

# **Exhibit B**

**Marked Copy**

Comparison of MIAx Sapphire Rulebook submitted September 26, 2023, as Exhibit B to the MIAx Sapphire Form 1 Application, to the MIAx Sapphire Rulebook, submitted May 22, 2024, as Exhibit B, Amendment No. 1, to the MIAx Sapphire Form 1 Application.

Additions shown with an underline; deletions are marked with a ~~strikethrough~~.

## **MIAx Sapphire Options Exchange**

# **Rules**

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# Chapter I. Definitions

## Rule 100. Definitions

(a) With respect to these Rules, the following terms shall have the meanings specified in this Rule 100. A term defined elsewhere in these Rules shall have the same meaning with respect to Chapter I of these Rules, unless otherwise defined below.

### **ABBO or Away Best Bid or Offer**

The term “**ABBO**” or “**Away Best Bid or Offer**” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(g)) and calculated by the Exchange based on market information received by the Exchange from OPRA.

### **Affiliate or affiliated with**

The term “**affiliate**” of or person “**affiliated with**” another person means a person who, directly, or indirectly, controls, is controlled by, or is under common control with, such other person.

### **Aggregate Exercise Price**

The term “**aggregate exercise price**” means the exercise price of an option contract multiplied by the number of units of the underlying security covered by the option contract.

### **American-Style Option**

The term “**American-style option**” means an option contract that, subject to the provisions of Rule 700 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date.

### **Associated Person or Person Associated with a Member**

The term “**associated person**” or “**person associated with a Member**” means any partner, officer, director, or branch manager of a Member (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with a Member, or any employee of a Member, except that any person associated with a Member whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of these Rules.

### **Authorized Trader**

The term “**authorized trader**” or “**AT**” means a person who may submit orders (or who supervises a routing engine that may automatically submit orders) to the Exchange’s trading facilities on behalf of his or her Member or Sponsored Participant.

### **Bid**

The term “**bid**” means a limit order to buy one or more options contracts.

### **Board**

The term “**Board**” means the Board of Directors of the Exchange.

### **Broker**

The term “**broker**” shall have the same meaning as in Section 3(a)(4) of the Exchange Act.



**By-Laws**

The term “**By-Laws**” means the By-Laws of the Exchange, as the same may be amended from time to time.

**Call**

The term “**call**” means an option contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the number of units of the underlying security covered by the option contract.

**Class of Options or Option Class**

The terms “**class of options**” or “**option class**” mean all option contracts covering the same underlying security.

**Clearing Corporation**

The term “**Clearing Corporation**” means The Options Clearing Corporation.

**Clearing Member**

The term “**Clearing Member**” means a Member that has been admitted to membership in the Clearing Corporation pursuant to the provisions of the Rules of the Clearing Corporation.

**Closing Purchase Transaction**

The term “**closing purchase transaction**” means an Exchange Transaction which will reduce or eliminate a short position in an option contract.

**Closing Writing Transaction**

The term “**closing writing transaction**” means an Exchange Transaction which will reduce or eliminate a long position in an option contract.

**Control**

The term “**control**” means the power to exercise a controlling influence over the management or policies of a person, unless such power is solely the result of an official position with such person. Any person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation which directly or through one or more affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation, shall be presumed to control such corporation.

**Covered**

The term “**covered**” in respect of a short position in a call option contract means that the writer's obligation is secured by a “specific deposit” or an “escrow deposit” meeting the conditions of Rule 610(f) or 610(h), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an option contract of the same class of options where the exercise price of the option contract in such long position is equal to or less than the exercise price of the option contract in such short position. The term “covered” in respect of a short position in a put option contract means that the writer holds in the same account as the short position, on a share-for-share basis, a long position in an option contract of the same type and class of options where the exercise price of the option contract in such long position is equal to or greater than the exercise price of the option contract in such short position.

**Dealer**

The term “**dealer**” shall have the same meaning as in Section 3(a)(5) of the Exchange Act.

**Designated Examining Authority**

The term “**designated examining authority**” means a self-regulatory organization, other than the Exchange, designated by the Commission under Section 17(d) of the Exchange Act to enforce compliance by Equity Members with Exchange Rules.

**Discretion**

The term “**discretion**” means the authority of a broker or dealer to determine for a customer the type of option, the class or series of options, the number of contracts, or whether options are to be bought or sold.

**Electronic Book**

The term “Electronic Book” means the Exchange’s Simple Order Book and Strategy Book.

**Electronic Exchange Member**

The term “**Electronic Exchange Member**” or “**EEM**” means the holder of a Trading Permit who is a Member representing as agent Public Customer Orders or Non-Customer Orders on the Exchange and those non-Market Maker Members conducting proprietary trading. Electronic Exchange Members are deemed “members” under the Exchange Act.

**European-Style Option**

The term “**European-style option**” means an option contract that, subject to the provisions of Rule 700 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

**Exchange**

The term “**Exchange**” means the national securities exchange known as MIAX Sapphire, LLC, or MIAX Sapphire.

**Exchange Act**

The term “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

**Exchange Transaction**

The term “**Exchange Transaction**” means a transaction involving a security that is effected on the Exchange.

**Exercise Price**

The term “**exercise price**” means the specified price per unit at which time the underlying security may be purchased or sold upon the exercise of an option contract.

**Federal Reserve Board**

The term “**Federal Reserve Board**” means the Board of Governors of the Federal Reserve System.

**FIX Interface**

The term “**FIX Interface**” means the Financial Information Exchange interface used for submitting certain order types (as set forth in Rule 516) to the MIAX Sapphire System.

**Floor Participant**

The term “**Floor Participant**” means Floor Brokers as defined in Rule 2015 and Floor Market Makers as defined in Rule 2105(b).

**He, Him or His**

The terms “**he**,” “**him**” or “**his**” shall be deemed to refer to persons of female as well as male gender, and to include organizations, as well as individuals, when the context so requires.

**Help Desk**

The term “**Help Desk**” means the Exchange’s control room consisting of Exchange staff authorized to make certain trading determinations on behalf of the Exchange. The Help Desk shall report to and be supervised by a senior executive officer of the Exchange.

**Individual Option**

The term “**individual option**” means an option contract that is either a put or a call, covering a specific underlying security and having a specific exercise price and expiration date.

**Limit Price**

The term “**limit price**” means the highest (lowest) specified price at which a Limit Order to buy (sell) is eligible to trade.

**Long Position**

The term “**long position**” means a person’s interest as the holder of one or more units of trading of a given option contract.

**Market Maker**

The term “**Market Maker**” or “**MM**” means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of these Rules.

**Member**

The term “**Member**” means an individual or organization that is registered with the Exchange pursuant to Chapter II of these Rules for purposes of trading on the Exchange as an “Electronic Exchange Member” or “Market Maker.” Members are deemed “members” under the Exchange Act.

**Membership**

The term “**Membership**” refers to the trading privileges held by a Member.

**MEO Interface**

The term “**MEO Interface**” means a binary order interface used for submitting certain order types (as set forth in Rule 516 and Rule 518) to the MIAX Sapphire System.

**MIAX**

The term “**MIAX**” means Miami International Securities Exchange, LLC.

**MIAX Emerald**

The term “**MIAX Emerald**” means MIAX Emerald, LLC.

**MIAX Pearl**

The term “**MIAX Pearl**” means MIAX PEARL, LLC.

**MIAX Sapphire**

The term “**MIAX Sapphire**” means MIAX Sapphire, LLC, or the Exchange.

**MPID**

The term “**MPID**” means unique market participant identifier.

**NBBO**

The term “**NBBO**” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA.

**Non-Customer**

The term “**Non-Customer**” means a person or entity that is a broker or dealer in securities.

**Non-Customer Order**

The term “**Non-Customer Order**” means an order for the account of a Non-Customer.

**Offer**

The term “**offer**” means a limit order to sell one or more options contracts.

**Opening Purchase Transaction**

The term “**opening purchase transaction**” means an Exchange Transaction which will create or increase a long position in an option contract.

**Opening Writing Transaction**

The term “**opening writing transaction**” means an Exchange Transaction which will create or increase a short position in an option contract.

**OPRA**

The term “**OPRA**” means the Options Price Reporting Authority, LLC.

**Option Contract**

The term “**option contract**” means a put or a call issued, or subject to issuance, by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.

**Order**

The term “**order**” means a firm commitment to buy or sell option contracts.

**Outstanding**

The term “**outstanding**” in respect of an option contract means an option contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.

**Participant**

The term “**Participant**” means a firm, or organization that is registered with the Exchange pursuant to Chapter II of these Rules for purposes of participating in trading on a facility of the Exchange that includes a Floor Participant.

**Person**

The term “**person**” shall refer to a natural person, corporation, partnership (general or limited), limited liability company, association, joint stock company, trust, trustee of a trust fund, or any organized group of persons whether incorporated or not and a government or agency or political subdivision thereof.

**Primary Market**

The term “**primary market**” means the principal market in which an underlying security is traded.

**Principal Shareholder**

The term “**principal shareholder**” means any person beneficially owning, directly or indirectly, equity securities representing 5% of the voting power in elections of directors, or 5% of the net worth, or a 5% participation in the net profits, of a corporation.

**Priority Customer**

The term “**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 account(s). The number of orders shall be counted in accordance with the following Interpretation and Policy .01 hereto.

**Interpretations and Policies:**

.01 For purposes of counting the number of orders in listed options per day on average during a calendar month for its own beneficial account(s) for designation as Priority Customer under Rule 100:

(a) Except as noted below, each order of any type, regardless of the options exchange on which the order is entered or to which the order is routed, shall be counted as one (1) order toward the number of orders, except that Flexible Exchange Option (FLEX) orders shall not be counted.

(b) Complex orders comprised of eight (8) options legs or fewer shall be counted as a single order. For complex orders comprised of nine (9) options legs or more, each leg shall count as its own separate order. Stock orders shall not be counted toward the number of legs.

(c) A “parent” order placed for the beneficial account(s) of a person or entity not a broker or dealer that is broken into multiple subordinate “child” orders on the same side (buy/sell) and series as the parent order, by a broker or dealer or an algorithm housed at a broker or dealer or licensed from a broker dealer but housed with the customer, shall be counted as one (1) order, even if the orders are routed away. A “parent” order (including a strategy order) that is broken into multiple subordinate “child” orders on both sides (buy/sell) of a series and/or multiple series shall be counted as multiple orders, with each child order counted as a new and separate order per side and series.

(d) (1) An order that cancels and replaces a prior order shall be counted as a second order, or multiple new orders in the case of a complex order comprised of nine (9) options legs or more, including “single-strike algorithms.” A series of cancel and replace orders in an individual strike, which track the SBBO or NBBO, shall be counted as separate new orders. A cancel message is not an order.

(2) Except as noted in paragraph (d)(3) below, an order that cancels and replaces a subordinate “child” order on the same side and series as the “parent” order shall not be counted as a new order.

(3) An order that cancels and replaces a subordinate “child” order and results in multiple sides/series shall be counted as a new order per side and series. An order that cancels and replaces a subordinate “child” order pegged to the SBBO or NBBO, shall be counted as a new order each time a cancel/replace is used to follow the SBBO or NBBO.

**Priority Customer Order**

The term “**Priority Customer Order**” means an order for the account of a Priority Customer.

**Proprietary Trading**

The term “**proprietary trading**” for purposes of Rule 1900 means trading done by a Member having the following characteristics: (i) the Member is not required by Section 15(b)(8) of the Act to become a FINRA member but is a Member of another registered securities exchange not registered solely under Section 6(g) of the Act; (ii) all funds used or proposed to be used by the Member are the trading Member's own capital, traded through the Member's own accounts; (iii) the Member does not, and will not, have customers; and (iv) all persons registered on behalf of the Member acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the Member.

**Proprietary Trading Firm**

The term “**proprietary trading firm**” for purposes of Rule 1900 means a Member organization or applicant with the following characteristics: (i) the applicant is not required by Section 15(b)(8) of the Act to become a FINRA Member but is a Member of another registered securities exchange not registered solely under Section 6(g) of the Act; (ii) all funds used or proposed to be used by the applicant for trading are the applicant's own capital, traded through the applicant's own accounts; (iii) the applicant does not, and will not have customers; and (iv) all principals and representatives of the applicant acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the applicant.

**Public Customer**

The term “**Public Customer**” means a person that is not a broker or dealer in securities.

**Public Customer Order**

The term “**Public Customer Order**” means an order for the account of a Public Customer.

**Put**

The term “**put**” means an option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the number of units of the underlying security covered by the option contract.

**Quarterly Options Series**

The term “**Quarterly Options Series**” is a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar quarter.

**Quote or Quotation**

The term “**quote**” or “**quotation**” means a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any. When the term order is used in these Rules and a bid or offer is entered by the Market Maker in the option series to which such Market Maker is registered, such order shall, as applicable, constitute a quote or quotation for purposes of these Rules.

**Registered Options Principal**

The term “**Registered Options Principal**” has the meaning set forth in Rule 1901(b)(7).

**Responsible Person**

The term “**Responsible Person**” shall mean an individual designated by an organization that is the holder of a Trading Permit to represent the organization with respect to that Trading Permit in all matters relating to the Exchange. The Responsible Person must be a United States-based officer, director or management-level employee of the Trading Permit holder, who is responsible for the direct supervision and control of associated persons of that Trading Permit holder.

**Rules**

The term “**Rules**” means the Rules of the Exchange as the same may be in effect from time to time.

**Rules of the Clearing Corporation**

The term “**Rules of the Clearing Corporation**” means the Certificate of Incorporation, the By-Laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as the same may be in effect from time to time.

**SBBO**

The term “**SBBO**” means the best bid and offer on the Simple Order Book of the Exchange.

**SEC or Commission**

The term “**SEC**” or “**Commission**” means the United States Securities and Exchange Commission.

**Series of Options**

The term “**series of options**” means all option contracts of the same class having the same exercise price and expiration date.

**Short Position**

The term “**short position**” means a person’s interest as the writer of one or more units of trading of a given option contract.

**Short Term Option Series**

The term “**Short Term Option Series**” is a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Tuesday, Wednesday, Thursday, or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

**Simple Order Book**

The “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes.

**SRO**

The term “**SRO**” means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.

**Strategy Book**

The “Strategy Book” is the Exchange’s electronic book of complex orders.

**System**

The term “**System**” means the automated trading system used by the Exchange for the trading of securities.

**Timestamp**

The term “**timestamp**” means the effective time sequence assigned to an order for purposes of determining its priority ranking.

**Trading Center**

The term “**Trading Center**” shall have the same meaning as in Rule 600(b)(82) of Regulation NMS.

**Trading Floor**

The term “**Trading Floor**” or “**Floor**” means the physical trading floor of the Exchange located in Miami, Florida. The Trading Floor shall consist of one “Crowd Area” or “Pit” where Floor Participants will be located and option contracts will be traded. The Crowd Area or Pit shall be marked with specific visible boundaries on the Trading Floor, as determined by the Exchange. A Floor Broker must represent all orders in an “open outcry” fashion in the Crowd Area.

**Trading Permit**

The term “**Trading Permit**” means a permit issued by the Exchange that confers the ability to transact on the Exchange.

**Type of Option**

The term “**type of option**” means the classification of an option contract as either a put or a call.

**Uncovered**

The term “**uncovered**” in respect of a short position in an option contract means that the short position is not covered.

**Underlying Security**

The term “**underlying security**” in respect of an option contract means the security which the Clearing Corporation shall be obligated to sell (in the case of a call option contract) or purchase (in the case of a put option contract) upon the valid exercise of the option contract.

**Voluntary Professional**

The term “**Voluntary Professional**” means any Public Customer that elects, in writing, to be treated in the same manner as a broker or dealer in securities for purposes of the Exchange’s schedule of fees.



## Chapter II. Access

### Rule 200. Trading Permits

(a) **Issuance.** The Exchange shall issue Trading Permits that confer the ability to transact on the Exchange. There is no limit on the number of Trading Permits that may be issued by the Exchange; however the Exchange shall have the authority to limit or decrease the number of Trading Permits it has determined to issue. The Exchange shall announce in advance any limitation or decrease it plans to impose pursuant to this Rule. In the event the Exchange imposes a limitation or decrease pursuant to this Rule, the Exchange, in doing so, may not eliminate the ability of an existing Member to trade on the Exchange unless the Exchange is permitted to do so pursuant to a rule filing submitted to the Commission under Section 19(b) of the Exchange Act. In addition, in no event shall the Exchange act in a manner under this subparagraph that does not comply with the provisions of Section 6(c)(4) of the Exchange Act.

(b) **Qualification Requirements.** A Member must be registered as a broker-dealer pursuant to Section 15 of the Exchange Act. If a Member intends to transact business with the public, it must obtain approval to transact business with the public pursuant to Rule 1300 or be approved to transact business with the public by another national securities exchange as set forth in Rule 1300.

(c) **Application Process.**

(1) **Holders of MIAX, MIAX Pearl, or MIAX Emerald Trading Permits.** A holder of a MIAX, MIAX Pearl, or MIAX Emerald trading permit in good standing is eligible to receive one MIAX Sapphire Trading Permit in the same Membership category to trade on MIAX Sapphire (i.e., a MIAX Registered Market Maker, MIAX Pearl Market Maker, or a MIAX Emerald Registered Market Maker is eligible to become a MIAX Sapphire Market Maker and a MIAX Electronic Exchange Member, a MIAX Pearl Electronic Exchange Member, or a MIAX Emerald Electronic Exchange Member is eligible to become a MIAX Sapphire Electronic Exchange Member). A holder of a MIAX, MIAX Pearl, or MIAX Emerald trading permit who wishes to apply to the Exchange is not required to complete and submit an Exchange application. Instead only Exchange forms concerning election to trade on the Exchange, submitting to Exchange jurisdiction, and operational matters need be completed and tendered.

