

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 39	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2020 - * 05	Amendment No. (req. for Amendments *)
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Filing by Miami International Securities Exchange, LLC.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <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 the Fee Schedule to amend certain cPRIME credits under the PCRP and amend certain fees for contra-side orders in a cPRIME Auction.

Contact Information

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

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

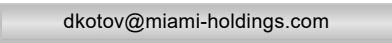
Signature

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

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

(Title *)

Date 02/28/2020	Assistant Vice President, Associate Counsel
By Dimitriy Kotov	
(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”)¹ and Rule 19b-4 thereunder,² proposes to amend the MIAX Options Fee Schedule (“Fee Schedule”).

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on March 1, 2020.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the applicable section of the proposed Fee Schedule 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 29, 2020. 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 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 the Fee Schedule to: (i) waive the cap of 1,000 contracts per leg for complex PRIME (“cPRIME”)³ Agency Order rebates for all tiers under the Priority Customer Rebate Program (“PCRP”)⁴ until May 31, 2020; (ii) lower the alternative cPRIME Agency Order rebate for PCRP Members⁵ in Tier 4 that execute Priority Customer⁶ standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume; and (iii) decrease the per contract fee for Contra-side Orders (defined

³ “cPRIME” is the process by which a Member may electronically submit a “cPRIME Order” (as defined in Rule 518(b)(7)) it represents as agent (a “cPRIME Agency Order”) against principal or solicited interest for execution (a “cPRIME Auction”), subject to the restrictions set forth in Exchange Rule 515A, Interpretation and Policy .12. See Exchange Rule 515A.

⁴ Under the PCRP, MIAX credits each Member the per contract amount resulting from each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in all multiply-listed option classes (excluding, in simple or complex as applicable, QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in Exchange Rule 1400), provided the Member meets certain percentage thresholds in a month as described in the PCRP table. See Fee Schedule, Section 1)a)iii.

⁵ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁶ “Priority Customer” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). A “Priority Customer Order” means an order for the account of a Priority Customer. See Exchange Rule 100.

below) in Penny and non-Penny options classes in a cPRIME Auction assessable to all market participants, except Priority Customers.

Background

Exchange Rule 518(b)(7) defines a cPRIME Order as a type of complex order⁷ that is submitted for participation in a cPRIME Auction and trading of cPRIME Orders is governed by Rule 515A, Interpretations and Policies .12.⁸ cPRIME Orders are processed and executed in the Exchange's PRIME mechanism, the same mechanism that the Exchange uses to process and execute simple PRIME orders, pursuant to Exchange Rule 515A.⁹ PRIME is a process by which a Member may electronically submit for execution an order it represents as agent (an "Agency Order") against principal interest and/or solicited interest. The Member that submits the Agency Order ("Initiating Member") agrees to guarantee the execution of the Agency Order by submitting a contra-side order representing principal interest or solicited interest ("Contra-Side Order"). When the Exchange receives a properly designated Agency Order for Auction

⁷ A "complex order" is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the "legs" or "components" of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. A complex order can also be a "stock-option" order, which is an order to buy or sell a stated number of units of an underlying security coupled with the purchase or sale of options contract(s) on the opposite side of the market, subject to certain contingencies set forth in the proposed rules governing complex orders. For a complete definition of a "complex order," see Exchange Rule 518(a)(5). See also Securities Exchange Act Release No. 78620 (August 18, 2016), 81 FR 58770 (August 25, 2016)(SR-MIAX-2016-26).

⁸ See Securities Exchange Act Release No. 81131 (July 12, 2017), 82 FR 32900 (July 18, 2017)(SR-MIAX-2017-19). (Order Granting Approval of a Proposed Rule Change to Amend MIAX Options Rules 515, Execution of Orders and Quotes; 515A, MIAX Price Improvement Mechanism ("PRIME") and PRIME Solicitation Mechanism; and 518, Complex Orders).

⁹ Id.

processing, a request for response (“RFR”) detailing the option, side, size and initiating price is broadcasted to MIAX Options participants up to an optional designated limit price. Members may submit responses to the RFR, which can be either an Auction or Cancel (“AOC”) order or an AOC eQuote. A cPRIME Auction is the price-improvement mechanism of the Exchange’s System pursuant to which an Initiating Member electronically submits a complex Agency Order into a cPRIME Auction. The Initiating Member, in submitting an Agency Order, must be willing to either (i) cross the Agency Order at a single price against principal or solicited interest, or (ii) automatically match against principal or solicited interest, the price and size of a RFR that is broadcast to MIAX Options participants up to an optional designated limit price. Such responses are defined as cPRIME AOC Responses or cPRIME eQuotes. The PRIME mechanism is used for orders on the Exchange’s Simple Order Book.¹⁰ The cPRIME mechanism is used for Complex Orders¹¹ on the Exchange’s Strategy Book,¹² with the cPRIME mechanism operates in the same manner for processing and execution of cPRIME Orders that is used for PRIME Orders on the Simple Order Book.

¹⁰ The “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

¹¹ A “complex order” is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the “legs” or “components” of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. Mini-options may only be part of a complex order that includes other mini-options. Only those complex orders in the classes designated by the Exchange and communicated to Members via Regulatory Circular with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis and communicated to Members via Regulatory Circular, are eligible for processing. See Exchange Rule 518(a)(5).

¹² The “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

PCRP cPRIME Agency Order Credit Limit

First, the Exchange proposes to amend footnote “**” of the PCRP in Section 1)a)iii) of the Fee Schedule to waive the contracts cap per leg for cPRIME Agency Order rebates for all tiers under the PCRP for a set period of time. Currently, the Exchange limits the cPRIME Agency Order Credit to be payable only to the first 1,000 contracts per leg for each cPRIME Agency Order in all tiers under the PCRP. The Exchange now proposes to waive the cap of 1,000 contracts per leg for cPRIME Agency Order rebates for all tiers under the PCRP until May 31, 2020. The purpose of this proposed change is for business and competitive reasons and to entice market participants to submit larger sized cPRIME Agency Orders.

