

DATE: February 21, 2019

TO: MIAX Emerald Members

FROM: MIAX Emerald Regulatory Department

RE: Market Maker Requirements Currently in Effect at MIAX Emerald

The following is a summary of Market Maker quoting requirements and the corresponding MIAX Emerald rule.

MIAX Emerald Rule 604 Market Maker Quotations

PLMM Quoting Requirements MIAX Emerald Rule 604(e)(1)

- PLMMs must quote Long Term Options (LTO) in assigned classes. LTO series have a time to expiration of 9 months or greater
- PLMMs assigned in a particular class must enter a valid width quote within one minute following the dissemination of a quote or trade by the primary market for the underlying security. (MIAX Emerald Rule 503(e)(5))
- There is no adjusted option quoting requirement
- There is no intraday add quote requirement (no requirement only on the day it is added)
- PLMMs must quote the lesser of 99% of non-adjusted series or 100% of series minus one put/call pair for 90% of trade day
 - Put/call pair definition – same underlying, same expiration date, same strike.
- Continuous quoting obligations will apply daily to all appointed classes collectively for each PLMM, rather than on a class-by-class basis per day
- Compliance with the continuous quoting obligation will be determined on a monthly basis

LMM Quoting Requirements MIAX Emerald Rule 604(e)(2)

- LMMs have no LTO quoting requirement in assigned classes. LTO series have a time to expiration of 9 months or greater
- There is no adjusted option quoting requirement
- There is no intraday add quote requirement (no requirement only on the day it is added)
- LMMs must quote a minimum of 90% of non-adjusted series for 90% of trade day
- Quoting obligations will apply daily to all appointed classes collectively for each LMM, rather than on a class-by-class basis per day
- Compliance with the continuous quoting obligation will be determined on a monthly basis

RMM Quoting Requirements MIAX Emerald Rule 604(e)(3)

- RMMs have no LTO quoting requirement in assigned classes. LTO series have a time to expiration of 9 months or greater
- There is no adjusted option quoting requirement
- There is no intraday add quote requirement (no requirement only on the day it is added)
- RMMs must quote a minimum of 60% of non-adjusted series for 90% of trade day
- Quoting obligations will apply daily to all appointed classes collectively for each RMM, rather than on a class-by-class basis per day
- RMMs have no Quarterly Option Series quote requirement
- Compliance with the continuous quoting obligation will be determined on a monthly basis

MIAX Emerald Rules 406 Long Term Option Contracts, 603 (b)(4) Quote Width and 517(b)(1)(ii) Priority Quote Width Standard

Quote Width Table		
	Maximum Width	Long-Term Option Maximum Width Multiplier
Opening Valid Quote Width	\$5.00*	2X**
Opening Priority Quote Width	\$5.00*	2X**
Free Trading Valid Quote Width	\$5.00*	No Maximum
Free Trading Priority Quote Width	\$5.00*	1X

*For exceptions to the Maximum Width requirement refer to the 'Market Maker Quote Width Requirements' page located in the Regulatory section of MIAXOptions.com

** There is no maximum quote width for Regulatory requirements

As provided for under MIAX Emerald Rule 603(b)(5), the bid/ask differentials stated in subparagraph (b)(4) of Rule 603 shall not apply to in-the-money¹ options where the underlying security's market is wider than the differentials set forth above. For these options, the bid/ask differential may be as wide as the quotation on the primary market of the underlying security.

MIAX Emerald Rule 605 Market Maker Orders

Lead Market Makers

- The total number of contracts executed during a quarter by a Lead Market Maker (including those Lead Market Makers appointed as Primary Lead Market Makers) in options classes to which it is not appointed may not exceed ten percent (10%) of the total number of contracts traded by such Lead Market Maker in classes to which it is appointed and with respect to which it was quoting pursuant to Rule 604(e)(1).

¹ In the Money is calculated using the underlying stock bid price for puts and the underlying ask price for calls. If the call strike price is below the underlying ask price or last sale price (whichever is higher) the option is in the money. If the put strike price is above the underlying bid price or last sale price (whichever is lower) the option is in the money.

Registered Market Makers

- The total number of contracts executed during a quarter by a Registered Market Maker in options classes to which it is not appointed may not exceed twenty-five percent (25%) of the total number of contracts traded by such Registered Market Maker in classes to which it is appointed and with respect to which it was quoting pursuant to Rule 604(e)(3) in any calendar quarter.

Please direct questions to the Regulatory Department at Regulatory@MIAXOptions.com or (609) 897-7309.