(2) **Applicants Not Holding MIAX Trading Permits.** An applicant not holding a MIAX, MIAX Pearl, or MIAX Emerald trading permit seeking to hold a MIAX Sapphire Trading Permit (“Applicant”) must submit an application to the Exchange in accordance with such procedures as shall be established by the Exchange. In addition, the following shall apply:

(i) Each Applicant shall promptly update the application materials submitted to the Exchange if any of the information provided in these materials becomes inaccurate or incomplete after the date of submission of the application to the Exchange and prior to any approval of the application.

(ii) The Exchange shall investigate each Applicant applying to be a Member (with the exception of any Applicant that was a Member within 9 months prior to the date of receipt of that Applicant’s application by the Exchange, and any Applicant that was investigated by the Exchange within 9 months prior to the date of receipt of that Applicant’s application by the Exchange). The Exchange may investigate any Applicant that is not required to be investigated pursuant to this paragraph. In connection with an investigation conducted pursuant to this paragraph, the Exchange may (x) conduct a fingerprint based criminal records check of the Applicant and its Responsible Person; or (y) utilize the results of a fingerprint based criminal records check of the Applicant and its Responsible Person conducted by the Exchange or another self-regulatory organization within the prior year.

(iii) The Exchange may approve an application submitted pursuant to this Rule only if any investigation pursuant to paragraph (ii) above has been completed, and any applicable orientation and/or exam requirements established by the Exchange have been satisfied.

(iv) Each Applicant that submits an application pursuant to paragraph (c) of this Rule shall submit to the Exchange any additional information requested by the Exchange in connection with the Exchange's review of the application and may be required to appear before the Exchange for an in-person interview or interviews.

(v) Upon completion of the application process, the Exchange shall determine whether to approve or disapprove the application, unless there is just cause for delay. One such just cause for delay is when an Applicant is the subject of an inquiry, investigation, or proceeding conducted by a self-regulatory organization or governmental authority that involves the Applicant's fitness to be a Member. In such an instance, the Exchange need not act on any application submitted by that Applicant until the matter has been resolved.

(vi) Written notice of the action regarding an application to become a Member, specifying in the case of disapproval of an application the grounds thereof, shall be provided to the Applicant.

(d) **Membership in Another Registered National Securities Exchange or FINRA.** Every Trading Permit holder must have and maintain membership in another registered national securities exchange other than the MIAX, MIAX Pearl, or MIAX Emerald (that is not registered solely under Section 6(g) of the Exchange Act). If such other registered national securities exchange has not been designated by the Commission, pursuant to Rule 17d-1 under the Exchange Act, to examine Members for compliance with financial responsibility rules, then such Applicant must have and maintain a membership in FINRA.

(e) **Rights of Member.** No rights shall be conferred upon a Member except those set forth in the By-Laws or Rules as amended from time to time. A Trading Permit shall not convey any ownership interest in the Exchange. Trading Permits may not be leased and are not transferable except in the event of a change in control or corporate reorganization involving a Member. In such a case, Member status may be transferred to a qualified affiliate or successor upon written notice to the Exchange.

(f) **Fees and Charges for Trading Permits.** Trading Permits shall be subject to such fees and charges as are established by the Exchange from time to time pursuant to Rule 1202 and Rule 1203 and the Exchange Fee Schedule. An organization holding a Trading Permit in its name shall be responsible for paying all fees and charges for that Trading Permit. An individual holding a Trading Permit in his or her name shall be responsible for paying all fees and charges for that Trading Permit.

(g) **Exchange Jurisdiction over Trading Members.** Every Member shall be subject to the regulatory jurisdiction of the Exchange under the Exchange Act and the Rules, including without limitation the Exchange's disciplinary jurisdiction under Chapter X of the Rules.

## **Rule 201. Denial of and Conditions to Being a Member**

(a) The Exchange shall deny Membership where an Applicant (as defined in Rule 200(c)(2)) has failed a required Membership test.

(b) The Exchange may deny (or may condition) Membership or may prevent a person from becoming associated (or may condition an association) with a Member for the same reasons that the Commission may deny or revoke a broker-dealer registration and for those reasons required or allowed under the Exchange Act.

(c) The Exchange also may deny (or may condition) Membership or may prevent a person from becoming associated (or may condition an association) with a Member when the Applicant:

(1) is a broker-dealer and (i) has a net worth (excluding personal assets) below \$25,000 if the applicant is an individual, (ii) has a net worth (excluding personal assets) below \$50,000 if the applicant is an organization, (iii) has financial difficulties involving an amount that is more than 5% of the applicant's net worth, or (iv) has a pattern of failure to pay just debts;

(2) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Exchange, Commission, Clearing Corporation, and Federal Reserve Board policies, rules, and regulations, including those concerning record-keeping, reporting, finance, and trading procedures; or

(3) for such other cause as the Exchange reasonably may decide.

(d) The Exchange may determine not to permit a Member or a person associated with a Member to continue in Membership or association with a Member or may condition such continuance as a Member if the Member:

(1) fails to meet any of the qualification requirements for Membership or association after the Membership or association has been approved;

(2) fails to meet any condition placed by the Exchange on such Membership or association; or

(3) violates any agreement with the Exchange.

(e) Any decision made by the Exchange pursuant to paragraphs (a), (b) or (c) this Rule must be consistent with both the provisions of this Rule and the provisions of the Exchange Act.

(f) Any Applicant who has been denied Membership or association with a Member or granted only conditional Membership or association pursuant to paragraph (a), (b) or (c) of this Rule, and any Member or person associated with a Member who is not permitted to continue in Membership or association or whose continuance in Membership or association is conditioned pursuant to paragraph (d) of this Rule, may appeal the Exchange's decision under Chapter XI (Hearings, Review and Arbitration). No determination of the Exchange to discontinue or condition a person's Membership or association with a Member pursuant to paragraph (d) of this Rule shall take effect until the review procedures under Chapter XI (Hearings, Review and Arbitration) have been exhausted or the time for review has expired.

(g) Without prior Commission approval, the Exchange or any entity with which it is affiliated shall not directly or indirectly through one or more intermediaries acquire or maintain an ownership interest in an Exchange Member. In addition, without prior Commission approval, no Member shall be or become affiliated with (1) the Exchange; or (2) any affiliate of the Exchange. Nothing herein shall prohibit a Member from acquiring or holding an equity interest in (i) Miami International Holdings, Inc. that is permitted by the Certificate of Incorporation of Miami International Holdings, Inc. or (ii) MIAX Sapphire that is permitted by the Amended and Restated Limited Liability Company Agreement of MIAX Sapphire.

(h) Nothing in this Rule shall prohibit any Member from being or becoming an affiliate of the Exchange, or any facility of the Exchange, or an affiliate of any affiliate of the Exchange or any facility of the Exchange solely by reason of any officer, director or partner of such Member being or becoming a Director or Advisory Board member of Miami International Holdings, Inc. or MIAX Sapphire.

**Rule 202. Persons Associated with Member**

(a) Persons associated with Members shall be bound by the By-Laws and Rules of the Exchange and of the Clearing Corporation. The Exchange may bar a person from becoming or continuing to be associated with a Member if such person does not agree in writing, in a manner and form prescribed by the Exchange, to furnish the Exchange with information with respect to such person's relationship and dealings with the Member, and information reasonably related to such person's other securities business, as may be required by the Exchange, and to permit the examination of its books and records by the Exchange to verify the accuracy of any information so supplied.

(b) Each associated person of a Member that is required to be disclosed on Exchange Act Form BD as a direct owner or executive officer is required to submit to the Exchange pursuant to Rule 200 an application for approval to become associated with the Member in that capacity. No person may become associated with a Member in the capacity of a direct owner or executive that is required to be disclosed on Form BD unless and until the Exchange approves the association.

(c) A claim of any associated person required to be approved by the Exchange pursuant to paragraph (b) of this Rule against the Member with which that person is associated shall be subordinate in right of payment to customers and other Members.

**Rule 203. [Reserved]****Rule 204. Members and Persons Associated with a Member Who Are or Become Subject to a Statutory Disqualification**

(a) The Exchange may determine in accordance with the provisions of this Rule not to allow a Member or associated person of a Member to continue being a Member or associated with a Member, or to condition such continuance as a Member or associated person, if the Member or associated person is or becomes subject to a statutory disqualification under the Exchange Act.

(b) If a Member or associated person of a Member who is or becomes subject to a statutory disqualification under the Exchange Act wants to continue being a Member or associated with a Member, the Member or associated person must, within 30 days of becoming subject to a statutory disqualification, submit an application to the Exchange, in a form and manner prescribed by the Exchange, seeking to continue being a Member or associated with a Member notwithstanding the statutory disqualification. The application shall be accompanied by copies of all documents that are contained in the record of the underlying proceeding that triggered the statutory disqualification. Failure to timely file such an application is a factor that may be taken into consideration by the Exchange in making determinations pursuant to paragraph (c) of this Rule.

(c) Following the receipt of an application submitted pursuant to paragraph (b) of this Rule, or in the event the Exchange becomes aware that a Member or associated person of a Member is subject to a statutory disqualification and has failed to submit an application pursuant to paragraph (b) of this Rule within the required time period, the Exchange shall appoint a panel to conduct a hearing concerning the matter pursuant to the procedure set forth in Chapter XI (Hearings, Review and Arbitration).

(d) Subject to Chapter IX (Summary Suspension) of the Rules, any applicant whose application to become a Member is denied or conditioned, or any person whose association with a Member is denied or conditioned pursuant to paragraph (a), (b) or (c) of Rule 201, and any Member or person associated with a Member who is not permitted pursuant to this Rule to continue as a Member or to be associated with a Member or which continuance as a Member

or association is conditioned, may appeal the Exchange's decision under Chapter XI (Hearings, Review and Arbitration) of the Rules.

(e) No determination to discontinue or condition a person as a Member or associated person pursuant to this Rule shall take effect until the review procedures under paragraph (d) of this Rule have been exhausted or the time for review has expired.

#### **Interpretations and Policies:**

.01 The Exchange may waive the provisions of this Rule when a proceeding is pending before another self-regulatory organization to determine whether to permit a Member or an associated person of a Member to continue being a Member or associated with the Member notwithstanding a statutory disqualification. In the event the Exchange determines to waive the provisions of this Rule with respect to a Member or associated person, the Exchange shall determine whether it will concur in any Exchange Act Rule 19h-1 filing made by another self-regulatory organization with respect to the Member or associated person.

.02 If a Member or an associated person of a Member is or becomes subject to a statutory disqualification under the Exchange Act, the Member shall immediately provide written notice to the Exchange of the name of the Member or associated person, the associated person's capacity with the Member, and the nature of the statutory disqualification.

.03 In those instances where Exchange Act Rule 19h-1(a)(2) does not require the Exchange to make a notice filing with the Commission to permit an associated person to continue in association with a Member, and where the Exchange intends to grant the associated person's application for continued association, the Exchange may waive the hearing provisions of paragraph (c) above with respect to that associated person.

#### **Rule 205. Dissolution and Liquidation of Members**

Every Member shall promptly provide written notice to the Exchange of any adoption of a plan of liquidation or dissolution of the Member and of any actual liquidation or dissolution of the Member. Upon receipt of such a notice, the Member may be suspended in accordance with Chapter IX (Summary Suspension) of the Rules.

#### **Rule 206. Obligations of Terminating Members**

Each terminating Member shall promptly (a) make any outstanding filings required under Exchange Rules, and (b) pay any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission, or the Securities Investor Protection Corporation. If a Member fails to make all such filings, or to pay all such dues, fees and charges, the Exchange may, notwithstanding the other applicable provisions of this Chapter, delay the effectiveness of the termination until such failures have been remedied.

#### **Rule 207. Responsible Person**

Each Member must designate an individual as the Responsible Person (as defined in Rule 100) for the Member. The Responsible Person must be affiliated with the Member.

#### **Rule 208. MIAX Sapphire Billing System**

Every Member must designate a Clearing Member for the payment of the Member's Exchange invoices and vendor invoices for Exchange-related services assessed by the Exchange by means of the Exchange's MIAX Sapphire Billing System. The designated Clearing Member shall pay to the Exchange on a timely basis the full amount of each monthly

Exchange invoice. Such payments shall be drafted by the Exchange against the designated Clearing Member's account at the Clearing Corporation.

### **Rule 209. Letter of Guarantee**

Each Member shall provide a Letter of Guarantee for the Member's trading activities on the Exchange from a Clearing Member in a form and manner prescribed by the Exchange.

### **Rule 210. Sponsored Access to the Exchange**

(a) **General.** This Rule governs electronic access for the entry and execution of orders by Sponsored Users with authorized access to the System and the applicable requirements that Sponsored Users and Sponsoring Members are required to satisfy in order to engage in a Sponsoring Member/Sponsored User relationship. For purposes of this Rule, a "Sponsored User" is a person or entity that has entered into a sponsorship arrangement with a Sponsoring Member for purposes of receiving access to the System.

(b) **Sponsored User.** A Sponsored User may obtain and maintain authorized access to the System, only if such access is authorized in advance by one or more Sponsoring Members as follows:

(1) Sponsored Users must enter into a sponsorship arrangement with a "Sponsoring Member," which is defined as a Member that agrees to sponsor the Sponsored User's access to the System. The sponsorship arrangement consists of three separate components:

(i) The Sponsored User must enter into and maintain a customer agreement(s) with its Sponsoring Member(s), establishing a proper relationship(s) and account(s) through which the Sponsored User will be permitted to trade on the System.

(ii) For a Sponsored User to obtain and maintain authorized access to the System, the Sponsored User and its Sponsoring Member must enter into a written agreement that incorporates the following sponsorship provisions:

(A) The Sponsored User and its Sponsoring Member must have entered into and maintained a Sponsored User Agreement with the Exchange.

(B) The Sponsoring Member acknowledges and agrees that:

1. all orders entered by its Sponsored User, any person acting on behalf of such Sponsored User (e.g., employees or agents of the Sponsored User), or any person acting in the name of such Sponsored User (e.g., customers of the Sponsored User) and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member; and

2. the Sponsoring Member is responsible for any and all actions taken by such Sponsored User and any person acting on behalf of or in the name of such Sponsored User.

(C) The Sponsoring Member agrees that it will be bound by and comply with the Exchange's By-Laws, Rules and procedures, as well as any other equivalent documents pertaining to the System (collectively, the "Exchange Rules"), and the Sponsored User agrees that it will be bound by and comply with the Exchange Rules as if the Sponsored User were a Member.

(D) Both the Sponsoring Member and the Sponsored User will agree to comply with all applicable federal securities laws, rules and regulations in connection with the Sponsoring Member/Sponsored User relationship.

(E) The Sponsored User agrees that it will maintain, keep current and provide to the Sponsoring Member a list of persons who have been granted access to the System on behalf of the Sponsored User ("Authorized Traders").

(F) The Sponsored User agrees that it will familiarize its Authorized Traders with all of the Sponsored User's obligations under this Rule and will assure that they receive appropriate training prior to any use of or access to the System.

(G) The Sponsored User agrees that it will not permit anyone other than Authorized Traders to use or obtain access to the System.

(H) The Sponsored User agrees that it will take reasonable security precautions to prevent unauthorized use of or access to the System, including unauthorized entry of information into the System, or the information and data made available therein. The Sponsored User understands and agrees that it is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of the Sponsored User and any person acting on behalf of or in the name of such Sponsored User, and for the trading and other consequences thereof.

(I) The Sponsored User acknowledges its responsibility for establishing adequate procedures and controls that permit it to effectively monitor use of and access to the System by any person acting on behalf of or in the name of Sponsored User for compliance with the terms of these sponsorship provisions.

(J) The Sponsored User agrees that it will pay when due all amounts, if any, payable to the Sponsoring Member, the Exchange or any other third parties that arise from the Sponsored User's use of or access to the System. Such amounts include, but are not limited to, applicable Exchange and regulatory fees.

(iii) The Sponsored User and Sponsoring Member must provide the Exchange with a Sponsored User Agreement acknowledging and agreeing to the requirements of this Rule, including an acknowledgement by the Sponsoring Member of its responsibility for the orders, executions and actions of its Sponsored User. To the extent the Sponsoring Member is not a clearing firm, the Sponsoring Member's clearing firm, which must be a Member, must provide the Exchange with a Letter of Authorization, which specifically accepts responsibility for the clearance of the Sponsored User's transactions. Upon approval by the Clearing Corporation, if applicable, and filing with the Exchange, an existing Letter of Authorization may be amended to include the Sponsoring Member/Sponsored User relationship. Sponsored User Agreements and Letters of Authorization filed with the Exchange will remain in effect until a written notice of revocation has been filed with the Exchange. If such a written notice of revocation has not been filed with the Exchange at least one hour prior to the opening of trading on the particular business day, such revocation shall not become effective until the close of trading on such day. A revocation shall in no way relieve the Sponsoring Member or, if applicable, the Sponsored Member's clearing firm of responsibility for transactions guaranteed prior to the effective date of the revocation.

**(c) Sponsoring Member.**

(1) Each Sponsoring Member must have an effective process for vetting and approving persons who may obtain access to the System on behalf of its Sponsored Users (*i.e.*, Authorized Traders);

(2) Each Sponsoring Member must maintain an up-to-date list of Authorized Traders and must provide that list to the Exchange upon request; and

(3) Each Sponsoring Member must have reasonable procedures to ensure that Sponsored User and all of its Sponsored Users' Authorized Traders: (i) maintain the physical security of the Exchange and the System, which includes, but is not limited to, the equipment for accessing the facilities of the Exchange and the System, to prevent the unauthorized use or access to the Exchange or the System, including the unauthorized entry of information into the Exchange or the System, or the information and data made available therein; and (ii) otherwise comply with the Exchange Rules and all applicable federal securities laws, rules and regulations.