Alternative Credit for cPRIME Agency Orders

Next, the Exchange proposes to amend footnote “**” of the PCRP in Section 1)a)iii) of the Fee Schedule to lower the cPRIME Agency Order rebate for PCRP Members in Tier 4 that execute Priority Customer standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume. Currently, under the PCRP, the Exchange provides a higher credit of \$0.22 per contract for cPRIME Agency Orders if any Member or its Affiliate¹³ qualifies for PCRP Tier 4 and executes Priority Customer standard, non-paired

¹³ For purposes of the MIAX Options Fee Schedule, the term “Affiliate” means (i) an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A, (“Affiliate”), or (ii) the Appointed Market Maker of an Appointed EEM (or, conversely, the Appointed EEM of an Appointed Market Maker). An “Appointed Market Maker” is a MIAX Market Maker (who does not otherwise have a corporate affiliation based upon common ownership with an EEM) that has been appointed by an EEM and an “Appointed EEM” is an EEM (who does not otherwise have a corporate affiliation based upon common ownership with a MIAX Market Maker) that has been appointed by a MIAX Market Maker, pursuant to the following process. A MIAX Market Maker appoints an EEM and an EEM appoints a MIAX Market Maker, for the purposes of the Fee Schedule, by each completing and sending an executed Volume Aggregation Request Form by email to membership@miaxoptions.com no later than 2 business days prior to the first business

complex volume at least equal to or greater than their Priority Customer cPRIME Agency Order volume, on a monthly basis instead of the \$0.10 credit otherwise applicable for Tier 4. The Exchange now proposes to lower the alternative cPRIME Agency Order rebate for PCR Members in Tier 4 that execute Priority Customer standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume from \$0.22 per contract to \$0.12 per contract. The Exchange initially adopted the higher alternative credit for cPRIME Agency Orders in order to encourage market participants to submit more complex and cPRIME orders and therefore increase Priority Customer order flow. The Exchange now believes that it is appropriate to adjust this credit to be a slightly higher alternative credit of \$0.12 per contract than the other credits for cPRIME Agency Orders, thereby continuing to encourage market participants to submit more complex orders and therefore increase Priority Customer order flow. The Exchange believes that by encouraging market participants to execute Priority Customer standard, non-paired complex volume and cPRIME volume will result in increased liquidity that benefits all Exchange participants by providing more trading opportunities and tighter spreads. The purpose of this proposed change is for business and competitive reasons.

day of the month in which the designation is to become effective. Transmittal of a validly completed and executed form to the Exchange along with the Exchange's acknowledgement of the effective designation to each of the Market Maker and EEM will be viewed as acceptance of the appointment. The Exchange will only recognize one designation per Member. A Member may make a designation not more than once every 12 months (from the date of its most recent designation), which designation shall remain in effect unless or until the Exchange receives written notice submitted 2 business days prior to the first business day of the month from either Member indicating that the appointment has been terminated. Designations will become operative on the first business day of the effective month and may not be terminated prior to the end of the month. Execution data and reports will be provided to both parties.

cPRIME Fees for Contra-Side Orders in Penny and non-Penny Classes

Next, the Exchange proposes to decrease the per contract fee for Contra-Side Orders in Penny and non-Penny classes in a cPRIME Auction assessable to all market participants, except Priority Customers. Currently, the Exchange assesses a cPRIME Contra-Side Order Fee of \$0.05 per contract for options in Penny classes and \$0.07 per contract for options in non-Penny classes for all market participants except Priority Customers. The Exchange now proposes to decrease the fees assessed to all market participants except Priority Customers for cPRIME Contra-Side Orders for options in Penny classes from \$0.05 to \$0.04 per contract and for options in non-Penny classes from \$0.07 to \$0.04 per contract. The purpose of these proposed changes is for business and competitive reasons.

The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and self-regulatory organization (“SRO”) revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁴ There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than approximately 15% of the market share of executed volume of multiply-listed equity and exchange-traded fund (“ETF”) options trades as of February 24, 2020, for the month of February

¹⁴ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

2020.¹⁵ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of January 2020, the Exchange had a total market share of 4.44% of all equity options volume.¹⁶

The Exchange believes that the ever-shifting market shares among the exchanges from month to month demonstrates that market participants can shift order flow (as further described below), or discontinue or reduce use of certain categories of products, in response to transaction and non-transaction fee changes. For example, on March 1, 2019, the Exchange filed with the Commission an immediately effective filing to decrease certain credits assessable to Members pursuant to the PCR. ¹⁷ The Exchange experienced a decrease in total market share between the months of February and March of 2019. Accordingly, the Exchange believes that the March 1, 2019 fee change may have contributed to the decrease in the Exchange's market share and, as such, the Exchange believes competitive forces constrain options exchange transaction and non-transaction fees.

b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁹ in particular, in that it is an equitable allocation of reasonable fees and other charges among its

¹⁵ The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available at: <https://www.theocc.com/market-data/volume/default.jsp>.

¹⁶ See id.

¹⁷ See Securities Exchange Act Release No. 85301 (March 13, 2019), 84 FR 10166 (March 19, 2019) (SR-MIAX-2019-09).

