

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72583; File No. SR-MIAX-2014-37)

July 10, 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 30, 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to establish a monthly transaction fee cap of \$60,000 for orders that are entered and executed for an account identified by an Electronic Exchange Member for clearing in the OCC “Firm” range “Monthly Firm Fee Cap.” The Monthly Firm Fee Cap is based on the similar fees of another competing options exchange.³

The current transaction fees for Firms on the Exchange are \$0.25 transaction fee for executions in standard option contracts and \$0.025 transaction fee for Mini Option contracts. As proposed, in a single billing month the total amount of transaction fees for Firms would be capped and thus would not exceed \$60,000. Members must notify the Exchange in writing of all accounts in which the Member is not trading in its own proprietary account. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap.

Mini Option contracts are not eligible for inclusion in the Monthly Firm Fee Cap. Firm transactions in Mini Options, however, will continue to be executed at the rate of \$0.025 per contract. Mini Options contracts are excluded from the Monthly Firm Fee Cap because the cost

³ See NASDAQ OMX PHLX LLC Pricing Schedule, Section II. See also Securities Exchange Act Release Nos. 59393 (February 11, 2009), 74 FR 7721 (February 19, 2009) (SR-PHLX-2009-12); 65888 (December 5, 2011), 76 FR 77046 (December 9, 2011) (SR-PHLX-2011-160). See also NYSE Amex Options Fee Schedule, p. 17. In contrast to PHLX and NYSE MKT, the Exchange does not propose to exclude all dividend, merger, and short stock interest strategy executions from the Monthly Firm Fee Cap. In addition, in contrast to PHLX, the Exchange does not at this time propose to apply the Monthly Firm Fee Cap to proprietary orders effected for the purpose of hedging the proprietary over-the-counter trading of an affiliate of a Member that qualifies for the Monthly Firm Fee Cap. Further, in contrast to PHLX and NYSE MKT which apply to floor and manual transactions respectively, since the Exchange is a fully electronic exchange and thus does not have a trading floor or manual trading, the Monthly Firm Fee Cap will apply to electronic Firm transactions.

to the Exchange to process quotes, orders and trades in Mini Options is the same as for standard options. This, coupled with the lower per-contract transaction fees charged to other market participants, makes it impractical to offer Members a transaction fee cap for Firm Mini Option volume that they transact. The Exchange notes that this exclusion is nearly identical to ones made by other exchanges.⁴

The proposed Monthly Firm Fee Cap is intended to create an additional incentive for Firms to send order flow to the Exchange. The Exchange believes that the proposed Monthly Firm Fee Cap would increase both intermarket and intramarket competition by incenting Firms 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.

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 Act⁵ in general, and furthers the objectives of Section 6(b)(4) of the Act⁶ 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 [sic] discriminatory. The proposed Monthly Firm Fee Cap is reasonable because it is designed to be lower than the range of similar transaction fees on another competing options exchange in order to increase competition for order flow from Firms. The proposed fees are fair and equitable and not unreasonably [sic] discriminatory because they will apply equally to all Members that have

⁴ See NASDAQ OMX PHLX LLC Pricing Schedule, Preface A; NYSE Amex Options Fee Schedule, p. 17.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

transactions that clear in the Firm range. All Firms will be subject to the same transaction fee, and access to the Exchange is offered on terms that are not unfairly discriminatory. Providing a fee cap for Firms and not for other types of transactions is not unfairly discriminatory, because it is intended as a competitive response to create an additional incentive for Firms to send order flow to the Exchange in a manner consistent with other exchanges. Firms that value such incentives will have another venue to send their order flow. To the extent that there is additional competitive burden on non-Firm Members, the Exchange believes that this is appropriate because the proposal should incent Members to direct additional order flow to the Exchange and thus provide additional liquidity that enhances the quality of its markets and increases the volume of contracts traded here. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity. Enhanced market quality and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange.

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 fees are lower than the range of similar transaction fees found on other options exchanges; therefore, the Exchange believes the proposal is consistent with robust competition by increasing the intermarket competition for order flow from Firms. To the extent that there is additional competitive burden on non-Firm Members, the Exchange believes that this is appropriate because the proposal should incent Members to direct additional order flow to the Exchange and thus provide additional liquidity that enhances the quality of its markets and increases the volume of contracts traded here. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity. Enhanced market quality

and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange. 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.⁷ 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:

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MIAX-2014-37 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-2014-37. 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-2014-37 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.⁸

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).