(d) If the Exchange determines that a Sponsored User or an Authorized Trader has caused a Sponsoring Member to violate the Exchange Rules or Exchange Act Rule 15c3-5, the Exchange may direct the Sponsoring Member to suspend or withdraw the Sponsored User's status as a Sponsored User or the person's status as an Authorized Trader and, if so directed, the Sponsoring Member must suspend or withdraw such status.



## Chapter III. Business Conduct

The rules contained in MIAX Chapter III, as such rules may be in effect from time to time (the “Chapter III Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter III, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter III Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter III Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in the Chapter III Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in the Chapter III Rules shall be read to refer to the MIAX Sapphire Rule; the defined term “Chapter” in the Chapter III Rules shall be read to refer to the MIAX Sapphire Chapter; the defined term “Market Maker” in Chapter III Rules shall be read to refer to the MIAX Sapphire Market Maker; and the defined term “Member” in the Chapter III Rules shall be read to refer to the MIAX Sapphire Member.

# Chapter IV. Option Contracts Traded on the Exchange

## Rule 400. Designation of Securities

The Exchange trades option contracts, each of which is designated by reference to the issuer of the underlying security, expiration month or expiration date, exercise price and type (put or call).

## Rule 401. Rights and Obligations of Holders and Writers

The rights and obligations of holders and writers shall be set forth in the Rules of the Clearing Corporation.

## Rule 402. Criteria for Underlying Securities

(a) Underlying securities with respect to which put or call option contracts are approved for listing and trading on the Exchange must meet the following criteria:

(1) the security must be registered and be an “NMS stock” as defined in Rule 600 of Regulation NMS under the Exchange Act; and

(2) the security shall be characterized by a substantial number of outstanding shares that are widely held and actively traded.

(b) In addition, the Exchange shall from time to time establish guidelines to be considered in evaluating potential underlying securities for Exchange options transactions. There are many relevant factors which must be considered in arriving at such a determination, and the fact that a particular security may meet the guidelines established by the Exchange does not necessarily mean that it will be selected as an underlying security. Further, in exceptional circumstances an underlying security may be selected by the Exchange even though it does not meet all of the guidelines. The Exchange may also give consideration to maintaining diversity among various industries and issuers in selecting underlying securities. Notwithstanding the forgoing, however, absent exceptional circumstances, an underlying security will not be selected unless:

(1) There are a minimum of seven (7) million shares of the underlying security which are owned by persons other than those required to report their stock holdings under Section 16(a) of the Exchange Act.

(2) There are a minimum of 2,000 holders of the underlying security.

(3) The issuer is in compliance with any applicable requirements of the Exchange Act.

(4) Trading volume (in all markets in which the underlying security is traded) has been at least 2,400,000 shares in the preceding twelve (12) months.

(5) Either:

(i) If the underlying security is a “covered security” as defined under Section 18(b)(1)(A) of the Securities Act of 1933 (the “Securities Act”): (A) the market price per share of the underlying security has been at

least \$3.00 for the previous three (3) consecutive business days preceding the date on which the Exchange submits a certificate to the Clearing Corporation for listing and trading, as measured by the closing price reported in the primary market in which the underlying security is traded; however, (B) the requirements set forth in (5)(i)(A) will be waived during the three days following its initial public offering day for an underlying security having a market capitalization of at least \$3 billion based upon the offering price of its initial public offering, and may be listed and traded starting on or after the second business day following the initial public offering day; or

(ii) If the underlying security is not a “covered security,” the market price per share of the underlying security has been at least \$7.50 for the majority of business days during the three (3) calendar months preceding the date of selection, as measured by the lowest closing price reported in any market in which the underlying security traded on each of the subject days.

(6) Notwithstanding the requirements set forth in paragraphs (1), (2), (4) and (5) above, the Exchange may list and trade an option contract if:

(i) the underlying security meets the guidelines for continued approval in Rule 403; and

(ii) options on such underlying security are traded on at least one other registered national securities exchange.

(c) **Securities of Restructured Companies.**

(1) **Definitions.** The following definitions shall apply to the provisions of this paragraph (c):

(i) “Restructuring Transaction” refers to a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction.

(ii) “Restructure Security” refers to an equity security that a company issues, or anticipates issuing, as the result of a Restructuring Transaction of the company.

(iii) “Original Equity Security” refers to a company’s equity security that is issued and outstanding prior to the effective date of a Restructuring Transaction of the company.

(iv) “Relevant Percentage” refers to either:

(A) twenty-five percent (25%), when the applicable measure determined with respect to the Original Equity Security or the business it represents includes the business represented by the Restructure Security; or

(B) thirty-three and one-third percent (33-1/3%), when the applicable measure determined with respect to the Original Equity Security or the business it represents excludes the business represented by the Restructure Security.

(2) **“Share” and “Number of Shareholder” Guidelines.** In determining whether a Restructure Security satisfies the share guideline set forth in Rule 402(b)(1) (the “Share Guideline”) or the number of holders guideline set forth in Rule 402(b)(2) (the “Number of Shareholders Guideline”), the Exchange may rely upon the facts and circumstances that it expects to exist on the option’s intended listing date, rather than on the date on which the Exchange selects for options trading the underlying Restructure Security.

(i) The Exchange may assume that:

(A) both the “Share” and “Number of Shareholders” Guidelines are satisfied if, on the option’s intended listing date, the Exchange expects no fewer than forty (40) million shares of the Restructure Security to be issued and outstanding; and

(B) either such Guideline is satisfied if, on the option’s intended listing day, the Exchange expects the Restructure Security to be listed on an exchange or automatic quotation system that has, and is subject to, an initial listing requirement that is no less stringent than the Guideline in question.

(ii) The Exchange may not rely on any such assumption, however, if a reasonable Exchange investigation or that of another exchange demonstrates that either the Share Guideline or Number of Shareholders Guideline will not in fact be satisfied on an option’s intended listing date.

(iii) In addition, in the case of a Restructuring Transaction in which the shares of a Restructure Security are issued or distributed to the holders of shares of an Original Equity Security, the Exchange may determine that either the Share Guideline or the Number of Shareholders Guideline is satisfied based upon the Exchange’s knowledge of the outstanding shares or number of shareholders of the Original Equity Security.

(3) **“Trading Volume” Guideline.** In determining whether a Restructure Security that is issued or distributed to the holders of shares of an Original Equity Security (but not a Restructure Security that is issued pursuant to a public offering or rights distribution) satisfies the trading volume guideline set forth in Rule 402(b)(4) (the “Trading Volume Guideline”), the Exchange may consider the trading volume history of the Original Equity Security prior to the “ex-date” of the Restructuring Transaction if the Restructure Security satisfies the “Substantiality Test” set forth in subparagraph (c)(5) below.

(4) **“Market Price” Guideline.** In determining whether a Restructure Security satisfies the market price history guideline set forth in Rule 402(b)(5) (the “Market Price Guideline”), the Exchange may consider the market price history of the Original Equity Security prior to the “ex-date” of the Restructuring Transaction if:

(i) the Restructure Security satisfies the “Substantiality Test” set forth in subparagraph (c)(5) below.

(ii) in the case of the application of the Market Price Guideline to a Restructure Security that is distributed pursuant to a public offering or a rights distribution:

(A) the Restructure Security trades “regular way” on an exchange or automatic quotation system for at least the five (5) trading days immediately preceding the date of selection; and

(B) at the close of trading on each trading day on which the Restructure Security trades “regular way” prior to the date of selection, and the opening of trading on the date of selection, the market price of the Restructure Security was at least \$7.50, or, if the Restructure Security is a “covered security,” as defined in Rule 402(b)(5)(i), the market price of the Restructure Security was at least \$3.00.

(5) **The “Substantiality Test”.** A Restructure Security satisfies the “Substantiality Test” if:

(i) the Restructure Security has an aggregate market value of at least \$500 million; or

(ii) at least one of the following conditions is met:

(A) the aggregate market value of the Restructure Security equals or exceeds the Relevant Percentage of the aggregate market value of the Original Equity Security;

(B) the aggregate book value of the assets attributed to the business represented by the Restructure Security equals or exceeds both \$50 million and the Relevant Percentage of the aggregate book value of the assets attributed to the business represented by the Original Equity Security; or

(C) the revenues attributed to the business represented by the Restructure Security equals or exceeds both \$50 million and the Relevant Percentage of the revenues attributed to the business represented by the Original Equity Security.

(6) A Restructure Security's aggregate market value may be determined from "when issued" prices, if available.

(7) In calculating comparative aggregate market values for the purpose of assessing whether a Restructure Security qualifies to underlie an option, the Exchange shall use the Restructure Security's closing price on its primary market on the last business day prior to the selection date or the Restructure Security's opening price on its primary market on the selection date and shall use the corresponding closing or opening price of the related Original Equity Security.

(8) In calculating comparative asset values and revenues, the Exchange shall use (i) the issuer's latest annual financial statements or (ii) the issuer's most recently available interim financial statements (so long as such interim financial statements cover a period of not less than three months), whichever are more recent. Those financial statements may be audited or unaudited and may be pro forma.

(9) Except in the case of a Restructure Security that is distributed pursuant to a public offering or rights distribution, the Exchange may not rely upon the trading volume or market price history of an Original Equity Security as this paragraph (c) permits for any trading day unless it relies upon both of those measures for that trading day.

(10) Once the Exchange commences to rely upon a Restructure Security's trading volume and market price history for any trading day, the Exchange may not rely upon the trading volume and market price history of the security's related Original Equity Security for any trading day thereafter.

(11) **"When Issued" Trading Prohibited.** The Exchange shall not list for trading option contracts that overlie a Restructure Security that is not yet issued and outstanding, regardless of whether the Restructure Security is trading on a "when issued" basis or on another basis that is contingent upon the issuance or distribution of shares.

(d) In considering underlying securities, the Exchange shall ordinarily rely on information made publicly available by the issuer and/or the markets in which the security is traded.

(e) The word "security" shall be broadly interpreted to mean any equity security, as defined in Rule 3a11-1 under the Exchange Act, which is appropriate for options trading, and the word "shares" shall mean the unit of trading of such security.

(f) Securities deemed appropriate for options trading shall include nonconvertible preferred stock issues and American Depositary Receipts ("ADRs") if they meet the criteria and guidelines set forth in this Rule 402 and if, in the case of ADRs:

(1) the Exchange has in place an effective surveillance sharing agreement with the primary exchange in the home country where the security underlying the ADR is traded; or

(2) the combined trading volume of the ADR and other related ADRs and securities (as defined below) occurring in the U.S. ADR market or in markets with which the Exchange has in place an effective surveillance sharing agreement represents (on a share equivalent basis) at least fifty percent (50%) of the combined worldwide trading volume in the ADR, the security underlying the ADR, other classes of common stock related to the underlying security, and ADRs overlying such other stock (together “other related ADRs and securities”) over the three month period preceding the date of selection of the ADR for options trading; or

(3) (i) the combined trading volume of the ADR and other related ADRs and securities occurring in the U.S. ADR market and in markets where the Exchange has in place an effective surveillance sharing agreement, represents (on a share equivalent basis) at least twenty percent (20%) of the combined worldwide trading volume in the ADR and in other related ADRs and securities over the three month period preceding the date of selection of the ADR for options trading, (ii) the average daily trading volume for the security in the U.S. markets over the three (3) months preceding the selection of the ADR for options trading is 100,000 or more shares, and (iii) the trading volume is at least 60,000 shares per day in U.S. markets on a majority of the trading days for the three (3) months preceding the date of selection of the ADR for options trading (“Daily Trading Volume Standard”); or

(4) the SEC otherwise authorizes the listing.

(g) Securities deemed appropriate for options trading shall include shares issued by registered closed-end management investment companies that invest in the securities of issuers based in one or more foreign countries (“International Funds”) if they meet the criteria and guidelines set forth in this Rule 402 and either:

(1) the Exchange has a market information sharing agreement with the primary home exchange for each of the securities held by the fund; or

(2) the International Fund is classified as a diversified company as that term is defined by section 5(b) of the Investment Company Act of 1940, as amended, and the securities held by the fund are issued by issuers based in five or more countries.

(h) A “market information sharing agreement” for purposes of this Rule is an agreement that would permit the Exchange to obtain trading information relating to the securities held by the fund including the identity of the member of the foreign exchange executing a trade. International Fund shares not meeting criteria of paragraph (i) shall be deemed appropriate for options trading if the SEC specifically authorizes the listing.

(i) Securities deemed appropriate for options trading shall include shares or other securities (“Exchange-Traded Fund Shares”) that are traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, and that:

(1) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments (“Funds”), including, but not limited to, stock index futures contracts, options on futures, options on securities and indices, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) comprising or otherwise based on or representing investments in broad-based indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other

registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments);

(2) represent interests in a trust or similar entity that holds a specified non-U.S. currency or currencies deposited with the trust which when aggregated in some specified minimum number may be surrendered to the trust or similar entity by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust (“Currency Trust Shares”);

(3) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency (“Commodity Pool ETFs”);

(4) are issued by the SPDR® Gold Trust or the iShares COMEX Gold Trust or the iShares Silver Trust or the ETFS Silver Trust or the ETFS Gold Trust or the ETFS Palladium Trust or the ETFS Platinum Trust or the Sprott Physical Gold Trust;

(5) represent an interest in a registered investment company (“Investment Company”) organized as an open-end management company or similar entity, that invests in a portfolio of securities selected by the Investment Company’s investment adviser consistent with the Investment Company’s investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value (“NAV”), and when aggregated in the same specified minimum number, may be redeemed at a holder’s request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV (“Managed Fund Share”); provided that all of the following conditions are met:

(i) the Exchange-Traded Fund Shares either:

(A) meet the criteria and guidelines set forth in paragraphs (a) and (b) above; or

(B) the Exchange-Traded Fund Shares are available for creation or redemption each business day from or through the issuing trust, investment company, commodity pool or other entity in cash or in kind at a price related to net asset value, and the issuer is obligated to issue Exchange-Traded Fund Shares in a specified aggregate number even if some or all of the investment assets and/or cash required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investment assets has undertaken to deliver them as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer of the Exchange-Traded Fund Shares, all as described in the Exchange-Traded Fund Shares’ prospectus; and

(C) For Commodity Pool ETFs that engage in holding and/or managing portfolios or baskets commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities, options on non-U.S. currency and/or securities, the Exchange has entered into a comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in such commodity futures contracts and/or options on commodity futures contracts on the specified commodities or non-U.S. currency, which are utilized by the national securities exchange where the underlying Commodity Pool ETFs are listed and traded.

(ii) the Exchange-Traded Fund Shares meet the following criteria:

(A) are listed pursuant to generic listing standards for series of portfolio depositary receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required; or

(B) 1. any non-U.S. component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based that are not subject to comprehensive surveillance agreements do not in the aggregate represent more than 50% of the weight of the index or portfolio;

2. component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based for which the primary market is in any one country that is not subject to a comprehensive surveillance agreement do not represent 20% or more of the weight of the index;

3. component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based for which the primary market is in any two countries that are not subject to comprehensive surveillance agreements do not represent 33% or more of the weight of the index; and

4. For Currency Trust Shares, the Exchange has entered into an appropriate comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in derivatives (options or futures) on the specified non-U.S. currency or currencies, which are utilized by the national securities exchange where the underlying Currency Trust Shares are listed and traded.

(j) Securities deemed appropriate for options trading shall include shares or other securities ("Trust Issued Receipts") that are principally traded on a national securities exchange or through the facilities of a national securities association and reported as a national market security, and that represent ownership of the specific deposited securities held by a trust, provided:

(1) the Trust Issued Receipts (i) meet the criteria and guidelines for underlying securities set forth in paragraph (b) to this Rule; or (ii) must be available for issuance or cancellation each business day from the Trust in exchange for the underlying deposited securities; and

(2) not more than 20% of the weight of the Trust Issued Receipt is represented by ADRs on securities for which the primary market is not subject to a comprehensive surveillance agreement.

(k) (1) Securities deemed appropriate for options trading shall include shares or other securities ("Equity Index-Linked Securities," "Commodity-Linked Securities," "Currency-Linked Securities," "Fixed Income Index-Linked Securities," "Futures-Linked Securities," and "Multifactor Index-Linked Securities," collectively known as "Index-Linked Securities") that are principally traded on a national securities exchange and an "NMS Stock" (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934), and represent ownership of a security that provides for the payment at maturity, as described below:

(i) Equity Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of an underlying index or indexes of equity securities ("Equity Reference Asset");

(ii) Commodity-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of one or more physical commodities or commodity futures, options on commodities, or other commodity derivatives or Commodity-Based Trust Shares or a basket or index of any of the foregoing ("Commodity Reference Asset");



(iii) Currency-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of one or more currencies, or options on currencies or currency futures or other currency derivatives or Currency Trust Shares (as defined in Rule 402(h)), or a basket or index of any of the foregoing (“Currency Reference Asset”);

(iv) Fixed Income Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of one or more notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (“Treasury Securities”), government-sponsored entity securities (“GSE Securities”), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof or a basket or index of any of the foregoing (“Fixed Income Reference Asset”);

(v) Futures-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of an index of (A) futures on Treasury Securities, GSE Securities, supranational debt and debt of a foreign country or a subdivision thereof, or options or other derivatives on any of the foregoing; (B) interest rate futures or options or derivatives on the foregoing in this subparagraph (B); or (C) CBOE Volatility Index (VIX) Futures (“Futures Reference Asset”); and

(vi) Multifactor Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance or the leveraged (multiple or inverse) performance of any combination of two or more Equity Reference Assets, Commodity Reference Assets, Currency Reference Assets, Fixed Income Reference Assets, or Futures Reference Assets (“Multifactor Reference Asset”).