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(4) and (5).

members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes its proposal to waive the cap of 1,000 contracts per leg for cPRIME Agency Order rebates for all tiers under the PCRCP until May 31, 2020, lower the alternative cPRIME Agency Order rebate for PCRCP Members in Tier 4 that execute Priority Customer standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume and decrease the per contract fee for Contra-side Orders in Penny and non-Penny options classes in a cPRIME Auction assessable to all market participants, except Priority Customers, provides for the equitable allocation of reasonable dues and fees and is not unfairly discriminatory for the following reasons. The Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”²⁰ There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and

²⁰ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

excluding index-based options, no single exchange has more than approximately 15% of the market share of executed volume of multiply-listed equity and ETF options trades as of February 24, 2020, for the month of February 2020.²¹ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of January 2020, the Exchange had a total market share of 4.44% of all equity options volume.²²

The Exchange believes that the ever-shifting market shares among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue or reduce use of certain categories of products, in response to transaction and/or non-transaction fee changes. For example, on March 1, 2019, the Exchange filed with the Commission an immediately effective filing to decrease certain credits assessable to Members pursuant to the PCRCP.²³ The Exchange experienced a decrease in total market share between the months of February and March of 2019. Accordingly, the Exchange believes that the March 1, 2019 fee change may have contributed to the decrease in the Exchange's market share and, as such, the Exchange believes competitive forces constrain options exchange transaction and non-transaction fees and market participants can shift order flow based on fee changes instituted by the exchanges.

The Exchange believes that its proposal to waive the 1,000 contracts cap per leg for cPRIME Agency Order rebates for all tiers in the PCRCP until May 31, 2020, lower the alternative cPRIME Agency Order rebate for PCRCP Members in Tier 4 that execute Priority Customer

²¹ See supra note 15.

²² See id.

²³ See supra note 17.

standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume and decrease the per contract fee for Contra-side Orders in Penny and non-Penny classes in a cPRIME Auction assessable to all market participants, except Priority Customers, is reasonable, equitably allocated and not unfairly discriminatory because these changes are for business and competitive reasons and available equally to all market participants. The Exchange cannot predict with certainty whether any market participant would submit cPRIME Agency Orders in excess of 1,000 contracts per leg in light of the proposed change to waive the cap of 1,000 contracts per leg for cPRIME Agency Order rebates for all tiers under the PCRCP, but believes that market participants would be encouraged to submit larger orders to obtain the additional credits. The Exchange believes that this proposed change would encourage increased cPRIME Agency Order flow, which will bring greater volume and liquidity to the Exchange, which benefits all market participants by providing more trading opportunities and tighter spreads.

The Exchange believes that it is reasonable, equitable and not unfairly discriminatory that Priority Customers continue to be charged lower fees in cPRIME Auctions than other market participants in Penny and non-Penny options classes. The exchanges, in general, have historically aimed to improve markets for investors and develop various features within their market structure for customer benefit. The Exchange assesses Priority Customers lower or no transactions fees because Priority Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Moreover, the Exchange believes that assessing all other market participants that are not Priority Customers a higher transaction fee than Priority Customers for cPRIME Order transactions is reasonable, equitable, and not unfairly discriminatory because these types of market participants are more sophisticated and have higher levels of order flow activity and system usage. This level of trading activity draws on a greater amount of system resources than that of Priority Customers, and thus, generates greater ongoing operational costs. Further, the Exchange believes that charging all market participants that are not Priority Customers the same fee for all cPRIME transactions is not unfairly discriminatory as the fees will apply to all these market participants equally.

The Exchange believes its proposal to lower the higher alternative cPRIME Agency Order Credit amount for cPRIME Agency Orders in Tier 4 of the PCRCP is consistent with Section 6(b)(4) of the Act²⁴ because it applies equally to all participants with similar order flow in that tier. The Exchange believes that by encouraging market participants to execute Priority Customer standard, non-paired complex volume at least equal to or greater than their Priority Customer cPRIME Agency Order volume in order to continue to receive a higher alternative credit of \$0.12 per contract for cPRIME Agency Orders instead of the credit otherwise applicable to such orders in Tier 4 of the PCRCP, is reasonable, equitably allocated and not unfairly discriminatory because it will continue to encourage increased volume of Priority Customer standard, non-paired complex orders and Priority Customer cPRIME orders, which will result in increased liquidity that benefits all Exchange participants by providing more trading opportunities and tighter spreads. The PCRCP is reasonably designed because it will incentivize providers of Priority Customer order flow to send that Priority Customer order flow

²⁴ 15 U.S.C. 78f(b)(4).

to the Exchange in order to obtain the highest volume threshold and receive a credit in a manner that enables the Exchange to improve its overall competitiveness and strengthen its market quality for all market participants.

In addition, the proposal is also consistent with Section 6(b)(5) of the Act²⁵ because it perfects the mechanisms of a free and open market and a national market system and protects investors and the public interest because, while only certain Priority Customer order flow qualifies for the rebate program under the PCRFP and specifically only order flow by Members in Tier 4 of the PCRFP that meet the additional threshold will continue to receive the higher alternative cPRIME Agency Order rebate, an increase in Priority Customer order flow will bring greater volume and liquidity, which benefits all market participants by providing more trading opportunities and tighter spreads. To the extent Priority Customer order flow continues to increase by the proposal, market participants will increasingly compete for the opportunity to trade on the Exchange including sending more orders and providing narrower and larger-sized quotations in the effort to trade with such Priority Customer order flow.

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

In accordance with Section 6(b)(8) of the Act,²⁶ the Exchange believes that the proposed rule changes would not impose any burden on competition that are not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed changes would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all market participants. As a result, the Exchange believes that

²⁵ 15 U.S.C. 78f(b)(1) and (b)(5).

²⁶ 15 U.S.C. 78f(b)(8).

the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders.

