQuotes). If a Member submits a quote type during a time period when the quote type is not valid, the System will reject the quote. Not all of the quote types listed and described in this rule will be initially available for use on the Exchange. The Exchange will issue a Regulatory Circular listing which quote types, among those quote types set forth below, are available. Additional Regulatory Circulars will be issued as additional quote types, among those quote types set forth below, become available for use on the Exchange. Regulatory Circulars will also be issued when a quote type that had been in usage on the Exchange will no longer be available for use.

#### **(a) Quote Types:**

(1) No change.

(2) **eQuote.** An eQuote is a quote with a specific time in force that does not automatically cancel and replace a previous Standard quote or eQuote. An eQuote can be cancelled by the Market Maker at any time, or can be replaced by another eQuote that contains specific instructions to cancel an existing eQuote.

(i) – (v) No change.

(vi) **Intermarket Sweep eQuote.** A Market Maker may submit an intermarket sweep eQuote to the Exchange only if it has simultaneously routed one or more Intermarket Sweep Orders to execute against the full displayed size of any Protected Bid (as defined in Rule

1400([o]p)), in the case of an intermarket sweep offer to sell, or Protected Offer (as defined in Rule 1400([o]p)), in the case of an intermarket sweep bid to buy, an option with a price that is superior to the intermarket sweep eQuote. Intermarket sweep eQuotes that are not designated as immediate or cancel will be cancelled by the System if not executed upon receipt. Intermarket sweep eQuotes do not automatically cancel or replace the Market Maker's previous Standard quote or eQuote. An intermarket sweep eQuote is not valid during the opening rotation process described in Rule 503.

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### **Rule 518. Complex Orders**

#### **(a) Definitions.**

(1) **ABBO.** The term ABBO means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400([f]g)) and calculated by the Exchange based on market information received by the Exchange from OPRA.

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### **Rule 521. Nullification and Adjustment of Options Transactions Including Obvious Errors**

The Exchange may nullify a transaction or adjust the execution price of a transaction in accordance with this Rule. However, the determination as to whether a trade was executed at an erroneous price may be made by mutual agreement of the affected parties to a particular transaction. A trade may be nullified or adjusted on the terms that all parties to a particular transaction agree, provided, however, that such agreement to nullify or adjust must be conveyed to the Exchange in a manner prescribed by the Exchange prior to 8:30 a.m. Eastern Time on the first trading day following the execution. It is considered conduct inconsistent with just and equitable principles of trade for any Member to use the mutual adjustment process to circumvent any applicable Exchange rule, the Act or any of the rules and regulations thereunder.

(a) – (i) No change.

(j) **Linkage Trades.** If the Exchange routes an order pursuant to the Options Order Protection and Locked/Crossed Market Plan (as defined in Exchange Rule 1400([n]o)) that results in a Linkage Trade on another options exchange and such options exchange subsequently nullifies or adjusts the Linkage Trade pursuant to its rules, the Exchange will perform all actions necessary to complete the nullification or adjustment of the Linkage Trade.

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**Rule 1400. Definitions**

The following terms shall have the meaning specified in this Rule solely for the purpose of this Chapter XIV:

(a) – (c) No change.

(d) "Complex Trade" means: (i) the execution of an order in an option series in conjunction with the execution of one or more related order(s) in different option series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.0) and for the purpose of executing a particular investment strategy; or (ii) the execution of a stock-option order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of option contract(s) on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock or convertible security necessary to create a delta neutral position, but in no case in a ratio greater than eight (8) option contracts per unit of trading of the underlying stock or convertible security established for that series by The Options Clearing Corporation.

[(d)e] "**Crossed Market**" means a quoted market in which a Protected Bid is higher than a Protected Offer in a series of an Eligible Class.

[(e)f] "**Customer**" means an individual or organization that is not a Broker/Dealer.

[(f)g] "**Eligible Exchange**" means a national securities exchange registered with the SEC in accordance with Section 6(a) of the Exchange Act that: (1) is a Participant Exchange in OCC (as that term is defined in Section VII of the OCC by-laws); (2) is a party to the OPRA Plan (as that term is described in Section I of the OPRA Plan); and (3) if the national securities exchange is not a party to the Options Order Protection and Locked/Crossed Markets Plan as defined below, is a participant in another plan approved by the Commission providing for comparable Trade-Through and Locked and Crossed Market protection.

[(g)h] "**Eligible Options Class**" means all options series overlying a security (as that term is defined in Section 3(a)(10) of the Exchange Act) or group of securities, including both put options and call options, which class is available for trading on two or more Eligible Exchanges.

[(h)i] "**Intermarket Sweep Order ("ISO")**" means a limit order for an options series that, simultaneously with the routing of the ISO, one or more additional ISOs, as necessary, are routed to execute against the full displayed size of any Protected Bid, in the case of a limit order to sell, or any Protected Offer, in the case of a limit order to buy, for the options series with a price that is superior to the limit price of the ISO. A Member may submit an Intermarket Sweep Order to the Exchange only if it has simultaneously routed one or more additional Intermarket Sweep Orders to execute against the full displayed size of any Protected Bid, in the case of a limit order to sell, or Protected Offer, in the case of a limit order to buy, for an options series with a price that is superior to the limit price of the Intermarket Sweep Order. An ISO may be either an Immediate-Or-Cancel Order or an order that expires on the day it is entered.

([i]j) "**Locked Market**" means a quoted market in which a Protected Bid is equal to a Protected Offer in a series of an Eligible Options Class.

([j]k) "**NBBO**" means the national best bid and offer in an options series as calculated by an Eligible Exchange.

([k]l) "**Non-Firm**" means, with respect to Quotations, that Members of an Eligible Exchange are relieved of their obligation to be firm for their Quotations pursuant to Rule 602 under the Exchange Act.

([l]m) "**OPRA Plan**" means the plan filed with the SEC pursuant to Section 11A(a)(1)(C)(iii) of the Exchange Act, approved by the SEC and declared effective as of January 22, 1976, as from time to time amended.

([m]n) "**Participant**" means an Eligible Exchange that is a party to the Plan.

([n]o) "**Plan**" means the Options Order Protection and Locked/Crossed Market Plan, as such plan may be amended from time to time.

([o]p) "**Protected Bid**" or "**Protected Offer**" means a Bid or Offer in an options series, respectively, that: (a) is disseminated pursuant to the OPRA Plan; and (b) is the Best Bid or Best Offer, respectively, displayed by an Eligible Exchange.

([p]q) "**Protected Quotation**" means a Protected Bid or Protected Offer

([q]r) "**Quotation**" means a Bid or Offer.

([r]s) "**Trade-Through**" means a transaction in an option series at a price that is lower than a Protected Bid or higher than a Protected Offer.

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