(2) For purposes of this Rule 402(k), Equity Reference Assets, Commodity Reference Asset, Currency Reference Assets, Fixed Income Reference Assets, Futures Reference Assets together with Multifactor Reference Assets, collectively will be referred to as “Reference Assets.”

(3) (i) The Index-Linked Securities must meet the criteria and guidelines for underlying securities set forth in Rule 402(b); or

(ii) the Index-Linked Securities must be redeemable at the option of the holder at least on a weekly basis through the issuer at a price related to the applicable underlying Reference Asset. In addition, the issuing company is obligated to issue or repurchase the securities in aggregation units for cash, or cash equivalents, satisfactory to the issuer of Index-Linked Securities which underlie the option as described in the Index-Linked Securities prospectus.

(4) The Exchange will implement surveillance procedures for options on Index-Linked Securities, including adequate comprehensive surveillance sharing agreements with markets trading in non-U.S. components, as applicable.

### **Rule 403. Withdrawal of Approval of Underlying Securities**

(a) Whenever the Exchange determines that an underlying security previously approved for Exchange options transactions does not meet the then current requirements for continuance of such approval or for any other reason should no longer be approved, the Exchange will not open for trading any additional series of options of the class covering that underlying security and may prohibit any opening purchase transactions in series of options of that class previously opened (except that opening transactions by Market Makers executed to accommodate closing transactions of other market participants may be permitted) to the extent it deems such action necessary or appropriate; provided, however, that where exceptional circumstances have caused an underlying security not to comply with the Exchange’s current approval maintenance requirements regarding number of publicly held shares, number of shareholders, trading volume or market price, the Exchange may, in the interest of maintaining a fair and

orderly market or for the protection of investors, determine to continue to open additional series of option contracts of the class covering that underlying security. When all option contracts with respect to any underlying security that is no longer approved have expired, the Exchange may make application to the SEC to strike from trading and listing all such option contracts.

(b) Absent exceptional circumstances, an underlying security will not be deemed to meet the Exchange's requirements for continued approval whenever any of the following occur:

(1) There are fewer than 6,300,000 shares of the underlying security held by persons other than those who are required to report their security holdings under Section 16(a) of the Exchange Act.

(2) There are fewer than 1,600 holders of the underlying security.

(3) The trading volume (in all markets in which the underlying security is traded) has been less than 1,800,000 shares in the preceding twelve (12) months.

(4) The underlying security ceases to be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Exchange Act.

(5) If an underlying security is approved for options listing and trading under the provisions of Rule 402(c), the trading volume of the Original Equity Security (as therein defined) prior to but not after the commencement of trading in the Restructure Security (as therein defined), including "when-issued" trading, may be taken into account in determining whether the trading volume requirement of subparagraph (3) is satisfied.

(c) In considering whether any of the events specified in paragraph (b) of this Rule have occurred with respect to an underlying security, the Exchange shall ordinarily rely on information made publicly available by the issuer and/or the markets in which such security is traded.

(d) If prior to the delisting of a class of option contracts covering an underlying security that has been found not to meet the Exchange's requirements for continued approval, the Exchange determines that the underlying security again meets the Exchange's requirements, the Exchange may open for trading additional series of options of that class and may lift any restriction on opening purchase transactions imposed by this Rule.

(e) Whenever the Exchange announces that approval of an underlying security has been withdrawn for any reason or that the Exchange has been informed that the issuer of an underlying security has ceased to be in compliance with SEC reporting requirements, each Member shall, prior to effecting any transaction in option contracts with respect to such underlying security for a customer, inform such customer of such fact and of the fact that the Exchange may prohibit further transactions in such option contracts to the extent it shall deem such action necessary and appropriate.

(f) If an ADR was initially deemed appropriate for options trading on the grounds that fifty percent (50%) or more of the worldwide trading volume (on a share equivalent basis) in the ADR and other related ADRs and securities takes place in U.S. markets or in markets with which the Exchange has in place an effective surveillance sharing agreement, or if an ADR was initially deemed appropriate for options trading based on the daily trading volume standard Rule 402(f)(3), the Exchange may not open for trading additional series of options on the ADR unless:

(1) The percentage of worldwide trading volume in the ADR and other related securities that takes place in the U.S. and in markets with which the Exchange has in place effective surveillance sharing agreements for any consecutive three (3) month period is either:

(i) at least thirty percent (30%) without regard to the average daily trading volume in the ADR, or

(ii) at least fifteen percent (15%) when the average U.S. daily trading volume in the ADR for the previous three (3) months is at least 70,000 shares;

(2) the Exchange then has in place an effective surveillance sharing agreement with the primary exchange in the home country where the security underlying the ADR is traded; or

(3) the SEC has otherwise authorized the listing.

(g) Exchange-Traded Fund Shares approved for options trading pursuant to Rule 402(i) will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Exchange-Traded Fund Shares if the Exchange-Traded Fund Shares are delisted from trading as provided in subparagraph (b)(4) of this Rule or the Exchange-Traded Fund Shares are halted or suspended from trading on their primary market. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Exchange-Traded Fund Shares in any of the following circumstances:

(1) in the case of options covering Exchange-Traded Fund Shares approved pursuant to Rule 402(i)(5)(i)(A), in accordance with the terms of subparagraphs (b)(1), (2) and (3) of this Rule 403;

(2) in the case of options covering Exchange-Traded Fund Shares approved pursuant to Rule 402(i)(5)(i)(B), following the initial twelve-month period beginning upon the commencement of trading in the Exchange-Traded Fund Shares on a national securities exchange and are defined as an "NMS stock" under Rule 600 of Regulation NMS, there were fewer than 50 record and/or beneficial holders of such Exchange-Traded Fund Shares for 30 or more consecutive trading days;

(3) the value of the index or portfolio of securities or non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities and/or Financial Instruments and Money Market Instruments, on which the Exchange-Traded Fund Shares are based is no longer calculated or available; or

(4) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

(h) Absent exceptional circumstances, securities initially approved for options trading pursuant to paragraph (j) of Rule 402 (such securities are defined and referred to in that paragraph as "Trust Issued Receipts") shall not be deemed to meet the Exchange's requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Trust Issued Receipts, whenever the Trust Issued Receipts are delisted and trading in the Receipts is suspended on a national securities exchange, or the Trust Issued Receipts are no longer traded as national market securities through the facilities of a national securities association. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Trust Issued Receipts in any of the following circumstances:

(1) in accordance with the terms of paragraph (b) this Rule 403 in the case of options covering Trust Issued Receipts when such options were approved pursuant to subparagraph (j)(1)(i) under Rule 402;

(2) upon annual review, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days;

(3) the Trust has fewer than 50,000 receipts issued and outstanding;

(4) the market value of all receipts issued and outstanding is less than \$1,000,000; or

(5) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

(i) For Holding Company Depositary Receipts (HOLDRs), the Exchange will not open additional series of options overlying HOLDRs (without prior SEC approval) if:

(1) the proportion of securities underlying standardized equity options to all securities held in a HOLDRs trust is less than 80% (as measured by their relative weightings in the HOLDRs trust); or

(2) less than 80% of the total number of securities held in a HOLDRs trust underlie standardized equity options.

#### **Interpretations and Policies:**

.01 If an option series is listed but restricted to closing transactions on another national securities exchange, the Exchange may list such series (even if such series would not otherwise be eligible for listing under the Exchange's Rules), which shall also be restricted to closing transactions on the Exchange.

.02 If an option class is open for trading on another national securities exchange, the Exchange may delist such option class immediately. If an option class is open for trading solely on the Exchange, the Exchange: may determine to not open for trading any additional series in that option class; may restrict series with open interest to closing transactions, provided that, opening transactions by Market Makers executed to accommodate closing transactions of other market participants may be permitted; and may delist the option class when all series within that class have expired. In all instances, delisting shall be preceded by a notice to members concerning the delisting.

#### **Rule 404. Series of Option Contracts Open for Trading**

(a) After a particular class of options has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that class. Only option contracts in series of options currently open for trading may be purchased or written on the Exchange. Prior to the opening of trading in a given series, the Exchange will fix the type of option, expiration month, year and exercise price of that series. Exercise-price setting parameters adopted as part of the Options Listing Procedures Plan ("OLPP") are set forth in Rule 404A. For Short Term Option Series, the Exchange will fix a specific expiration date and exercise price of that series, as provided in Interpretations and Policies .02. For Quarterly Options Series, the Exchange will fix a specific expiration date and exercise price of that series, as provided in Interpretations and Policies .03.

(b) Except as otherwise provided in this Rule 404 and Interpretations and Policies hereto, at the commencement of trading on the Exchange of a particular type of option of a class of options, the Exchange shall open a minimum of one expiration month and series for each class of options open for trading on the Exchange. The exercise price of each series will be fixed at a price per share, which is reasonably close to the price per share at which the underlying stock is traded in the primary market at about the time that class of options is first opened for trading on the Exchange.

(c) Additional series of options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. The opening of a new series of options shall not affect the series of options of the same class previously opened.

(d) Except as otherwise provided in this Rule 404 and the Interpretations and Policies hereto, the interval between strike prices of series of options on individual stocks will be:

- (1) \$2.50 or greater where the strike price is \$25.00 or less;
- (2) \$5.00 or greater where the strike price is greater than \$25.00; and
- (3) \$10.00 or greater where the strike price is greater than \$200.00.

(e) New series of options on an individual stock may be added until the beginning of the month in which the option contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add new series of options on an individual stock until the close of trading on the business day prior to expiration.

(f) The Exchange may select up to 60 options classes on individual stocks for which the interval of strike prices will be \$2.50 where the strike price is greater than \$25 but less than \$50 (the "\$2.50 Strike Price Program"). On any option class that has been selected as part of this \$2.50 Strike Price Program, \$2.50 strike prices between \$50 and \$100 may be listed, provided that \$2.50 strike prices between \$50 and \$100 are no more than \$10 from the closing price of the underlying stock in its primary market on the preceding day. For example, if an options class has been selected as part of the \$2.50 Strike Price Program, and the underlying stock closes at \$48.50 in its primary market, the Exchange may list the \$52.50 strike price and the \$57.50 strike price on the next business day. If an underlying security closes at \$54, the Exchange may list the \$52.50 strike price, the \$57.50 strike price and the \$62.50 strike price on the next business day. The Exchange may also list \$2.50 strike price series on any option classes that are selected by other securities exchanges that have a similar program under their respective rules.

(g) The interval between strike prices of series of options on Exchange-Traded Fund Shares approved for options trading pursuant to Rule 402(i) shall be fixed at a price per share which is reasonably close to the price per share at which the underlying security is traded in the primary market at or about the same time such series of options is first open for trading on the Exchange, or at such intervals as may have been established on another options exchange prior to the initiation of trading on the Exchange.

#### **Interpretations and Policies:**

##### **.01 \$1 Strike Price Interval Program.**

(a) The interval between strike prices of series of options on individual stocks may be \$1.00 or greater provided the strike price is \$50.00 or less, but not less than \$1. Except as provided in subparagraph (c) below, the listing of \$1 strike price intervals shall be limited to options classes overlying no more than 150 individual stocks (the "\$1 Strike Price Interval Program") as specifically designated by the Exchange. The Exchange may list \$1 strike prices on any other options class if those classes are specifically designated by other securities exchanges that employ a \$1 Strike Price Interval Program under their respective rules. If a class participates in the \$1 Strike Price Interval Program, \$2.50 strike price intervals are not permitted between \$1 and \$50 for non-LEAPs and LEAPs.

(b) **Eligibility for the \$1 Strike Price Interval Program.** To be eligible for inclusion into the \$1 Strike Price Interval Program, an underlying stock must close below \$50 in its primary market on the previous trading day.

(c) **Strike Prices to be Added.** After a stock is added to the \$1 Strike Price Interval Program, the Exchange may list \$1 strike price intervals from \$1 to \$50 according to the following parameters:

(1) If the price of the underlying stock is equal to or less than \$20, the Exchange may list series with an exercise price up to 100% above and 100% below the price of the underlying stock. However, the foregoing restriction shall not prohibit the listing of at least five (5) strike prices above and below the price of the underlying stock per expiration month in an option class. For example, if the price of the underlying stock is \$2, the Exchange would be permitted to list the following series: \$1, \$2, \$3, \$4, \$5, \$6 and \$7.

(2) If the price of the underlying stock is greater than \$20, the Exchange may list series with an exercise price up to 50% above and 50% below the price of the underlying security up to \$50.

(3) For the purpose of adding strikes under the \$1 Strike Price Interval Program, the “price of the underlying stock” shall be measured in the same way as “the price of the underlying security” is as set forth in Rule 404A(b)(1).

(4) No additional series in \$1 strike price intervals may be listed if the underlying stock closes at or above \$50 in its primary market. Additional series in \$1 strike price intervals may not be added until the underlying stock closes again below \$50.

(d) **Long-Term Option Series (“LEAPS®”)**

(1) The Exchange may list \$1 strike prices up to \$5 in LEAPS in up to 200 classes on individual stocks. The Exchange may not list strike prices with \$1 intervals within \$0.50 of an existing \$2.50 strike price in the same series.

(2) For stocks in the \$1 Strike Price Interval Program, the Exchange may list one \$1 strike price interval between each standard \$5 strike interval, with the \$1 strike price interval being \$2 above the standard strike for each interval above the price of the underlying stock, and \$2 below the standard strike for each interval below the price of the underlying stock. For example, if the price of the underlying stock is \$24.50, the Exchange may list the following standard strikes in \$5 intervals: \$15, \$20, \$25, \$30 and \$35. Between these standard \$5 strikes, the Exchange may list the following \$2 wings: \$18, \$27 and \$32.

(3) In addition, the Exchange may list the \$1 strike price interval which is \$2 above the standard strike just below the underlying price at the time of listing. In the above example, since the standard strike just below the underlying price (\$24.50) is \$20, the Exchange may list a \$22 strike. The Exchange may add additional long-term options series strikes as the price of the underlying stock moves, consistent with the Options Listing Procedures Plan. Additional long-term option strikes may not be listed within \$1 of an existing strike until less than nine months to expiration.

(e) **\$1 Strike Price Interval Program Delisting Policy.**

(1) For options classes selected to participate in the \$1 Strike Price Interval Program, the Exchange will, on a monthly basis, review series that were originally listed under the \$1 Strike Price Interval Program with strike prices that are more than \$5 from the current value of an options class and delist those series with no open interest in both the put and the call series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(2) If the Exchange identifies series for delisting pursuant to this policy, the Exchange shall notify other options exchanges with similar delisting policies regarding eligible series for delisting, and shall work jointly with such other exchanges to develop a uniform list of series to be delisted so as to ensure uniform series delisting of multiply listed options classes.

(3) Notwithstanding the above delisting policy, Member requests to add strikes and/or maintain strikes in series of options classes traded pursuant to the \$1 Strike Price Interval Program that are eligible for delisting may be granted.

(f) A stock shall remain in the \$1 Strike Price Interval Program until otherwise designated by the Exchange.

**.02 Short Term Option Series Program.** After an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day (“Short Term Option Opening Date”) series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which monthly options series or Quarterly Options Series expire (“Friday Short Term Option Expiration Dates”). The Exchange may have no more than a total of five Short Term Option Friday Expiration Dates (“Short Term Option Weekly Expirations”). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that Friday.

Short Term Option Daily Expirations

In addition to the above, the Exchange may open for trading series of options on the symbols provided in Table 1 below that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days and are not business days in which monthly options series or Quarterly Options Series expire (“Short Term Option Daily Expirations”). The Exchange may have no more than a total of two Short Term Option Daily Expirations for each of Monday, Tuesday, Wednesday, and Thursday expirations at one time. Short Term Option Daily Expirations would be subject to this Policy .02.

**Table 1**

Symbol	Number of Expirations			
	Monday	Tuesday	Wednesday	Thursday
SPY	2	2	2	2
IWM	2	0	2	0
QQQ	2	2	2	2

With respect to Monday expirations for symbols defined in Table 1 above (“Monday Expirations”), the Exchange may open for trading on any Friday or Monday that is a business day series of options on the symbols provided in Table 1 above that expire at the close of business on each of the next two Mondays that are business days and are not business days in which monthly options series or Quarterly Options Series expire (“Monday Short Term Option Expiration Date”), provided that Monday Expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration.

With respect to Tuesday expirations for symbols defined in Table 1 above (“Tuesday Expirations”), the Exchange may open for trading on any Monday or Tuesday that is a business day series of options on the symbols provided in Table 1 above that expire at the close of business on each of the next two Tuesdays that are business days and are

not business days in which monthly options series or Quarterly Options Series expire (“Tuesday Short Term Option Expiration Date”).

With respect to Wednesday expirations for symbols defined in Table 1 above (“Wednesday Expirations”), the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on the symbols provided in Table 1 above that expire at the close of business on each of the next two Wednesdays that are business days and are not business days in which monthly options series or Quarterly Options Series expire (“Wednesday Short Term Option Expiration Date”).

With respect to Thursday expirations for symbols defined in Table 1 above (“Thursday Expirations”), the Exchange may open for trading on any Wednesday or Thursday that is a business day series of options on the symbols provided in Table 1 above that expire at the close of business on each of the next two Thursdays that are business days and are not business days in which monthly options series or Quarterly Options Series expire (“Thursday Short Term Option Expiration Date”).

Monday Short Term Option Expiration Dates, Tuesday Short Term Option Expiration Dates, Wednesday Short Term Option Expiration Dates, and Thursday Short Term Option Expiration Dates, together with Friday Short Term Option Expiration Dates, are collectively “Short Term Option Expiration Dates.”