Intra-Market Competition

The Exchange does not believe that other market participants at the Exchange would be placed at a relative disadvantage by the proposed changes to waive the cap of 1,000 contracts per leg for cPRIME Agency Order rebates for all tiers under the PCRCP until May 31, 2020 and decrease the per contract fee for Contra-side Orders in Penny and non-Penny classes in a cPRIME Auction assessable to all market participants, except Priority Customers. The proposed changes are designed to attract additional order flow to the Exchange. The Exchange further believes that its proposal to lower the alternative cPRIME Agency Order Credit amount for cPRIME Agency Orders in Tier 4 of the PCRCP that will apply instead of the credit otherwise applicable to such orders, if a certain threshold is satisfied by the Member, will not have an impact on intra-market competition. Specifically, the Exchange believes that this proposal will continue to encourage Members to submit both Priority Customer standard, non-paired complex orders and Priority Customer complex orders, which will increase liquidity and benefit all market participants by providing more trading opportunities and tighter spreads. Accordingly, the Exchange believes that the proposed changes will not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because they will continue to encourage order flow, which provides greater volume and liquidity, benefiting all market participants by providing more trading opportunities and tighter spreads.

Inter-Market Competition

The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive.

There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than approximately 15% of the market share of executed volume of multiply-listed equity and ETF options trades as of February 24, 2020, for the month of February 2020.²⁷ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of January 2020, the Exchange had a total market share of 4.44% for all equity options volume.²⁸ In such an environment, the Exchange must continually adjust its transaction and non-transaction fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule changes reflect this competitive environment because they modify the Exchange's fees in a manner that encourages market participants to provide and to send order flow to the Exchange. To the extent this is achieved, all the Exchange's market participants should benefit from the improved market quality.

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.

²⁷ See supra note 15.

²⁸ See id.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,²⁹ and Rule 19b-4(f)(2) thereunder³⁰ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

Not applicable.

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. Applicable section of the MIAX Options Fee Schedule.

²⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

³⁰ 17 CFR 240.19b-4.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2020-05)

February __, 2020

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend Its Fee Schedule

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 28, 2020, Miami International Securities Exchange LLC (“MIAX Options” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (“Fee Schedule”).

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on March 1, 2020.

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

¹ 15 U.S.C. 78s(b)(1).

² 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 the Fee Schedule to: (i) waive the cap of 1,000 contracts per leg for complex PRIME (“cPRIME”)³ Agency Order rebates for all tiers under the Priority Customer Rebate Program (“PCRP”)⁴ until May 31, 2020; (ii) lower the alternative

³ “cPRIME” is the process by which a Member may electronically submit a “cPRIME Order” (as defined in Rule 518(b)(7)) it represents as agent (a “cPRIME Agency Order”) against principal or solicited interest for execution (a “cPRIME Auction”), subject to the restrictions set forth in Exchange Rule 515A, Interpretation and Policy .12. See Exchange Rule 515A.

⁴ Under the PCRP, MIAX credits each Member the per contract amount resulting from each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in all multiply-listed option classes (excluding, in simple or complex as applicable, QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in Exchange Rule 1400), provided the Member meets certain percentage thresholds in a month as described in the PCRP table. See Fee Schedule, Section 1)a)iii.

cPRIME Agency Order rebate for PCRPs⁵ in Tier 4 that execute Priority Customer⁶ standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume; and (iii) decrease the per contract fee for Contra-side Orders (defined below) in Penny and non-Penny options classes in a cPRIME Auction assessable to all market participants, except Priority Customers.

Background

Exchange Rule 518(b)(7) defines a cPRIME Order as a type of complex order⁷ that is submitted for participation in a cPRIME Auction and trading of cPRIME Orders is governed by Rule 515A, Interpretations and Policies .12.⁸ cPRIME Orders are processed and executed in the Exchange's PRIME mechanism, the same mechanism that the Exchange uses to process and

⁵ The term "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

⁶ "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). A "Priority Customer Order" means an order for the account of a Priority Customer. See Exchange Rule 100.

⁷ A "complex order" is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the "legs" or "components" of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. A complex order can also be a "stock-option" order, which is an order to buy or sell a stated number of units of an underlying security coupled with the purchase or sale of options contract(s) on the opposite side of the market, subject to certain contingencies set forth in the proposed rules governing complex orders. For a complete definition of a "complex order," see Exchange Rule 518(a)(5). See also Securities Exchange Act Release No. 78620 (August 18, 2016), 81 FR 58770 (August 25, 2016)(SR-MIAX-2016-26).

⁸ See Securities Exchange Act Release No. 81131 (July 12, 2017), 82 FR 32900 (July 18, 2017)(SR-MIAX-2017-19). (Order Granting Approval of a Proposed Rule Change to Amend MIAX Options Rules 515, Execution of Orders and Quotes; 515A, MIAX Price Improvement Mechanism ("PRIME") and PRIME Solicitation Mechanism; and 518, Complex Orders).

execute simple PRIME orders, pursuant to Exchange Rule 515A.⁹ PRIME is a process by which a Member may electronically submit for execution an order it represents as agent (an “Agency Order”) against principal interest and/or solicited interest. The Member that submits the Agency Order (“Initiating Member”) agrees to guarantee the execution of the Agency Order by submitting a contra-side order representing principal interest or solicited interest (“Contra-Side Order”). When the Exchange receives a properly designated Agency Order for Auction processing, a request for response (“RFR”) detailing the option, side, size and initiating price is broadcasted to MIAX Options participants up to an optional designated limit price. Members may submit responses to the RFR, which can be either an Auction or Cancel (“AOC”) order or an AOC eQuote. A cPRIME Auction is the price-improvement mechanism of the Exchange’s System pursuant to which an Initiating Member electronically submits a complex Agency Order into a cPRIME Auction. The Initiating Member, in submitting an Agency Order, must be willing to either (i) cross the Agency Order at a single price against principal or solicited interest, or (ii) automatically match against principal or solicited interest, the price and size of a RFR that is broadcast to MIAX Options participants up to an optional designated limit price. Such responses are defined as cPRIME AOC Responses or cPRIME eQuotes. The PRIME mechanism is used for orders on the Exchange’s Simple Order Book.¹⁰ The cPRIME mechanism is used for

⁹ Id.

