

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72566; File No. SR-MIAX-2014-32)

July 8, 2014

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change 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 June 25, 2014, Miami International Securities Exchange LLC (“MIAX” 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 its Fee Schedule.

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

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

The Exchange proposes to establish a \$0.45 transaction fee for executions in standard option contracts and \$0.045 transaction fee for Mini Option contracts for non-member broker-dealers on the Exchange.

The current transaction fees for non-member broker-dealers on the Exchange are \$0.30 per contract for standard options or \$0.03 for Mini Options.³ In February 2014, the Exchange lowered the transaction fees for non-member broker-dealers from \$0.45 per contract for standard options or \$0.045 for Mini Options to the current rates.⁴ The Exchange lowered the non-member broker-dealer fees in order to enhance the Exchange's competitiveness with other option exchanges and to strengthen its market quality. The Exchange believed that the transaction fees would increase both intermarket and intramarket competition by incenting broker-dealers on other exchanges to direct additional orders to the Exchange to allow the Exchange to compete more effectively with other options exchanges for such transactions. However, after several months experience with the lower transaction fee rate for non-member broker-dealers, the Exchange has noticed a limited impact on the Exchange's competitiveness for non-member broker-dealer transactions. The Exchange now proposes increasing the non-member broker-dealer transaction fees in order to bring the fee rates back in line with the current non-MIAX market maker fee rates and to generate additional revenue. As proposed, both non-member broker-dealers and non-MIAX market makers would be charged \$0.45 transaction fee for

³ See MIAX Options Fee Schedule, Section 1(a)(ii) – Other Market Participant Transaction Fees.

⁴ See Securities Exchange Act Release No. 71502 (February 6, 2014), 79 FR 8519 (February 12, 2014) (SR-MIAX-2014-06).

executions in standard option contracts and \$0.045 transaction fee for Mini Option contracts. The proposal will also bring the non-member broker-dealer transaction fee rates back in line with the same fee rate available on other options exchanges.⁵

The Exchange proposes to implement the new transaction fees beginning July 1, 2014.

2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act⁶ in general, and furthers the objectives of Section 6(b)(4) of the Act⁷ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange believes that the proposal is fair, equitable and not unreasonably discriminatory [sic]. The proposal is reasonable because it results in an increase in non-member broker-dealer transactions fees for all non-member broker-dealers on the Exchange and results in a transaction fee rate that is identical to the similar transaction fees on other competing options exchanges. The proposed fees are fair and equitable and not unreasonably discriminatory [sic] because they will apply equally to all non-member broker-dealers. All non-member broker-dealers will be subject to the same transaction fee, and access to the Exchange is offered on terms that are not unfairly discriminatory. The proposed fees are equitable and not unreasonably discriminatory [sic] because it eliminates the previous disparate treatment in transaction fees between non-member broker-dealers and non-MIAX market makers by increasing the non-

⁵ See Chicago Board Options Exchange, Incorporated, Fees Schedule, p. 1; International Securities Exchange, LLC, Schedule of Fees, p. 6.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

member broker-dealer transaction fees to bring the fee rates back in line with the current non-MIAX market maker fee rates.

In addition, the Exchange believes that increasing the non-member broker-dealer transaction fees which results in charging non-member broker-dealers more for transactions than for Members, is a fair and equitable allocation of reasonable fees, and not unreasonably discriminatory [sic]. Charging non-members higher transaction fees is a common practice amongst exchanges because Members are subject to other fees and dues associated with their membership to the Exchange that do not apply to non-members. To the extent that there is additional competitive burden on non-member broker-dealers, the Exchange believes that this is appropriate because the proposal could incent non-member broker-dealers to apply to be Members of the exchange, which is open to all market participants equally on terms that are not unfairly discriminatory.

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 not necessary or appropriate in furtherance of the purposes of the Act. The proposed fee will allow the Exchange to increase revenue while remaining competitive with other exchanges by changing its rate to the same level. The Exchange believes that the proposal should promote competition between non-member broker-dealers and non-MIAX market makers by eliminating the previous disparate treatment in transaction fees between non-member brokers and non-MIAX market makers by increasing the non-member broker-dealer transaction fees to bring the fee rates back in line with the current non-MIAX market maker fee rates. To the extent that there is additional competitive burden on non-member broker dealers, the Exchange believes that this is appropriate because the proposal could incent non-member broker-dealers to apply to

be Members of the exchange, which is open to all market participants equally on non-discriminatory terms. The Exchange notes that it 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. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposal reflects this competitive environment.

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.⁸ 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

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MIAX-2014-32 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MIAX-2014-32. 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 website (<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-2014-32 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.⁹

Kevin M. O'Neill
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).