Regarding Short Term Option Series:

(a) **Classes.** The Exchange may select up to fifty (50) currently listed option classes in which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the 50 option class restriction, the Exchange may also list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar Program under their respective rules. For each option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to thirty (30) Short Term Option Series for each expiration date in that class.

(b) **Expiration.** No Short Term Option Series other than Short Term Option Daily Expirations, may expire in the same week in which monthly option series on the same class expires. In the case of Quarterly Options Series, no Short Term Option Series may expire on the same day as an expiration of Quarterly Options Series in the same class.

(c) **Initial Series.** The Exchange may open up to thirty (30) initial series for each option class that participates in the Short Term Option Series Program. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices above and below the value of the underlying security at about the time that Short Term Option Series are initially opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security). Any strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security and within the following parameters: (i) if the price of the underlying security is less than or equal to \$20, strike prices shall be not more than one hundred percent (100%) above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than \$20, strike prices shall be not more than fifty percent (50%) above or below the price of the underlying security.

(d) **Additional Series.** If the Exchange opens less than thirty (30) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security and within the following parameters: (i) if the price of the underlying security is less than or equal to \$20, strike prices shall be not



more than one hundred percent (100%) above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than \$20, strike prices shall be not more than fifty percent (50%) above or below the price of the underlying security. The Exchange may also open additional strike prices on Short Term Option Series that are more than 50% above or below the current price of the underlying security (if the price is greater than \$20) provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market Makers trading for their own account shall not be considered when determining customer interest under this provision. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security, the Exchange will delist any series with no open interest in both the call and the put series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration week; and (ii) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration week. The opening of new Short Term Option Series shall not affect the series of options of the same class previously opened. Notwithstanding any other provisions in this Rule 404, Short Term Option Series may be added up to and including on the Short Term Option Expiration Date for that options series.

(e) **Strike Price Interval.** The strike price interval for Short Term Option Series may be \$0.50 or greater for option classes that trade in \$1 strike price intervals and are in the Short Term Option Series Program. If the class does not trade in \$1 strike price intervals, the strike price interval for Short Term Option Series may be \$0.50 or greater where the strike price is less than \$100 and \$1.00 or greater where the strike price is between \$100 and \$150, and \$2.50 or greater for strike prices greater than \$150. A non-Short Term Option series that is included in a class that has been selected to participate in the Short Term Option Series Program is referred to as a “Related non-Short Term Option.” Notwithstanding any other provision regarding strike prices in this Rule, Related non-Short Term Option series shall be opened during the month prior to expiration in the same manner as permitted in Rule 404, Interpretations and Policies .02, and in the same strike price intervals for the Short Term Option Series permitted in this Rule 404, Interpretations and Policies .02(e).

(f) Notwithstanding (e) above, when Short Term Options Series in equity options, excluding Exchange-Traded Funds (“ETFs”) and ETNs, have an expiration more than twenty-one (21) days from the listing date, the strike interval for each options class shall be based on the table within Policy .11.

**.03 Quarterly Options Series Program.** The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter (“Quarterly Options Series”). The Exchange may list Quarterly Options Series for up to five (5) currently listed options classes that are options on exchange traded funds (“ETFs”). In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(a) The Exchange may list series that expire at the end of the next consecutive four (4) calendar quarters, as well as the fourth quarter of the next calendar year.

(b) The Exchange will not list a Short Term Option Series on an options class whose expiration coincides with that of a Quarterly Options Series on that same options class.

(c) **Initial Series.** The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two strike prices above and two strike prices below the approximate value of the underlying security at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange shall list strike prices for a Quarterly Options Series that are within \$5 from the closing price of the underlying on the preceding day.

(d) **Additional Series.** Additional Quarterly Options Series of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when

the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within thirty percent (30%) above or below the closing price of the underlying ETF or Exchange-Traded Fund Shares as defined in Rule 402(i) on the preceding day. The Exchange may also open additional strike prices of Quarterly Options Series in ETF options that are more than 30% above or below the current price of the underlying ETF provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of new Quarterly Options Series shall not affect the series of options of the same class previously opened.

(e) The interval between strike prices on Quarterly Options Series shall be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.

(f) **Delisting Policy.** With respect to Quarterly Options Series in ETF options added pursuant to the above paragraphs, the Exchange will, on a monthly basis, review series that are outside a range of five (5) strikes above and five (5) strikes below the current price of the underlying ETF, and delist series with no open interest in both the put and the call series having a: (1) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (2) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(g) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Quarterly Options Series in ETF options in series eligible for delisting shall be granted.

(h) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange shall notify other options exchanges with similar delisting policies regarding eligible series for delisting, and shall work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Quarterly Options Series in ETF options.

**.04 \$0.50 Strike Program.** The interval of strike prices of series of options on individual stocks may be \$0.50 or greater beginning at \$0.50 where the strike price is \$5.50 or less, but only for options classes whose underlying security closed at or below \$5.00 in its primary market on the previous trading day and which have national average daily volume that equals or exceeds 1,000 contracts per day as determined by The Options Clearing Corporation during the preceding three calendar months. The listing of \$0.50 strike prices shall be limited to options classes overlying no more than 20 individual stocks (the “\$0.50 Strike Program”) as specifically designated by the Exchange. The Exchange may list \$0.50 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar \$0.50 Strike Program under their respective rules. A stock shall remain in the \$0.50 Strike Program until otherwise designated by the Exchange.

**.05 Notwithstanding Interpretations and Policies .01 above,** the interval between strike prices of series of options on Indexed-Linked Securities, as defined in Rule 402(k)(1), will be \$1 or greater when the strike price is \$200 or less and \$5 or greater when the strike price is greater than \$200.

**.06 Notwithstanding Interpretations and Policies .01 above,** the interval between strike prices of series of options on Trust Issued Receipts, including Holding Company Depository Receipts (HOLDERS), will be \$1 or greater where the strike price is \$200 or less and \$5 or greater where the strike price is greater than \$200.

**.07 \$0.50 and \$1.00 Strike Price Intervals for Options Used to Calculate Volatility Indexes.** Notwithstanding the requirements set forth in Rule 404(f) and Interpretations and Policies .01, .05 and .06 above, the Exchange may open for trading series at \$0.50 or greater strike price intervals where the strike price is less than \$75, and \$1.00 or greater

strike price intervals where the strike price is between \$75 and \$150 for options that are used to calculate a volatility index.

#### **.08 Mini Option Contracts.**

(a) After an option class on a stock, exchange-traded fund (ETF) share, Trust Issued Receipt (TIR), and other Equity Index-Linked Security with a 100 share deliverable has been approved for listing and trading on the Exchange, series of option contracts with a 10 share deliverable on that stock, ETF share, TIR, and other Equity Index-Linked Security may be listed for all expirations opened for trading on the Exchange. Mini-option contracts may currently be listed on SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Alphabet, Inc. (GOOGL) and Amazon.com Inc. (AMZN).

(b) Strike prices for mini-options shall be set at the same level as for standard options. For example, a call series strike price to deliver 10 shares of stock at \$125 per share has a total deliverable value of \$1250, and the strike price will be set at 125.

(c) No additional series of mini-options may be added if the underlying security is trading at \$90 or less. The underlying security must trade above \$90 for five consecutive days prior to listing mini-option contracts in an additional expiration month.

(d) The minimum price variation for bids and offers for mini-options shall be the same as permitted for standard options on the same security. For example, if a security participates in the Penny Interval Program, mini-options on the same underlying security may be quoted in the same minimum increments, e.g., \$0.01 for all quotations in series that are quoted at less than \$3 per contract and \$0.05 for all quotations in series that are quoted at \$3 per contract or greater, \$0.01 for all SPY option series, and mini-options do not separately need to qualify for the Penny Interval Program.

.09 Notwithstanding any other provision regarding strike prices in this Rule, Related non-Short Term Option series shall be opened during the month prior to expiration in the same manner as permitted in Rule 404, Interpretations and Policies .02, and in the same strike price intervals for the Short Term Option Series permitted in this Rule 404, Interpretations and Policies .02(e).

.10 Notwithstanding any other provision regarding the interval of strike prices of series of options on Exchange-Traded Fund Shares in this Rule, the interval of strike prices on SPDR S&P 500 ETF ("SPY"), iShares S&P 500 Index ETF ("IVV"), Invesco QQQ Trust ("QQQ"), iShares Russell 2000 Index Fund ("IWM"), and the SPDR Dow Jones Industrial Average ETF ("DIA") options will be \$1 or greater.

.11 With respect to listing Short Term Option Series in equity options, excluding Exchange-Traded Fund Shares and ETNs, which have an expiration date more than twenty-one (21) days from the listing date, the following table will apply as noted within Policy .02(f). The below table indicates the applicable strike intervals and supersedes Policy .02(d) which permits additional series to be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened.

Tier	Average Daily Volume	Share Price				
		Less than \$25	\$25 to less than \$75	\$75 to less than \$150	\$150 to less than \$500	\$500 or greater
1	Greater than 5,000	\$0.50	\$1.00	\$1.00	\$5.00	\$5.00
2	Greater than 1,000 to 5,000	\$1.00	\$1.00	\$1.00	\$5.00	\$10.00
3	0 to 1,000	\$2.50	\$5.00	\$5.00	\$5.00	\$10.00

The Share Price is the closing price on the primary market on the last day of the calendar quarter. In the event of a corporate action, the Share Price of the surviving company is utilized.

The Average Daily Volume is the total number of options contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter. Beginning on the second trading day in the first month of each calendar quarter, the Average Daily Volume shall be calculated by utilizing data from the prior calendar quarter based on Customer-cleared volume at The Options Clearing Corporation. For options listed on the first trading day of a given calendar quarter, the Average Daily Volume shall be calculated using the quarter prior to the last trading calendar quarter.

Short Term Options Series that are newly eligible for listing pursuant to Exchange Rule 402 will not be subject to this proposed Policy .11 until after the end of the first full calendar quarter following the date the option class was first listed for trading on any options market.

Notwithstanding the limitations imposed by this Policy .11, this proposal does not amend the range of strikes that may be listed pursuant to Policy .02 above, regarding the Short Term Option Series Program.

#### **Rule 404A. Select Provisions of Options Listing Procedures Plan**

(a) The provisions set forth in this Rule 404A were adopted by the Exchange as a quote mitigation strategy and are codified in the Options Listing Procedures Plan (“OLPP”). A complete copy of the current OLPP may be accessed at: <https://www.theocc.com/clearance-and-settlement/industry-services>.

(b) The exercise price of each options series listed by the Exchange shall be fixed at a price per share which is reasonably close to the price of the underlying equity security, Exchange Traded Fund (“ETF” and referred to as “Exchange Traded Fund Shares” in Rule 402(i)) or Trust Issued Receipt (“TIR”) at or about the time the Exchange determines to list such series. Additionally,

(1) Except as provided in subparagraphs (2) through (4) below, if the price of the underlying security is less than or equal to \$20, the Exchange shall not list new options series with an exercise price more than 100% above or below the price of the underlying security. However, the foregoing restriction shall not prohibit the listing of at least three exercise prices per expiration month in an options class. Except as provided in Interpretation and Policy .02(d) to Rule 404, if the price of the underlying security is greater than \$20, the Exchange shall not list new options series with an exercise price more than 50% above or below the price of the underlying security. The price of the underlying security is measured by:

(i) for intra-day add-on series and next-day series additions, the daily high and low of all prices reported by all national securities exchanges;

(ii) for new expiration months, the daily high and low of all prices reported by all national securities exchanges on the day the Exchange determines its preliminary notification of new series;

(iii) for options series to be added as a result of pre-market trading, the most recent share price reported by all national securities exchanges between 8:45 a.m. and 9:30 a.m. Eastern Time; and

(iv) for options series to be added based on trading following regular trading hours, the most recent share price reported by all national securities exchanges between 4:15 p.m. and 6:00 p.m. Eastern Time.

(2) The series exercise price range limitations contained in subparagraph (i) above do not apply with regard to:

(i) the listing of \$1 strike prices in options classes participating in the \$1 Strike Program. Instead, the Exchange shall be permitted to list \$1 strike prices to the fullest extent as permitted under its rules for the \$1 Strike Program; or

(ii) the listing of series of Flexible Exchange Options.

(3) The Exchange may designate up to five options classes to which the series exercise price range may be up to 100% above and below the price of the underlying security (which underlying security price shall be determined in accordance with subparagraph (i) above). Such designations shall be made on an annual basis and shall not be removed during the calendar year unless the options class is delisted by the Exchange, in which case the Exchange may designate another options class to replace the delisted class. If a designated options class is delisted by the Exchange but continues to trade on at least one options exchange, the options class shall be subject to the limitations on listing new series set forth in subparagraph (i) above unless designated by another exchange.

(4) If the Exchange that has designated five options classes pursuant to subparagraph (3) above requests that one or more additional options classes be excepted from the limitations on listing new series set forth in subparagraph (1) above, the additional options class(es) shall be so designated upon the unanimous consent of all exchanges that trade the options class(es). Additionally, pursuant to the Exchange's request, the percentage range for the listing of new series may be increased to more than 100% above and below the price of the underlying security for an options class, by the unanimous consent of all exchanges that trade the designated options class. Exceptions for an additional class or for an increase of the exercise price range shall apply to all standard expiration months existing at the time of the vote, plus the next standard expiration month to be added, and also to any non-standard expirations that occur prior to the next standard monthly expiration.

(5) The provisions of this subparagraph (b) shall not permit the listing of series that are otherwise prohibited by the Rules of the Exchange or the OLPP. To the extent the Rules of the Exchange permit the listing of new series that are otherwise prohibited by the provisions of the OLPP, the provisions of the OLPP shall govern.

(6) The Exchange may list an options series that is listed by another options exchange, provided that at the time such series was listed it was not prohibited under the provisions of the OLPP or the rules of the exchange that initially listed the series.

**Rule 405. Adjustments**

Option contracts shall be subject to adjustments in accordance with the Rules of the Clearing Corporation. When adjustments have been made, the Exchange will announce that fact, and such changes will be effective for all subsequent transactions in that series at the time specified in the announcement.

**Rule 406. Long-Term Option Contracts**

(a) Notwithstanding conflicting language in Rule 404, the Exchange may list long-term option contracts that expire from twelve (12) to thirty-nine (39) months from the time they are listed (“long-term expiration months”). There may be up to ten (10) long-term expiration months for options on the SPDR® S&P 500® exchange-traded fund (“SPY”) and up to six (6) long-term expiration months for all other option classes. Strike price interval (Rule 404) and continuous quoting (Rule 605(d)) Rules shall not apply to such options series until the time to expiration is less than nine (9) months.

(b) With regard to the listing of new January LEAPS series on equity options classes, options on Exchange Traded Funds (“ETFs”), or options on Trust Issued Receipts (“TIRs”), the Exchange shall not add new LEAP series on a currently listed and traded option class earlier than the Monday prior to the September expiration (which is 28 months before the expiration).

Pursuant to the Options Listing Procedures Plan, exchanges that list and trade the same equity option class, ETF option class, or TIR option class are authorized to jointly determine and coordinate with the Options Clearing Corporation on the date of introduction of new LEAP series for that option class consistent with this paragraph (b).

(c) The Exchange shall not list new LEAP series on equity option classes, options on ETFs, or options on TIRs in a new expiration year if the national average daily contract volume, excluding LEAP and FLEX series, for that option class during the preceding three (3) calendar months is less than 1,000 contracts, unless the new LEAP series has an expiration year that has already been listed on another exchange for that option class. The preceding volume threshold does not apply during the first six (6) months an equity option class, option on an ETF, or option on a TIR is listed on any exchange.

## Chapter V. Doing Business on the Exchange

### Rule 500. Access to and Conduct on the Exchange

(a) **Access to Exchange.** Unless otherwise provided in the Rules, no one but a Member or a person associated with a Member shall effect any Exchange Transactions. The Exchange may share any Member-designated risk settings in the Exchange System with the Clearing Member that clears Exchange Transactions on behalf of the Member.

(b) **Exchange Conduct.** Members and persons employed by or associated with any Member, while using the facilities of the Exchange, shall not engage in conduct (1) inconsistent with the maintenance of a fair and orderly market; (2) apt to impair public confidence in the operations of the Exchange; or (3) inconsistent with the ordinary and efficient conduct of business. Activities that may violate the provisions of this paragraph (b) include, but are not limited to, the following:

(i) failure of a Market Maker to provide quotations in accordance with Rule 605;

(ii) failure of a Member to supervise a person employed by or associated with such Member adequately to ensure that person's compliance with this paragraph (b);

(iii) failure to abide by a determination of the Exchange;

(iv) refusal to provide information requested by the Exchange; and

(v) failure to abide by the provisions of Rule 520.

### Rule 501. Days and Hours of Business

The Exchange will begin accepting orders at 7:30 a.m. Eastern Time. The hours during which option transactions may be made on the Exchange shall be from 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time except for option contracts on Exchange Traded Fund Shares, as defined in Rule 402(i), and Index-Linked Securities, as defined in Rule 402(k)(1), which may remain open for trading beyond 4:00 p.m. Eastern Time but in no case later than 4:15 p.m. Eastern Time, as designated by the Exchange.

#### Interpretations and Policies:

.01 The Board has resolved that, except under unusual conditions as may be determined by the Board or its designee, hours during which transactions in options on individual stocks may be made on the Exchange shall correspond to the normal hours for business set forth in the rules of the primary exchange listing the stocks underlying Exchange options.