¹⁰ The “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

Complex Orders¹¹ on the Exchange's Strategy Book,¹² with the cPRIME mechanism operates in the same manner for processing and execution of cPRIME Orders that is used for PRIME Orders on the Simple Order Book.

PCRP cPRIME Agency Order Credit Limit

First, the Exchange proposes to amend footnote “*” of the PCRP in Section 1)a)iii) of the Fee Schedule to waive the contracts cap per leg for cPRIME Agency Order rebates for all tiers under the PCRP for a set period of time. Currently, the Exchange limits the cPRIME Agency Order Credit to be payable only to the first 1,000 contracts per leg for each cPRIME Agency Order in all tiers under the PCRP. The Exchange now proposes to waive the cap of 1,000 contracts per leg for cPRIME Agency Order rebates for all tiers under the PCRP until May 31, 2020. The purpose of this proposed change is for business and competitive reasons and to entice market participants to submit larger sized cPRIME Agency Orders.

Alternative Credit for cPRIME Agency Orders

Next, the Exchange proposes to amend footnote “**” of the PCRP in Section 1)a)iii) of the Fee Schedule to lower the cPRIME Agency Order rebate for PCRP Members in Tier 4 that execute Priority Customer standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume. Currently, under the PCRP, the Exchange

¹¹ A “complex order” is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the “legs” or “components” of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. Mini-options may only be part of a complex order that includes other mini-options. Only those complex orders in the classes designated by the Exchange and communicated to Members via Regulatory Circular with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis and communicated to Members via Regulatory Circular, are eligible for processing. See Exchange Rule 518(a)(5).

¹² The “Strategy Book” is the Exchange's electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

provides a higher credit of \$0.22 per contract for cPRIME Agency Orders if any Member or its Affiliate¹³ qualifies for PCRTP Tier 4 and executes Priority Customer standard, non-paired complex volume at least equal to or greater than their Priority Customer cPRIME Agency Order volume, on a monthly basis instead of the \$0.10 credit otherwise applicable for Tier 4. The Exchange now proposes to lower the alternative cPRIME Agency Order rebate for PCRTP Members in Tier 4 that execute Priority Customer standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume from \$0.22 per contract to \$0.12 per contract. The Exchange initially adopted the higher alternative credit for cPRIME Agency Orders in order to encourage market participants to submit more complex and cPRIME orders and therefore increase Priority Customer order flow. The Exchange now believes that it is appropriate to adjust this credit to be a slightly higher alternative credit of \$0.12 per contract than

¹³ For purposes of the MIAX Options Fee Schedule, the term “Affiliate” means (i) an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A, (“Affiliate”), or (ii) the Appointed Market Maker of an Appointed EEM (or, conversely, the Appointed EEM of an Appointed Market Maker). An “Appointed Market Maker” is a MIAX Market Maker (who does not otherwise have a corporate affiliation based upon common ownership with an EEM) that has been appointed by an EEM and an “Appointed EEM” is an EEM (who does not otherwise have a corporate affiliation based upon common ownership with a MIAX Market Maker) that has been appointed by a MIAX Market Maker, pursuant to the following process. A MIAX Market Maker appoints an EEM and an EEM appoints a MIAX Market Maker, for the purposes of the Fee Schedule, by each completing and sending an executed Volume Aggregation Request Form by email to membership@miaxoptions.com no later than 2 business days prior to the first business day of the month in which the designation is to become effective. Transmittal of a validly completed and executed form to the Exchange along with the Exchange’s acknowledgement of the effective designation to each of the Market Maker and EEM will be viewed as acceptance of the appointment. The Exchange will only recognize one designation per Member. A Member may make a designation not more than once every 12 months (from the date of its most recent designation), which designation shall remain in effect unless or until the Exchange receives written notice submitted 2 business days prior to the first business day of the month from either Member indicating that the appointment has been terminated. Designations will become operative on the first business day of the effective month and may not be terminated prior to the end of the month. Execution data and reports will be provided to both parties.

the other credits for cPRIME Agency Orders, thereby continuing to encourage market participants to submit more complex orders and therefore increase Priority Customer order flow. The Exchange believes that by encouraging market participants to execute Priority Customer standard, non-paired complex volume and cPRIME volume will result in increased liquidity that benefits all Exchange participants by providing more trading opportunities and tighter spreads. The purpose of this proposed change is for business and competitive reasons.

cPRIME Fees for Contra-Side Orders in Penny and non-Penny Classes

Next, the Exchange proposes to decrease the per contract fee for Contra-Side Orders in Penny and non-Penny classes in a cPRIME Auction assessable to all market participants, except Priority Customers. Currently, the Exchange assesses a cPRIME Contra-Side Order Fee of \$0.05 per contract for options in Penny classes and \$0.07 per contract for options in non-Penny classes for all market participants except Priority Customers. The Exchange now proposes to decrease the fees assessed to all market participants except Priority Customers for cPRIME Contra-Side Orders for options in Penny classes from \$0.05 to \$0.04 per contract and for options in non-Penny classes from \$0.07 to \$0.04 per contract. The purpose of these proposed changes is for business and competitive reasons.

The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and self-regulatory organization (“SRO”) revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁴ There are currently

¹⁴ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than approximately 15% of the market share of executed volume of multiply-listed equity and exchange-traded fund (“ETF”) options trades as of February 24, 2020, for the month of February 2020.¹⁵ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of January 2020, the Exchange had a total market share of 4.44% of all equity options volume.¹⁶

The Exchange believes that the ever-shifting market shares among the exchanges from month to month demonstrates that market participants can shift order flow (as further described below), or discontinue or reduce use of certain categories of products, in response to transaction and non-transaction fee changes. For example, on March 1, 2019, the Exchange filed with the Commission an immediately effective filing to decrease certain credits assessable to Members pursuant to the PCR. ¹⁷ The Exchange experienced a decrease in total market share between the months of February and March of 2019. Accordingly, the Exchange believes that the March 1, 2019 fee change may have contributed to the decrease in the Exchange’s market share and, as such, the Exchange believes competitive forces constrain options exchange transaction and non-transaction fees.

¹⁵ The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available at: <https://www.theocc.com/market-data/volume/default.jsp>.

¹⁶ See *id.*

¹⁷ See Securities Exchange Act Release No. 85301 (March 13, 2019), 84 FR 10166 (March 19, 2019) (SR-MIAX-2019-09).

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁹ in particular, in that it is an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes its proposal to waive the cap of 1,000 contracts per leg for cPRIME Agency Order rebates for all tiers under the PCRCP until May 31, 2020, lower the alternative cPRIME Agency Order rebate for PCRCP Members in Tier 4 that execute Priority Customer standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume and decrease the per contract fee for Contra-side Orders in Penny and non-Penny options classes in a cPRIME Auction assessable to all market participants, except Priority Customers, provides for the equitable allocation of reasonable dues and fees and is not unfairly discriminatory for the following reasons. The Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(4) and (5).

system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”²⁰ There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than approximately 15% of the market share of executed volume of multiply-listed equity and ETF options trades as of February 24, 2020, for the month of February 2020.²¹ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of January 2020, the Exchange had a total market share of 4.44% of all equity options volume.²²

The Exchange believes that the ever-shifting market shares among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue or reduce use of certain categories of products, in response to transaction and/or non-transaction fee changes. For example, on March 1, 2019, the Exchange filed with the Commission an immediately effective filing to decrease certain credits assessable to Members pursuant to the PCRP.²³ The Exchange experienced a decrease in total market share between the months of February and March of 2019. Accordingly, the Exchange believes that the March 1, 2019 fee change may have contributed to the decrease in the Exchange’s market share and, as such, the Exchange believes competitive forces constrain options exchange transaction and non-transaction fees and market participants can shift order flow based on fee changes instituted by the exchanges.

²⁰ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

²¹ See supra note 15.

²² See id.

²³ See supra note 17.

The Exchange believes that its proposal to waive the 1,000 contracts cap per leg for cPRIME Agency Order rebates for all tiers in the PCRCP until May 31, 2020, lower the alternative cPRIME Agency Order rebate for PCRCP Members in Tier 4 that execute Priority Customer standard non-paired complex volume at least equal to or greater than their Priority Customer cPRIME agency volume and decrease the per contract fee for Contra-side Orders in Penny and non-Penny classes in a cPRIME Auction assessable to all market participants, except Priority Customers, is reasonable, equitably allocated and not unfairly discriminatory because these changes are for business and competitive reasons and available equally to all market participants. The Exchange cannot predict with certainty whether any market participant would submit cPRIME Agency Orders in excess of 1,000 contracts per leg in light of the proposed change to waive the cap of 1,000 contracts per leg for cPRIME Agency Order rebates for all tiers under the PCRCP, but believes that market participants would be encouraged to submit larger orders to obtain the additional credits. The Exchange believes that this proposed change would encourage increased cPRIME Agency Order flow, which will bring greater volume and liquidity to the Exchange, which benefits all market participants by providing more trading opportunities and tighter spreads.

The Exchange believes that it is reasonable, equitable and not unfairly discriminatory that Priority Customers continue to be charged lower fees in cPRIME Auctions than other market participants in Penny and non-Penny options classes. The exchanges, in general, have historically aimed to improve markets for investors and develop various features within their market structure for customer benefit. The Exchange assesses Priority Customers lower or no transactions fees because Priority Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the

activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Moreover, the Exchange believes that assessing all other market participants that are not Priority Customers a higher transaction fee than Priority Customers for cPRIME Order transactions is reasonable, equitable, and not unfairly discriminatory because these types of market participants are more sophisticated and have higher levels of order flow activity and system usage. This level of trading activity draws on a greater amount of system resources than that of Priority Customers, and thus, generates greater ongoing operational costs. Further, the Exchange believes that charging all market participants that are not Priority Customers the same fee for all cPRIME transactions is not unfairly discriminatory as the fees will apply to all these market participants equally.

The Exchange believes its proposal to lower the higher alternative cPRIME Agency Order Credit amount for cPRIME Agency Orders in Tier 4 of the PCRCP is consistent with Section 6(b)(4) of the Act²⁴ because it applies equally to all participants with similar order flow in that tier. The Exchange believes that by encouraging market participants to execute Priority Customer standard, non-paired complex volume at least equal to or greater than their Priority Customer cPRIME Agency Order volume in order to continue to receive a higher alternative credit of \$0.12 per contract for cPRIME Agency Orders instead of the credit otherwise applicable to such orders in Tier 4 of the PCRCP, is reasonable, equitably allocated and not unfairly discriminatory because it will continue to encourage increased volume of Priority Customer standard, non-paired complex orders and Priority Customer cPRIME orders, which will result in increased liquidity that benefits all Exchange participants by providing more

²⁴ 15 U.S.C. 78f(b)(4).

trading opportunities and tighter spreads. The PCRP is reasonably designed because it will incentivize providers of Priority Customer order flow to send that Priority Customer order flow to the Exchange in order to obtain the highest volume threshold and receive a credit in a manner that enables the Exchange to improve its overall competitiveness and strengthen its market quality for all market participants.

In addition, the proposal is also consistent with Section 6(b)(5) of the Act²⁵ because it perfects the mechanisms of a free and open market and a national market system and protects investors and the public interest because, while only certain Priority Customer order flow qualifies for the rebate program under the PCRP and specifically only order flow by Members in Tier 4 of the PCRP that meet the additional threshold will continue to receive the higher alternative cPRIME Agency Order rebate, an increase in Priority Customer order flow will bring greater volume and liquidity, which benefits all market participants by providing more trading opportunities and tighter spreads. To the extent Priority Customer order flow continues to increase by the proposal, market participants will increasingly compete for the opportunity to trade on the Exchange including sending more orders and providing narrower and larger-sized quotations in the effort to trade with such Priority Customer order flow.