.02 The Board has determined that the Exchange will not be open for business on New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Juneteenth National Independence Day, Independence Day, Labor Day, Thanksgiving Day or Christmas Day. The Board has also determined that, in most circumstances when a holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday, and that when a holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the following Monday.

## Rule 502. Entry of Orders

Members can enter orders into the System, subject to the requirements and conditions set forth below and in these Rules:

- (a) Members shall be permitted to transmit to the System multiple orders at a single as well as multiple price levels.
- (b) The System shall time-stamp an order which shall determine the time ranking of the order for purposes of processing the order.

## Rule 503. Openings on the Exchange

(a) **Definitions.** For the purposes of this Rule the term:

(1) **“Opening Process”** shall mean the process for opening or resuming trading pursuant to this Rule and shall include the process for determining the price at which Eligible Interest shall be executed at the open of trading for the day, or the open of trading for a halted option, and the process for executing that Eligible Interest.

(2) **“Eligible Interest”** shall mean any quotation or any order that may be entered into the System electronically before the opening. The order types that may participate in the Opening Process are set forth in Rule 516.

(3) **“Market for the Underlying Security”** shall mean either the primary listing market, the primary volume market (defined as the market with the most liquidity in that underlying security for the previous two calendar months), or the first market to open the underlying security, as determined by the Exchange on a class by class basis and announced to Members on the Exchange’s website.

(4) **“Valid Width National Best Bid or Offer”** or **“Valid Width NBBO”** shall mean the combination of all away market quotes and any combination of MIAX Sapphire Market Maker orders and quotes received from a minimum number of away markets and a minimum number of MIAX Sapphire Market Makers within a specified bid/ask differential each as established and published by the Exchange on its website. The Valid Width NBBO will be configurable by the underlying, and tables with valid width differentials will be posted by MIAX Sapphire on its website. Away markets that are crossed will void all Valid Width NBBO calculations. If any Market Maker orders or quotes on MIAX Sapphire are crossed internally, then all such orders and quotes will be excluded from the Valid Width NBBO calculation. If any Market Maker orders or quotes on MIAX Sapphire are locking or crossing the ABBO, the Market Maker’s orders or quotes will be considered to be at the locked or crossed ABBO price for purposes of calculating the Valid Width NBBO.

(5) **“Away Best Bid or Offer”** or **“ABBO”** shall mean the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(g)) and calculated by the Exchange based on market information received by the Exchange from OPRA.

(b) **Opening Process on the Exchange.** For the opening of trading of securities by the System, the Opening Process shall occur at or after 9:30 a.m. Eastern Time, if the dissemination of a regular market hours quote or trade (as determined by the Exchange) by the Market for the Underlying Security has occurred. Following the dissemination of a quote or trade in the Market for the Underlying Security (the “First Market Event”) the System will pause for a period of time no longer than one-half second to allow the market place to absorb this information. Or, in the case of a trading halt, the Opening Process shall occur when trading resumes pursuant to Rule 504. Market hours trading shall commence or, in the case of a halted option, resume when the MIAX Sapphire Opening Process concludes.



(1) **Criteria for the Opening.** The opening of trading or resumption of trading after a halt of securities by the System will be dependent on the following criteria, provided the ABBO is not crossed.

(i) If there is locking or crossing interest on MIAX Sapphire or interest that locks or crosses the NBBO, a Valid Width NBBO must be present.

(ii) If there is no locking or crossing interest on MIAX Sapphire and no interest that locks or crosses the NBBO, then the Exchange will open dependent upon one of the following:

(A) A Valid Width NBBO is present;

(B) A certain number of other options exchanges (as determined by the Exchange and posted by MIAX Sapphire on its website) have disseminated a firm quote on OPRA; or

(C) A certain period of time (as determined by the Exchange and posted by MIAX Sapphire on its website) has elapsed.

(2) **Opening Process Where There is Locking or Crossing Interest on MIAX Sapphire or Interest that Locks or Crosses the NBBO.**

(i) **Determining the Opening Price.** After the First Market Event has occurred and/or the trading halt has been lifted and the criteria for opening set forth in subsection (1)(i) above has been met, in each case where there are orders or quotes with internally locking or crossing prices, or orders that lock or cross the NBBO, for a particular option series the System will determine a single price at which such option series will be opened (the "Opening Price"). The Opening Price of a series will be the midpoint of the Valid Width NBBO, rounded up if necessary (the "NBBO Midpoint").

(ii) **Matching Orders and Quotes in the System.** After establishing an Opening Price, orders and quotes in the System that are priced equal to or more aggressively than the Opening Price will be matched based on price-time priority. Matches will occur until there is no remaining volume or there is an imbalance of orders. All orders and quotes or portions thereof that are matched pursuant to the Opening Process will be executed at the Opening Price.

(iii) **Regarding Unexecuted Contracts.** An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders will be handled at the conclusion of the Opening Process in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Simple Order Book, cancelled, executed, managed in accordance with Rule 515, or routed in accordance with Rule 529.

(iv) **Execution and Reporting.** All Eligible Interest executed in the Opening Process shall be executed at the Opening Price, trade reported anonymously, and disseminated via a national market system plan.

(3) **Opening Process Where There is No Locking or Crossing Interest on MIAX Sapphire and no Interest that Locks or Crosses the NBBO.** After the First Market Event has occurred and/or the trading halt has been lifted and the criteria for opening set forth in subsection (1)(ii) above has been met, and where there are no contracts in a particular series that would execute at any price the System shall open such options for trading without determining an Opening Price. The System will open such series by disseminating via a national market system plan the Exchange's best bid and offer among quotes and orders that exist in the System at that time. Orders in the System

will be handled at the conclusion of the Opening Process in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Simple Order Book, cancelled, executed, managed in accordance with Rule 515, or routed in accordance with Rule 529.

(c) **Deviation from Standard Opening Process.** Senior Help Desk personnel may deviate from the standard manner of the Opening Process when necessary, including delay or compel the opening of any series in any option class, adjusting the timing of the Opening Process in any option class, when necessary in the interests of commencing or maintaining a fair and orderly market, in the event of unusual market conditions or in the public interest. The Exchange will make and maintain records to document all determinations to deviate from the standard manner of the Opening Process, and periodically review these determinations for consistency with the interests of a fair and orderly market.

(d) **Certain Locking or Crossing Orders or Quotes.** If any order or quote entered by a Market Maker on MIAX Sapphire via the MEO Interface or the FIX Interface using the same MPID is locking or crossing another order or quote entered by the same Market Maker using the same MPID via the MEO Interface or the FIX Interface during the Opening Process, then the System will cancel the oldest of the Market Maker's locking or crossing order or quote prior to execution.

(e) **Orders Represented by Floor Brokers.** To be considered in the determination of the opening price and to participate in the opening trade, orders represented by Floor Brokers must be electronically entered into the Simple Order Book.

## **Rule 504. Trading Halts**

### **(a) Halts.**

(1) The System may halt trading in the case of an option on a security, when trading in the underlying security has been halted or suspended in the primary market; and

(2) The Help Desk may halt trading in any security in the interests of a fair and orderly market for a period not in excess of two consecutive business days. The Help Desk, in consultation with a designated senior executive officer of the Exchange, may halt trading in any security in the interests of a fair and orderly market for a period exceeding two consecutive business days. Any trading halt that lasts more than two consecutive business days shall be reviewed by the President or his/her designee, who shall be authorized to determine whether, in the interests of a fair and orderly market, to terminate or modify any such trading halt that is then still in effect. Among the factors that may be considered in making the foregoing determinations are whether:

(i) in the case of an option on a security, trading in the underlying security has been halted or suspended in the primary market;

(ii) in the case of an option on a security, the opening of such underlying security has been delayed because of unusual circumstances;

(iii) the extent to which the Opening Process has been completed or other factors regarding the status of the Opening Process; or

(iv) other unusual conditions or circumstances are present.

(3) The Exchange shall disseminate through its trading facilities and over OPRA a symbol in respect of a security halted in accordance with (1) or (2) above indicating that trading has been halted. A record of the time and duration of the halt shall be made available to vendors.

(b) **Resumptions.** Trading in a security that has been the subject of a halt under paragraph (a) above may be resumed upon a determination by the Help Desk that the interests of a fair and orderly market are best served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions which led to the halt are no longer present. Trading shall resume according to the process set forth in Rule 503 of these Rules.

(c) **Trading Pauses.** Trading on the Exchange in any option contract shall be halted whenever trading in the underlying security has been paused by the primary market. Trading in such options contracts may be resumed upon a determination by the Exchange that the conditions that led to the pause are no longer present and that the interests of a fair and orderly market are best served by a resumption of trading, which in no circumstances will be before the Exchange has received notification that the underlying security has resumed trading on at least one exchange.

(d) **Post-Halt Notification.** After the Exchange has determined to end a trading halt, the System will broadcast to subscribers of the Exchange's data feeds a Post-Halt Notification.

(1) Regarding a halt pursuant to section (a) above, the Post-Halt Notification will be broadcast twenty seconds before trading will begin or resume.

(2) Regarding a halt initiated by the System due to a regulatory halt, trading pause or market-wide trading halt, a Post-Halt Notification will be broadcast between five and twenty seconds before trading will begin or resume. The Exchange will announce the duration of the Post-Halt Notification period through a Regulatory Circular.

The Post-Halt Notification will state the time at which trading in the option class or classes is expected to resume providing subscribers of the Exchange's data feeds with a brief notice period (twenty seconds for halts pursuant to section (a) above; between five and twenty seconds for a regulatory halt, trading pause or market-wide trading halt) to prepare for the beginning or resumption of trading after a trading system halt has ended.

#### **Interpretations and Policies:**

.01 No Member or person associated with a Member shall effect a trade on the Exchange in any option class in which trading has been suspended or halted under the provisions of this Rule and its Interpretation and Policies during the time in which the suspension or halt remains in effect.

.02 Generally, in the case of an option on a security, trading will be halted when a regulatory halt in the underlying security has occurred in the primary listing market for that security.

.03 The Exchange shall halt trading in all securities whenever a market-wide trading halt commonly known as a circuit breaker is initiated on the New York Stock Exchange in response to extraordinary market conditions.

.04 Trades on the Exchange will be nullified when: (i) the trade occurred during a trading halt in the affected option on the Exchange; (ii) respecting equity options (including options overlying ETFs), the trade occurred during a regulatory halt as declared by the primary market for the underlying security; or (iii) with respect to index options, the trade occurred during a regulatory halt as declared by the primary market in underlying securities representing more than 10 percent of the current index value for narrow-based stock index options, and 20 percent of the current index value for broad-based index options.

.05 Trading halts, resumptions, trading pauses and post-halt notifications involving index options are governed by Rules 1808(c)-(f).

### **Rule 505. Member Electronic Connectivity**

The Exchange may limit the number of messages sent by Members accessing the Exchange electronically in order to protect the integrity of the System. In addition, the Exchange may impose restrictions on the use of a computer connected through an API if it believes such restrictions are necessary to ensure the proper performance of the System. Any such restrictions shall be objectively determined and submitted to the Commission for approval pursuant to a rule change filing under Section 19(b) of the Exchange Act.

### **Rule 506. Collection and Dissemination of Quotations**

(a) Each Market Maker shall communicate to the Exchange its bids and offers in accordance with the requirements of Rule 602 of Regulation NMS under the Exchange Act and the Rules.

(b) The Exchange will disseminate to quotation vendors the highest bid and the lowest offer, and the aggregate quotation size associated therewith that is available to Public Customer Orders, in accordance with the requirements of Rule 602 of Regulation NMS under the Exchange Act.

(1) The Exchange shall disseminate an updated bid and offer price, together with the size associated with such bid and offer when:

(i) the Exchange's disseminated bid or offer price increases or decreases;

(ii) the size associated with the Exchange's disseminated bid or offer decreases; or

(iii) the size associated with the Exchange's bid (offer) increases by an amount greater than or equal to a percentage of the size associated with the previously disseminated bid (offer). Such percentage, which shall never be less than 10% or greater than 20%, shall be determined on a class-by-class basis by the Exchange and announced to the Membership through a Regulatory Circular.

(2) Executions will decrease the size associated with the Exchange's disseminated bid or offer by the amount of the execution.

(c) In the event there are no Market Makers quoting on a particular option and there are no orders on the Simple Order Book, the Exchange will disseminate a bid price of \$0.00, with a size of zero contracts and/or an offer price of \$0.00, with a size of zero contracts.

#### **(d) Notification of Public Customer and Priority Customer Interest on the Simple Order Book.**

(1) The Exchange will make available to subscribers to its data feeds and to all market participants through OPRA an indication that there is Public Customer interest included in the SBBOs disseminated by the Exchange.

(2) The Exchange will make available to subscribers to its Top of Market (ToM) data feed the quantity of Priority Customer contracts included in the SBBO disseminated by the Exchange.

(e) **Unusual Market Conditions.**

(1) An Exchange official designated by the Board shall have the power to determine that the level of trading activities or the existence of unusual market conditions is such that the Exchange is incapable of collecting, processing, and making available to quotation vendors the data for the option in a manner that accurately reflects the current state of the market on the Exchange. Upon making such a determination, the Exchange shall designate the market in such option to be “fast,” and shall halt trading in the class or classes so affected.

(2) The Exchange will monitor the activity or conditions that caused a fast market to be declared, and a designated Exchange official shall review the condition of such market at least every thirty (30) minutes. Regular trading procedures shall be resumed by the Exchange when a designated Exchange official determines that the conditions supporting a fast market declaration no longer exist.

**Rule 507. Give Up of a Clearing Member**

(a) **General.** For each transaction in which a Member participates, a Member may indicate the name of any Options Clearing Corporation (“OCC”) number of a Clearing Member through which the transaction will be cleared (“Give Up”), provided the Clearing Member has not elected to Opt In, as defined and described in paragraph (b) below, and restrict one or more of its OCC number(s) (“Restricted OCC Number”). A Member may Give Up a Restricted OCC Number provided the Member has written authorization as described in paragraph (b)(2) below (“Authorized Member”).

(b) **Opt In.** Clearing Members may request the Exchange restrict one or more of their OCC clearing numbers (“Opt In”) as described in subparagraph (1) below. If a Clearing Member Opts In, the Exchange will require written authorization from the Clearing Member permitting a Member to Give Up a Clearing Member’s Restricted OCC Number. An Opt In would remain in effect until the Clearing Member terminates the Opt In as described in subparagraph (3) below. If a Clearing Member does not Opt In, that Clearing Member’s OCC number would be subject to Give Up by any Member.

(1) **Clearing Member Process to Opt In.** A Clearing Member may Opt In by sending a completed “Clearing Member Restriction Form” listing all Restricted OCC Numbers and Authorized Members. A Clearing Member may elect to restrict one or more OCC clearing numbers that are registered in its name at OCC. The Clearing Member would be required to submit the Clearing Member Restriction Form to the Exchange’s Membership Department as described on the form. Once submitted, the Exchange requires ninety days before a Restricted OCC Number is effective within the System.

(2) **Member Give Up Process for Restricted OCC Numbers.** A Member desiring to Give Up an Restricted OCC Number must become an Authorized Member. The Clearing Member will be required to authorize a Member as described in subparagraph (1) or (3), unless the Restricted OCC Number is already subject to a Letter of Guarantee that the Member is a party to, as set forth in paragraph (d) below.

(3) **Amendments to Authorized Member or Restricted OCC Numbers.** A Clearing Member may amend its Authorized Members or Restricted OCC Numbers by submitting a new Clearing Member Restriction Form to the Exchange’s Membership Department indicated the amendment as described on the form. Once a Restricted OCC Number is effective within the System pursuant to paragraph (1) above, the Exchange may permit the Clearing Member to authorize, or remove authorization for, a Member to Give Up the Restricted OCC Number intra-day only in unusual circumstances, and on the next business day in all regular circumstances. The Exchange will promptly notify Members if they are no longer authorized to Give Up a Clearing Member’s Restricted OCC Number. If a Clearing Member removes a Restricted OCC Number, any Member may Give Up that OCC clearing number once the removal has become effective on or before the next business day.

- (c) **System.** The System will not allow an unauthorized Member to Give Up a Restricted OCC Number at the firm mnemonic level at the point of order entry.
- (d) **Letter of Guarantee.** A clearing arrangement subject to a Letter of Guarantee would immediately permit the Give Up of a Restricted OCC Number by the Member that is party to the arrangement.
- (e) An intentional misuse of this Rule is impermissible, and may be treated as a violation of Rule 301.
- (f) Notwithstanding anything to the contrary in this Rule, if a Clearing Member that a Member has indicated as the Give Up rejects a trade, the Clearing Member that has issued a Letter of Guarantee pursuant to Rule 209, for such executing Member, shall be responsible for the clearance of the subject trade.

#### **Interpretations and Policies:**

.01 Nothing herein shall be deemed to preclude the clearance of Exchange Transactions by a non-Member pursuant to the Bylaws of the Clearing Corporation so long as a Clearing Member is also designated as having responsibility under these Rules for the clearance and comparison of such transactions.

#### **Rule 508. Unit of Trading**

The unit of trading in each series of options traded on the Exchange shall be the unit of trading established for that series by the Clearing Corporation pursuant to the Rules of the Clearing Corporation and the agreements of the Exchange with the Clearing Corporation.