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

In accordance with Section 6(b)(8) of the Act,²⁶ the Exchange believes that the proposed rule changes would not impose any burden on competition that are not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed changes would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing

²⁵ 15 U.S.C. 78f(b)(1) and (b)(5).

²⁶ 15 U.S.C. 78f(b)(8).

order execution opportunities for all market participants. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders.

Intra-Market Competition

The Exchange does not believe that other market participants at the Exchange would be placed at a relative disadvantage by the proposed changes to waive the cap of 1,000 contracts per leg for cPRIME Agency Order rebates for all tiers under the PCRCP until May 31, 2020 and decrease the per contract fee for Contra-side Orders in Penny and non-Penny classes in a cPRIME Auction assessable to all market participants, except Priority Customers. The proposed changes are designed to attract additional order flow to the Exchange. The Exchange further believes that its proposal to lower the alternative cPRIME Agency Order Credit amount for cPRIME Agency Orders in Tier 4 of the PCRCP that will apply instead of the credit otherwise applicable to such orders, if a certain threshold is satisfied by the Member, will not have an impact on intra-market competition. Specifically, the Exchange believes that this proposal will continue to encourage Members to submit both Priority Customer standard, non-paired complex orders and Priority Customer complex orders, which will increase liquidity and benefit all market participants by providing more trading opportunities and tighter spreads. Accordingly, the Exchange believes that the proposed changes will not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because they will continue to encourage order flow, which provides greater volume and liquidity, benefiting all market participants by providing more trading opportunities and tighter spreads.

Inter-Market Competition

The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive.

There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than approximately 15% of the market share of executed volume of multiply-listed equity and ETF options trades as of February 24, 2020, for the month of February 2020.²⁷ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of January 2020, the Exchange had a total market share of 4.44% for all equity options volume.²⁸ In such an environment, the Exchange must continually adjust its transaction and non-transaction fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule changes reflect this competitive environment because they modify the Exchange's fees in a manner that encourages market participants to provide and to send order flow to the Exchange. To the extent this is achieved, all the Exchange's market participants should benefit from the improved market quality.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,²⁹ and Rule 19b-4(f)(2)³⁰ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if

²⁷ See supra note 15.

²⁸ See id.

²⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

³⁰ 17 CFR 240.19b-4(f)(2).

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-2020-05 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-2020-05. 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-2020-05 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.³¹

Vanessa Countryman
Secretary

³¹ 17 CFR 200.30-3(a)(12).

Exhibit 5New text is underlined;

Deleted text is in [brackets]

MIAX Options Fee Schedule

1) Transaction Fees**a) Exchange Fees**

i) - ii) No Change.

iii) Priority Customer Rebate Program

Origin	Tier	Percentage Thresholds of National Customer Volume in Multiply-Listed Options Classes Listed on MIAX (Monthly)	Per Contract Credit for Simple Orders in non-MIAX Select Symbols ¹⁴	Per Contract Credit for Simple Orders in MIAX Select Symbols	Per Contract Credit for PRIME Agency Order	Per Contract Credit for cPRIME Agency Order*	Per Contract Credit for Complex Orders
Priority Customer	1	0.00% - 0.50%	\$0.00	\$0.00	\$0.10	\$0.10	\$0.20
	2	Above 0.50% - 1.20%	\$0.10	\$0.10	\$0.11	\$0.10	\$0.21
	3	Above 1.20% - 1.75%	\$0.15	\$0.20	\$0.11	\$0.10	\$0.26 [◇] /\$0.27 [■]
	4	Above 1.75%	\$0.21	\$0.24	\$0.11	\$0.10 ^{**}	\$0.27 [◇] /\$0.28 [■]

* The per contract credit for cPRIME Agency Orders is assessable to the first 1,000 contracts per leg for each cPRIME Agency Order. Such limit will be applicable to all tiers of the Priority Customer Rebate Program. The cap of 1,000 contracts per leg for the cPRIME Agency Orders credit will be waived until May 31, 2020 for all Priority Customer Rebate Program tiers.

** Any Member or its Affiliate that qualifies for Priority Customer Rebate Program tier 4 and executes Priority Customer standard, non-paired complex volume at least equal to or greater than their Priority Customer cPRIME Agency Order volume, on a monthly basis, will receive a credit of [~~\$0.22~~]\$0.12 per contract for cPRIME Agency Orders instead of the credit otherwise applicable to such orders in tier 4.

◇ This rebate is for executed Priority Customer non-paired Complex Orders when the executing buyer and seller are the same Member or Affiliates.

■ This rebate is for executed Priority Customer non-paired Complex Orders when the executing buyer and seller are not the same Member or Affiliates.

¹⁴ The term "MIAX Select Symbols" means options overlying AAL, AAPL, AIG, AMAT, AMD, AMZN, BA, BABA, BB, BIDU, BP, C, CAT, CLF, CVX, DAL, EBAY, EEM, FB, FCX, GE, GILD, GLD, GM, GOOGL, GPRO, HAL, INTC, IWM, JCP, JNJ, JPM, KMI, KO, MO, MRK, NFLX, NOK, ORCL, PBR, PFE, PG, QCOM, QQQ, RIG, S, SPY, T, TSLA, USO, VALE, WBA, WFC, WMB, X, XHB, XLE, XLF, XLP, XOM and XOP.

MIAX shall credit each Member the per contract amount set forth above as applicable resulting from each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in all multiply-listed option classes (excluding, in simple or complex as applicable, QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400), provided the Member meets certain percentage thresholds in a month as described in the Priority Customer Rebate Program table.

For each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in MIAX Select Symbols in simple order executions, MIAX shall credit each member at the separate per contract rate for MIAX Select Symbols.

For each Priority Customer order submitted into the PRIME Auction as a PRIME Agency Simple Order, MIAX shall credit each member at the separate per contract rate for PRIME Agency Simple Orders; however, no rebates will be paid if the PRIME Agency Simple Order executes against a Contra-side Order which is also a Priority Customer.

All fees and rebates are per contract per leg.

For each Priority Customer complex order submitted into the cPRIME Auction as a cPRIME Agency Order, MIAX shall credit each member at the separate per contract per leg rate for cPRIME Agency Orders; however, no rebates will be paid if the cPRIME Agency Order executes against a Contra-side Order which is also a Priority Customer.

The Priority Customer rebate payment will be calculated from the first executed contract at the applicable threshold per contract credit with rebate payments made at the highest achieved volume tier for each contract traded in that month.

The percentage thresholds are calculated based on the percentage of national customer volume in multiply-listed options classes listed on MIAX entered and executed over the course of the month (excluding QCC and cQCC Orders, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, and PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers). Volume for transactions in both simple and complex orders will be aggregated to determine the appropriate volume tier threshold applicable to each transaction. Volume will be recorded for and credits will be delivered to the Member Firm that submits the order to MIAX. MIAX will aggregate the contracts resulting from Priority Customer orders transmitted and executed electronically on MIAX from Members and their Affiliates for purposes of the thresholds described in the Priority Customer Rebate Program table.

MIAX shall credit each "Qualifying Member" \$0.03 per contract (excluding QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME Agency Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in

connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400) resulting from each Priority Customer order in simple or complex order executions which falls within the Priority Customer Rebate Program volume tier 1 above. “Qualifying Member” shall mean a Member or its Affiliate that qualifies for the Professional Rebate Program as described below and achieves a volume increase in excess of 0.065% for Professional orders transmitted by that Member which are executed electronically on the Exchange in all multiply-listed option classes for the account(s) of a Professional and which qualify for the Professional Rebate Program during a particular month relative to the applicable Baseline Percentage (as defined under the Professional Rebate Program).

Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be credited an additional \$0.01 per contract for each Priority Customer order executed in the PRIME Auction as a PRIME Agency Order over a threshold of above 0.60% of national customer volume in multiply-listed options classes listed on MIAX during the relevant month (excluding QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, cPRIME Agency Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400); volume will be recorded for and credits will be delivered to the Member Firm that submits the order to MIAX. In the event of a MIAX System outage or other interruption of electronic trading on MIAX, the Exchange will adjust the national customer volume in multiply-listed options for the duration of the outage. A Member may request to receive its credit under the Priority Customer Rebate Program as a separate direct payment.

iv) - v) No Change.

vi) MIAX Complex Price Improvement Mechanism (“cPRIME”) Fees

Types of Market Participants	cPRIME Order Fee			Responder to cPRIME Auction Fee		cPRIME Break-up Credit*	
	Per Contract Fee for Agency Order	Per Contract Fee for Contra-side Order for Penny Classes	Per Contract Fee for Contra-side Order for Non-Penny Classes	Per Contract Fee for Penny Classes	Per Contract Fee for Non-Penny Classes	Per Contract Credit for Penny Classes	Per Contract Credit for Non-Penny Classes
<i>Priority Customer</i>	\$0.00	\$0.00	\$0.00	\$0.50	\$0.99	\$0.25	\$0.60
<i>Public Customer that is Not a Priority Customer</i>	\$0.30	[\$0.05] <u>\$0.04</u>	[\$0.07] <u>\$0.04</u>	\$0.50	\$0.99	\$0.25	\$0.60
<i>MIAX Market Maker</i>	\$0.30	[\$0.05] <u>\$0.04</u>	[\$0.07] <u>\$0.04</u>	\$0.50	\$0.99	\$0.25	\$0.60

<i>Non-MIAX Market Maker</i>	\$0.30	[\$0.05] <u>\$0.04</u>	[\$0.07] <u>\$0.04</u>	\$0.50	\$0.99	\$0.25	\$0.60
<i>Non-Member Broker-Dealer</i>	\$0.30	[\$0.05] <u>\$0.04</u>	[\$0.07] <u>\$0.04</u>	\$0.50	\$0.99	\$0.25	\$0.60
<i>Firm</i>	\$0.30	[\$0.05] <u>\$0.04</u>	[\$0.07] <u>\$0.04</u>	\$0.50	\$0.99	\$0.25	\$0.60

* MIAX will apply an enhanced cPRIME Break-up credit to the EEM that submitted the cPRIME Order for agency contracts that are submitted to the cPRIME Auction that trade with a cPRIME AOC Response or a cPRIME Participating Quote or Order that trades with the cPRIME Order if the EEM experiences a greater than sixty percent (60%) break-up of their cPRIME order in the cPRIME Auction. If the EEM is entitled to an enhanced cPRIME Break-up credit, the Exchange will pay a \$0.28 cPRIME Break-up credit for options in Penny classes and a \$0.72 cPRIME Break-up credit for options in Non-Penny classes instead of the regular cPRIME Break-up credit.

All fees and credits are per contract per leg. MIAX will assess the Responder to cPRIME Auction Fee to: (i) a cPRIME AOC Response that executes against a cPRIME Order, and (ii) a cPRIME Participating Quote or Order that executes against a cPRIME Order. MIAX will apply the cPRIME Break-up credit to the EEM that submitted the cPRIME Order for agency contracts that are submitted to the cPRIME Auction that trade with a cPRIME AOC Response or a cPRIME Participating Quote or Order that trades with the cPRIME Order. MIAX will assess the standard complex transaction fees to a cPRIME AOC Response if it executes against unrelated complex orders.

vii) - xi) No Change.

b) - c) No Change.