#### **Rule 509. Meaning of Premium Bids and Offers**

- (a) **General.** Except as provided in paragraph (b), bids and offers shall be expressed in terms of dollars per unit of the underlying security. (e.g., a bid of "7" shall represent a bid of \$700 for an option contract having a unit of trading consisting of 100 shares of an underlying security, or a bid of \$770 for an option contract having a unit of trading consisting of 110 shares of an underlying security.)
- (b) **Special Cases.** Bids and offers for an option contract for which an adjusted unit of trading has been established in accordance with Rule 405 shall be expressed in terms of dollars per .01 part of the total securities and/or other property constituting such adjusted unit of trading. (e.g., an offer of "6" shall represent an offer of \$600 on an option contract having a unit of trading consisting of 100 shares of an underlying security plus 10 rights.)
- (c) **Mini-options.** Bids and offers for an option contract overlying 10 shares shall be expressed in terms of dollars per 1/10th part of the total value of the contract. An offer of ".50" shall represent an offer of \$5.00 for an option contract having a unit of trading consisting of 10 shares.
- (d) **Size of Bid/Offer and Size Guarantees on the Trading Floor.**

(1) All bids or offers made on the Trading Floor for option contracts shall be deemed to be for ten option contracts unless a specific number of options contracts is expressed in the bid or offer. A bid or offer for more than ten option contracts shall be deemed to be for the amount thereof or a smaller number of option contracts.

(2) **Solicitations of Quotations.** In response to a Floor Broker's solicitation of a single bid or offer, Floor Participants may discuss, negotiate, and agree upon the price or prices at which an order of a size greater than the

Exchange's disseminated size can be executed at that time, or the number of contracts that could be executed at a given price or prices, subject to the provisions of the Options Order Protection and Locked/Crossed Market Plan and the Exchange's Rules respecting Trade-Throughs. Notwithstanding the foregoing, a single Floor Participant may voice a bid or offer independently from, and differently from, the Participants of a trading crowd.

## Rule 510. Minimum Price Variations and Minimum Trading Increments

(a) **Minimum Price Variations.** The Board may establish Minimum Price Variations ("MPV") for options traded on the Exchange. Until such time as the Board makes a change in the variations, the following principles shall apply:

(1) If the option contract is trading at less than \$3.00 per option, \$.05.

(2) If the option contract is trading at \$3.00 per option or higher, \$.10.

(3) For options contracts traded pursuant to the Penny Interval Program as described in Rule 510(c):

(i) one cent (\$0.01) for all options contracts in QQQ, SPY and IWM;

(ii) one cent (\$0.01) for all other options contracts included in the Penny Interval Program that are trading at less than \$3; and

(iii) five cents (\$0.05) for all other option contracts included in the Penny Interval Program that are trading at or above \$3.

(b) **Minimum Trading Increments.** Minimum Trading Increments for dealings in option contracts will be the Minimum Price Variations specified in paragraph (a).

(c) **Requirements for Penny Interval Program.** The Exchange will list option classes for the Penny Interval Program ("Penny Program") with minimum quoting requirements ("penny increments") of one cent (\$0.01) and five cents (\$0.05), as set forth in Rule 510(a)(3)(i)-(iii). The list of the option classes included in the Penny Program will be announced by the Exchange via Regulatory Circular and published by the Exchange on its website.

(1) **Initial Selection.** ~~On the first trading day of the third full calendar month after April 1, 2020, the~~ The Penny Program will apply only to the 363 most actively traded multiply listed option classes, based on OCC's National Cleared Volume ~~in the six full calendar months ending in the month of approval,~~ that (i) currently quote in penny increments, or (ii) overlie securities priced below \$200, or any index at an index level below \$200. Eligibility for inclusion in the Penny Program will be ~~determined at the close of trading on the monthly Expiration Friday of the second full month following April 1, 2020~~ limited to those classes already operating under penny programs of other options exchanges at the time MIAX Sapphire is launched.

(2) **Annual Review.** ~~Commencing in~~ In December 2020 ~~and each December thereafter~~ of each year, OCC will rank all multiply listed option classes based on National Cleared Volume for the six full calendar months from June 1 through November 30 for determination of the most actively traded option classes.

(i) **Addition to the Penny Program.** Based on the Annual Review, any option class not in the Penny Program that is among the 300 most actively traded multiply listed option classes overlying securities priced below \$200, or an index at an index level below \$200, will be added to the Penny Program on the first trading day of January.

(ii) **Removal from the Penny Program.** Except as provided in (3), (4), (5) and (6) below, based on the Annual Review, any option class in the Penny Program that falls outside the 425 most actively traded multiply listed option classes will be removed from the Penny Program on the first trading day of April.

(3) **Newly listed Option Classes.** The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading, and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review stated in sub-paragraph (2) of this Rule.

(4) **Classes with Significant Growth in Activity.** The Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200.

Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review stated in section (2) above.

(5) **Corporate Actions.** If a corporate action involves one or more option classes in the Penny Program, all adjusted and unadjusted series of the option class will be included in the Penny Program. Any option class added to the Penny Program under this provision will remain in the Penny Program for at least one full calendar year, after which it will be subject to the Annual Review stated in sub-paragraph (2) of this Rule.

(6) **Delisted or Ineligible Option Classes.** Any series in an option class participating in the Penny Program in which the underlying security has been delisted, or are identified by OCC as ineligible for opening customer transactions, will continue to quote pursuant to the terms of the Penny Program until all such options have expired.

#### **Interpretations and Policies:**

.01 [Reserved].

.02 The minimum price variation for bids and offers for mini-options shall be determined in accordance with Interpretation and Policy .08(d) to Rule 404.

#### **Rule 511. Acceptance of Quotes and Orders**

All bids or offers made and accepted on the Exchange in accordance with the Rules shall constitute binding contracts, subject to applicable requirements of the Rules and the Rules of the Clearing Corporation.

#### **Rule 512. [Reserved]**

#### **Rule 513. Submission of Orders and Clearance of Transactions**

(a) **Order Identification.** When entering orders on the Exchange, each Member shall submit trade information in such form as may be prescribed by the Exchange in order to allow the Exchange to properly prioritize and match bids and offers pursuant to Rule 514 and report resulting transactions to the Clearing Corporation.



(b) **Clearance of Transactions.**

(1) All transactions made on the Exchange shall be submitted for clearance to the Clearing Corporation, and all such transactions shall be subject to the Rules of the Clearing Corporation. Every Clearing Member shall be responsible for the clearance of the Exchange Transactions of such Clearing Member and of each Member who gives up such Clearing Member's name pursuant to a letter of authorization, Letter of Guarantee or other authorization given by such Clearing Member to such Member, which authorization must be submitted to the Exchange. This Rule will apply to all Clearing Members who either (i) have Restricted OCC Numbers with Authorized Members pursuant to Rule 507, or (ii) have non-Restricted OCC Numbers.

(2) On each business day at or prior to such time as may be prescribed by the Clearing Corporation, the Exchange shall furnish the Clearing Corporation a report of each Clearing Member's matched trades.

**Rule 514. Priority on the Exchange**

(a) **General.** The highest bid and lowest offer shall have priority on the Exchange.

(b) **Price-Time Allocation.** The System shall execute trading interest within the System in price-time priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more orders at the best price, trading interest will be executed in time priority.

(c) **Self-Trade Protection.**

(1) Orders entered by a Market Maker via the MEO Interface or the FIX Interface will not be executed against orders entered on the opposite side of the market by (i) a Market Maker of the same firm, or alternatively, if selected by the Member, (ii) a Market Maker with the same MPID. In either case, the System will cancel the oldest of the orders back to the entering party prior to execution.

**Rule 515. Execution of Orders**

(a) **General.** Incoming orders and orders reevaluated pursuant to this Rule that are executable against orders in the System will be executed by the System in accordance with the following provisions, provided such orders will not be executed at prices inferior to the NBBO (as defined in Rules 100 and 1400(k)). Orders that could not be executed because the executions would be at prices inferior to the NBBO will be handled in accordance with the Managed Interest Process described in paragraph (d) below.

(b) **Order Locks or Crosses the NBBO and the SBBO is at the NBBO.** If the SBBO is at the NBBO, upon receipt of an order which locks or crosses the NBBO, the System will immediately execute the new incoming order against the SBBO at or better than the SBBO price for a size which is the lesser of (i) the new incoming order; or (ii) the SBBO size.

(c) **Price Protection on Orders.** The System will apply the following price protection process to all orders. Price protection prevents an order from being executed beyond the price designated in the order's price protection instructions (the "price protection limit"). The price protection instructions will be expressed in units of MPV away from (i) the NBBO at the time of the order's receipt, or the SBBO if the ABBO is crossing the SBBO or (ii) the Opening Price (as defined in Rule 503(b)(2)) in the event that a New Opening Order (defined below) not traded during the Opening Process (as defined in Rule 503(b)(1)) is priced through the Opening Price. A New Opening Order is an

order received prior to the opening, excluding any order remaining from the prior day's close or from before a trading halt. Market participants may designate price protection instructions on an order by order basis within a minimum and maximum number of MPVs away from (i) the NBBO at the time of receipt, or the SBBO if the ABBO is crossing the SBBO, or (ii) the Opening Price for New Opening Orders, as determined by the Exchange and announced to Members through a Regulatory Circular. The default price protection instruction will be within one (1) to five (5) MPVs away from (i) the NBBO at the time of receipt, or the SBBO if the ABBO is crossing the SBBO, or (ii) the Opening Price for New Opening Orders, as determined by the Exchange and announced to Members through a Regulatory Circular. When triggered, the price protection process will cancel an order or the remaining contracts of an order. The System will not execute such orders at prices inferior to the current NBBO. The price protection process set forth in this subsection (c) will not apply to (i) orders received prior to the opening that are not priced through the Opening Price; or (ii) orders that remain on the Simple Order Book from a prior trading session. Further, the price protection process set forth in this subsection (c) will not apply to Intermarket Sweep Orders ("ISOs") which will be handled in accordance with paragraph (f) below.

**(d) Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO Upon Receipt.**

An incoming order that could not be executed or could not be executed in full at the original NBBO upon receipt will be handled in accordance with the following provisions. In addition, orders that are reevaluated by the System for execution pursuant to an order's price protection instructions that could not be executed or could not be executed in full at the NBBO at the time of reevaluation will be handled in accordance with the following provisions. The following paragraphs will apply to orders both (i) upon receipt by the System, and (ii) upon reevaluation by the System for execution and according to the price protections designated on the order. The term "initiating order" will be used in the following paragraphs to refer to (i) the incoming order that could not be executed, (ii) the order reevaluated by the System for execution that could not be executed, or (iii) the remaining contracts of the incoming order or reevaluated order that could not be executed in full. The term "original NBBO" will be used in the following paragraphs to refer to the NBBO that existed at time of receipt of the initiating order or the NBBO at time of reevaluation of an order pursuant to this Rule.

**(1) Orders Eligible for Routing.** The System will seek to trade the initiating order to the extent possible at MIAX Sapphire and route an Eligible Order (as defined in Rule 529) to the ABBO until the first of: (i) the order is fully executed; (ii) the order has traded or routed to and including its price protection limit, at which time any remaining contracts will be canceled; or (iii) the order has traded or routed to and including its limit price, at which time the System will display and book the initiating order at its limit price and will reevaluate the order for execution pursuant to this Rule. The System will not execute such orders at prices inferior to the current NBBO. The System will handle any routing of the order in accordance with the order routing provisions set forth in Rule 529.

**(2) Managed Interest Process for Non-Routable Orders.**

(i) If the initiating order is non-routable (for example, the Public Customer order was marked "Do Not Route") the order will never be routed outside of the Exchange regardless of prices displayed by away markets. A non-routable initiating order may execute on the Exchange at a price equal to or better than, but not inferior to, the ABBO. The System will not execute such orders at prices inferior to the current NBBO. The System will seek to trade an initiating order until the first of: (i) the order is fully executed; (ii) the order has traded to and including its price protection limit at which time any remaining contracts are canceled; or (iii) the order has traded to and including its limit price at which time the System will attempt to display and book the initiating order at its limit price and will reevaluate the order for execution pursuant to this Rule.

(ii) If the limit price of an order locks or crosses the current opposite side NBBO and the SBBO is inferior to the NBBO, the System will display the order one MPV away from the current opposite side NBBO, and book the order at a price that will lock the current opposite side NBBO. Should the NBBO price change to an inferior price

level, the order's book price will continuously re-price to lock the new NBBO and the managed order's displayed price will continuously re-price one MPV away from the new NBBO until (i) the order has traded to and including its limit price, (ii) the order has traded to and including its price protection limit at which time any remaining contracts are cancelled, (iii) the order is fully executed or (iv) the order is cancelled.

(iii) (A) If the Exchange receives a new order or quote on the opposite side of the market from the managed order that can be executed, the System will immediately execute the remaining contracts from the initiating order to the extent possible at the order's current book price, provided that the execution price does not violate the current NBBO.

(B) [Reserved].

(C) [Reserved].

(D) If unexecuted contracts remain from the initiating order, the order's size will be revised and the SBBO disseminated to reflect the order's remaining contracts.

(iv) An order subject to the Managed Interest Process under this subsection (d)(2) will retain its original limit price irrespective of the prices at which such order is booked and displayed and will maintain its original timestamp. All orders that are re-booked and re-displayed pursuant to the Managed Interest Process will retain their priority as compared to other orders subject to the Managed Interest Process, based upon the time such order was initially received by the Exchange. Following the initial booking and display of an order subject to the Managed Interest Process, an order will only be re-booked and re-displayed to the extent it achieves a more aggressive price, provided, however, that the Exchange will re-book an order at the same price as the displayed price in the event such order's displayed price is locked or crossed by the ABBO. Such event will not result in a change in priority for the order at its displayed price.

(v) The Booked and displayed prices of an order subject to the Managed Interest Process may be adjusted once or multiple times depending on changes to the prevailing ABBO.

(e) **Handling of Immediate-or-Cancel ("IOC") Orders.** As defined in Rule 516(e), an IOC order is a limit order that is to be executed in whole or in part upon receipt, with any portion not so executed cancelled. Market participants may designate price protection instructions on an order by order basis for IOC orders in the manner described in paragraph (c) above. If an IOC order is executable against orders in the System and MIAX Sapphire is the only exchange at the NBBO when an IOC order is received by the System, the System will execute the IOC order at the NBBO price or better and if the IOC order could not be executed in full the System may also execute the IOC order's remaining contracts at multiple prices not to exceed the IOC order's limit price or the order's price protection limit, provided the execution does not trade at a price inferior to the current ABBO. If other exchanges in addition to MIAX Sapphire are also at the NBBO when the IOC order is received, the System will execute the IOC order at the NBBO price and cancel any remaining unexecuted contracts from the IOC order. If the SBBO is not at the NBBO at the time the IOC order is received or the IOC order is not executable against any orders in the System, the IOC order will be immediately cancelled.

(f) **Handling of Intermarket Sweep Orders ("ISOs").** As defined in Rule 516(f), ISOs are immediately executable in the System and are not eligible for routing to another exchange. As noted above, ISOs will not be handled in accordance with the price protection processes set forth in paragraph (c) above. The System will execute an ISO at multiple prices until (i) the ISO has been exhausted or its order has been completely filled; or (ii) the executions have reached the ISO's limit order price, whichever occurs first. Unexecuted contracts remaining from an ISO will be immediately cancelled.

(g) **Crossing Orders.**

(1) Customer Cross Orders, as defined in Rule 516(i), are automatically executed upon entry provided that the execution (i) is at or between the best bid and offer on the Exchange; (ii) is not at the same price as a Priority Customer Order on the Exchange's Simple Order Book; and (iii) will not trade at a price inferior to the NBBO. If trading interest exists on the Exchange's Simple Order Book that is subject to the Managed Interest Process pursuant to Rule 515(d)(2) when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. Customer Cross Orders will be automatically canceled if they cannot be executed. Rule 520, Interpretation and Policy .01 applies to the entry and execution of Customer Cross Orders.

(2) Qualified Contingent Cross Orders, as defined in Rule 516(j), are automatically executed upon entry provided that the execution (i) is not at the same price as a Priority Customer Order on the Exchange's Simple Order Book; and (ii) is at or between the NBBO. If trading interest exists on the Exchange's Simple Order Book that is subject to the Managed Interest Process pursuant to Rule 515(d)(2) when the Exchange receives a Qualified Contingent Cross Order, the System will reject the Qualified Contingent Cross Order. Qualified Contingent Cross Orders will be automatically canceled if they cannot be executed.

(3) **Complex Customer Cross ("cC2C") Orders.** cC2C Orders, as defined in Rule 518(b)(3), are automatically executed upon entry provided that: (A) a cC2C Order with a conforming ratio will be executed in accordance with Rule 518(c)(1)(iv) and will improve the best price available on the Strategy Book; and (B) a cC2C Order with a non-conforming ratio will be executed in accordance with Rule 518(c)(1)(v) and will improve the best price available on the Strategy Book.

(i) cC2C Orders will be automatically canceled if they cannot be executed.

(ii) cC2C Orders may only be entered in minimum trading increments of \$0.01.

(iii) Rule 520, Interpretation and Policy .01, applies to the entry and execution of cC2C Orders.

(iv) The Exchange will determine, on a class-by-class basis, the option classes in which cC2C Orders are available for trading on the Exchange, and will announce such classes to Members via Regulatory Circular.

(4) **Complex Qualified Contingent Cross ("cQCC") Orders.** cQCC Orders, as defined in Rule 518(b)(4), are automatically executed upon entry provided that, with respect to each option leg of the cQCC Order, the execution (i) is not at the same price as a Priority Customer Order on the Exchange's Simple Order Book; and (ii) is at or between the NBBO.

(i) cQCC Orders will be automatically canceled if they cannot be executed.

(ii) cQCC Orders may only be entered in the minimum trading increments applicable to complex orders under Rule 518(c)(1)(i) or 518(c)(1)(ii) if the cQCC Order includes the stock component upon entry.

(iii) The Exchange will determine, on a class-by-class basis, the option classes in which cQCC Orders are available for trading on the Exchange, and will announce such classes to Members via Regulatory Circular.

(iv) A cQCC Order may be entered with or without the stock component. A cQCC Order entered without the stock component will be treated as a complex strategy with only option components. A cQCC Order

entered with the stock component shall be subject to Rule 518.01. A Member that submits a cQCC Order to the Exchange (with or without the stock component) represents that such order satisfies the requirements of a qualified contingent trade (as described in Interpretations and Policies .01 of Rule 516) and agrees to provide information to the Exchange related to the execution of the stock component as determined by the Exchange and communicated via Regulatory Circular.

(v) A cQCC Order with a conforming ratio will be executed in accordance with Rule 518(c)(1)(iv).

(vi) A cQCC Order with a non-conforming ratio will be executed in accordance with Rule 518(c)(1)(v).

### **Interpretations and Policies:**

.01 In the course of the Managed Interest Process for Non-Routable Orders as provided in subparagraph (d)(2), if managed interest becomes tradable at multiple price points on the Exchange due to the ABBO transitioning from a crossed state to an uncrossed state, the initial trade price will be the midpoint of the SBBO, rounded up to the nearest MPV if necessary unless that price would be outside the ABBO, in which case the midpoint of the SBBO will be rounded to the nearest MPV at or inside the ABBO if necessary. An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders will be handled in time sequence, beginning with the order with the oldest time stamp and may, in whole or in part, be placed on the Simple Order Book, cancelled, executed, or routed in accordance with Rule 529.

.02 Immediately following the commencement of a trading halt pursuant to Rule 504 and at the end of each trading session, the System will cancel an order which was managed under this Rule where the order's price protection limit for a buy (sell) order is lower (higher) than the order's effective limit price. For purposes of this Rule, the effective limit price for: (i) a limit order will be the order's limit price (ii) a market order to buy will be the maximum price permitted by the Exchange's System; and (iii) a market order to sell will be the lowest MPV as established by Rule 510 (either \$.01 for option classes quoted and traded in increments as low as \$.01, or \$.05 for option classes quoted and traded in increments as low as \$.05).

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

It should be noted that some of the order types defined below are valid only during certain portions of the trading day (e.g., after the opening). If a Member submits an order type during a time period when the order type is not valid, the System will reject the order. It should also be noted that not all of the order types listed and described in this Rule will be available for use on each of the MEO Interface and the FIX Interface. The Exchange will issue a Regulatory Circular listing which order types, among the order types set forth below, are available for delivery via the MEO Interface and which are available for delivery via the FIX Interface.

(a) **Market Order.** A market order is an order to buy or sell a stated number of option contracts at the best price available at the time of execution. A Market Maker may not submit a market order.

(b) **Limit Orders.** A limit order is an order to buy or sell a stated number of option contracts at a specified price or better.

(c) **Marketable Limit Orders.** A marketable limit order is a limit order to buy (sell) at or above (below) the best offer (bid) on the Exchange.

(d) **Cancel-Replacement Order.** A Cancel-replacement order is a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order with new terms and conditions. The replacement order will not retain the priority of the cancelled order except when the replacement order reduces the open size of the order and all other terms and conditions are retained.

(e) **Immediate-or-Cancel Orders.** An immediate-or-cancel order is an order that is to be executed in whole or in part upon receipt. Any portion not so executed is cancelled. An immediate-or-cancel order is not valid during the Opening Process described in Rule 503.

(f) **Intermarket Sweep Order.** An Intermarket Sweep Order or "ISO", as defined in Rule 1400(i), is a limit order that is designated by a Member as an ISO in the manner prescribed by the Exchange, and is executed within the System by Members without respect to Protected Quotations of other Eligible Exchanges as defined in Rule 1400(q) and (g). ISOs are immediately executable within the System and shall not be eligible for routing. ISOs that are not designated as immediate or cancel will be cancelled by the System if not executed upon receipt. Simultaneously with the routing of an ISO to the System, one or more additional limit orders, as necessary, are routed by the entering Member to execute against the full displayed size of any Protected Bid or Protected Offer (as defined in Rule 1400(p)) in the case of a limit order to sell or buy with a price that is superior to the limit price of the limit order identified as an ISO. These additional routed orders must be identified as ISOs. An ISO is not valid during the Opening Process described in Rule 503.

(g) **Do Not Route Order.** A Do Not Route or "DNR" order is an order that will never be routed outside of the Exchange regardless of the prices displayed by away markets. A DNR order may execute on the Exchange at a price equal to or better than, but not inferior to, the best away market price but, if that best away market remains, the DNR order will be handled in accordance with the Managed Interest Process described in Rule 515(d)(2).

(h) **Day Limit Order.** A Day Limit Order is an order to buy or sell which, if not executed, expires at the end of trading in the security on the day on which it was entered.

(i) **Customer Cross Order.** A Customer Cross Order is comprised of a Priority Customer Order to buy and a Priority Customer Order to sell at the same price and for the same quantity. A Customer Cross Order is not valid during the Opening Process described in Rule 503.

(j) **Qualified Contingent Cross Order.** A Qualified Contingent Cross Order is comprised of an originating order to buy or sell at least 1,000 contracts, or 10,000 mini-option contracts, that is identified as being part of a qualified contingent trade, as that term is defined in Interpretation and Policy .01 below, coupled with a contra-side order or orders totaling an equal number of contracts. A Qualified Contingent Cross Order is not valid during the Opening Process described in Rule 503.

(k) **Route to Floor Order.** A Route to Floor order is an order that is routed to a designated Floor Broker on the Exchange's Trading Floor. An order routed to the Trading Floor is handled in accordance with Rule 2040.

#### **Interpretations and Policies:**

.01 A "qualified contingent trade" is a transaction consisting of two or more component orders, executed as agent or principal, where:

(a) At least one component is an NMS Stock, as defined in Rule 600 of Regulation NMS under the Exchange Act;

- (b) all components are effected with a product or price contingency that either has been agreed to by all the respective counterparties or arranged for by a broker-dealer as principal or agent;
- (c) the execution of one component is contingent upon the execution of all other components at or near the same time;
- (d) the specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined by the time the contingent order is placed;
- (e) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and
- (f) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.

.02 Complex order types are defined in Rule 518.

### **Rule 517. Aggregate Risk Manager for Market Makers (“ARM-M”)**

(a) **Market Maker Counting Program.** The System will maintain a counting program (“MM Counting Program”) for each Market Maker who has submitted an order in an option class (an “MM Option Class”) delivered via the MEO Interface as described herein (an “MM ARM Eligible Order”). The MM Counting Program will count the number of contracts executed by a Market Maker from an MM ARM Eligible Order (the “MM ARM Contracts”) within a specified time period that has been established by the Market Maker or as a default setting, as defined below (the “MM Specified Time Period”). The MM Specified Time Period cannot exceed 15 seconds whether established by the Market Maker or as a default setting, as defined below. The Market Maker may also establish for each MM Option Class an MM Allowable Engagement Percentage. The Exchange will establish a default MM Specified Time Period and a default Allowable Engagement Percentage (“default settings”) on behalf of a Market Maker that has not established an MM Specified Time Period and/or an MM Allowable Engagement Percentage. The default MM Allowable Engagement Percentage shall not be less than 100%. The default settings will be determined by the Exchange on an Exchange-wide basis and announced to Members via Regulatory Circular. When an execution of an MM ARM Contract from an MM ARM Eligible Order occurs, the System will look back over the MM Specified Time Period to determine whether the sum of contract executions from such MM ARM Eligible Order during such MM Specified Time Period triggers the ARM-M.

(b) **Market Maker Risk Manager.** The System will engage the Aggregate Risk Manager for Market Makers (“ARM-M”) in a particular MM Option Class when the MM Counting Program has determined that a Market Maker has executed during the MM Specified Time Period a number of MM ARM Contracts from an MM ARM Eligible Order equal to or above their MM Allowable Engagement Percentage. ARM-M will then, until the Market Maker sends a notification to the System of the intent to reengage and submits a new order in the MM Option Class: (i) automatically cancel the MM ARM Eligible Orders in all series of that particular MM Option Class and (ii) reject new MM ARM Eligible Orders by the Market Maker in all series of that particular MM Option Class submitted using the MEO Interface.

(c) **Market Maker Allowable Engagement Percentage.** To determine whether the Market Maker’s executed contracts from an MM ARM Eligible Order is equal to or above their MM Allowable Engagement Percentage the following will occur:

(1) for each execution of a contract from an MM ARM Eligible Order in an MM Option Class, the MM Counting Program will determine the percentage that the number of contracts executed in that trade represents relative to the original size of the MM ARM Eligible Order which was traded (the "MM Trade Percentage"); and

(2) the MM Counting Program will add the individual MM Trade Percentages in the MM Option Class to determine the realized engagement percentage by the Market Maker (the "MM Realized Engagement Percentage"). When the MM Realized Engagement Percentage equals or exceeds the MM Allowable Engagement Percentage the ARM-M will cancel and reject the MM ARM Eligible Orders in the MM Option Class as described above.

(d) All of a Market Maker's orders in each MM Option Class will be considered firm until such time as the MM Allowable Engagement Percentage threshold has been equaled or crossed and the MM ARM Eligible Orders are cancelled by the ARM-M in all series of that MM Option Class as described herein. Any marketable orders that are executable against Market Maker's orders that are received prior to the time the ARM-M is engaged will be automatically executed at the disseminated price up to the Market Maker's disseminated size, regardless of whether such an execution results in executions in excess of the MM Allowable Engagement Percentage.

### **Interpretations and Policies:**

.01 **Enhanced Aggregate Risk Manager Protections.** Market Makers may determine to engage any of the following Enhanced Aggregate Risk Manager Protections in the System:

(a) **Protection for One Option Class ("ARM Class Protection").** A Market Maker may determine to engage the ARM Class Protection feature for a particular MM Option Class which has MM ARM Eligible Orders in a protected MPID (an "ARM Option Class"). When an ARM Option Class in a protected MPID has been equaled or exceeded a specified number of times (not less than three times and not more than 99 times) within a specified time period (for purposes of the ARM Class Protection, the "ARM Trigger Counting Period") (each as determined by the Market Maker), the ARM Class Protection feature will cancel and reject the MM ARM Eligible Orders in such ARM Option Class from the protected MPID as described above until the Market Maker instructs the Exchange (in a manner required by the Exchange and communicated to Market Makers by Regulatory Circular) to reset the ARM Class Protection feature. The ARM Trigger Counting Period may not be less than one second and may not exceed 24,300 seconds.

(b) **Protection for More Than One Option Class ("ARM Firm Protection").** A Market Maker may determine to engage the ARM Firm Protection feature for more than one class of options which has MM Eligible ARM Orders and are traded via the MEO Interface under all of the MPIDs of such Market Maker's firm (the "Firm Protected ARM Option Classes"). The System will aggregate the specified number of times that the MM Allowable Engagement Percentage has been equaled or exceeded in a specified number of such Firm Protected ARM Option Classes within the ARM Trigger Counting Period. When the MM Allowable Engagement Percentage has been equaled or exceeded within the ARM Trigger Counting Period (each as determined by the Market Maker) in the defined number of Firm Protected ARM Option Classes, the ARM Firm Protection feature will cancel and reject all of the Firm Protected ARM Option Classes until the Market Maker instructs the Exchange (in a manner required by the Exchange and communicated to Market Makers by Regulatory Circular) to reset the ARM Firm Protection feature. In the event that the MM Allowable Engagement Percentage in one option class is equaled or exceeded multiple times during the applicable ARM Trigger Counting Period, the System will consider such multiple events to be one single trigger for purposes of engagement of the ARM Firm Protection feature.

(c) **Market Maker Single Side Protection.** A Market Maker may determine to engage the Market Maker Single Side Protection ("SSP") feature for orders delivered via the MEO Interface by MPID. If the full remaining size of a Market Maker's order in an individual option, is exhausted by a trade, the System will trigger the SSP. When triggered, the



System will cancel all open orders and block all new inbound orders delivered via the MEO Interface, for that particular side of that individual option for that MPID. The System will provide a notification message to the Market Maker. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Market Makers by Regulatory Circular) to reset the SSP ("SSP Reset"). Intermarket Sweep Orders are not eligible for Market Maker Single Side Protection and are not canceled or blocked when the SSP is triggered.

.02 Immediate-or-Cancel ("IOC") orders submitted by a Market Maker using the MEO Interface are not MM ARM Eligible Orders.

## Rule 518. Complex Orders

### (a) Definitions.

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

**Complex National Best Bid or Offer ("cNBBO").** The cNBBO is calculated using the NBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy.

**Complex Order.** 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 conforming or non-conforming ratio as defined below 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.

The term complex order also includes stock-option orders. A stock-option order is an order to buy or sell a stated number of units of an underlying security (stock or Exchange Traded Fund Share ("ETF")) or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of options contract(s) on the opposite side of the market representing either (i) the same number of units of the underlying security or convertible security, or (ii) the number of units of the underlying stock necessary to create a delta neutral position where the ratio represents the total number of units of the underlying security or convertible security in the option leg to the total number of units of the underlying security or convertible security in the stock leg. A stock-option order may have a conforming or non-conforming ratio as defined below, and is subject to the limitations set forth in Interpretation and Policy .01 of this Rule. Only those stock-option 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.

**Complex Strategy.** The term "complex strategy" means a particular combination of components and their ratios to one another. New complex strategies can be created as the result of the receipt of a complex order or by the Exchange for a complex strategy that is not currently in the System. The Exchange may limit the number of new complex strategies that may be in the System at a particular time and will communicate this limitation to Members via Regulatory Circular.

**Conforming Ratio.** A "conforming ratio" is where the ratio between the sizes of the options components of a complex order is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00); and where one component of the complex order is the underlying security (stock or ETF) or security convertible into the underlying

stock (“convertible security”), the ratio between the option component(s) and the underlying security (stock or ETF) or convertible security is less than or equal to eight-to-one (8.00).

**Free Trading.** The term “free trading” means trading that occurs during a trading session other than at the opening or re-opening for trading following a halt.

**Implied Complex Sapphire Best Bid or Offer (“icSBBO”).** The icSBBO is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. For stock-option orders, the icSBBO for a complex strategy will be calculated using the best price (whether displayed or non-displayed) on the Simple Order Book in the individual option component(s), and the NBBO in the stock component.

**MEO Complex Order (“MCO”).** A MEO Complex Order or “MCO” is a complex order submitted via the MEO Interface with a time-in-force of IOC.

**NBBO.** The term “NBBO” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from the appropriate Securities Information Processor (“SIP”).

**Non-Conforming Ratio.** A “non-conforming ratio” is where the ratio between the sizes of the options components of a complex order is greater than three-to-one (3.00) or less than one-to-three (.333); or where one component of the complex order is the underlying security (stock or ETF) or security convertible into the underlying stock (“convertible security”), the ratio between the option component(s) and the underlying security (stock or ETF) or convertible security is greater than eight-to-one (8.00).

#### (b) Types of Complex Orders.

(1) **General.** The complex order types that may be submitted for use on the Exchange are limit orders, market orders, or Day Limit Orders as each such term is defined in Rule 516, or Complex Immediate-or-Cancel (“cIOC”) Orders, Complex Customer Cross (“cC2C”) Orders, or Complex Qualified Contingent Cross (“cQCC”) Orders, as such terms are defined below.

(2) **Complex Immediate-or-Cancel Order.** A Complex Immediate-or-Cancel or “cIOC” Order is a complex order that is to be executed in whole or in part upon receipt. Any portion not so executed is cancelled.

(3) **Complex Customer Cross Order.** A Complex Customer Cross or “cC2C” Order is comprised of one Priority Customer complex order to buy and one Priority Customer complex order to sell at the same price and for the same quantity. Trading of cC2C Orders is governed by Rule 515(g)(3).

(4) **Complex Qualified Contingent Cross Order.** A Complex Qualified Contingent Cross or “cQCC” Order is comprised of an originating complex order to buy or sell where each component is at least 1,000 contracts that is identified as being part of a qualified contingent trade, as defined in Rule 516, Interpretation and Policy .01, coupled with a contra-side complex order or orders totaling an equal number of contracts. Trading of cQCC Orders is governed by Rule 515(g)(4).

(c) **Trading of Complex Orders.** The Exchange will determine and communicate to Members via Regulatory Circular which complex order origin types (i.e., non-broker-dealer customers, broker-dealers that are not Market Makers on an options exchange, and/or Market Makers on an options exchange) are eligible for entry onto the Strategy Book. Complex orders will be subject to all other Exchange Rules that pertain to orders generally, unless otherwise provided

in this Rule 518. This Rule 518(c) governs trading of all complex order types set forth in Rule 518(b) above, unless otherwise specified in Rule 518(b).

**(1) Minimum Increments and Trade Prices.**

(i) Bids and offers on complex orders for complex strategies having only option components may be expressed in \$0.01 increments, and the component(s) of such a complex order may be executed in \$0.01 increments, regardless of the minimum increments otherwise applicable to individual components of the complex order.

(ii) Bids and offers on complex orders for stock-option complex strategies (including a cQCC Order entered with a stock component) may be expressed in any decimal price the Exchange determines. The option component(s) of such a complex order may be executed in \$0.01 increments, regardless of the minimum increments otherwise applicable to individual components of the complex order, and the stock component of such a complex order may be executed in any decimal price permitted in the equity market.

(iii) If any component of a complex order (including a stock-option order) with a conforming ratio would be executed at a price that is equal to a Priority Customer bid or offer on the Simple Order Book, at least one option component of the complex strategy must trade at a price that is better than the corresponding SBBO.

(iv) A complex order (including a stock-option order) with a conforming ratio will not be executed at a net price that would cause any option component of the complex strategy to be executed: (A) at a price of zero; or (B) ahead of a Priority Customer Order on the Simple Order Book without improving the SBBO of at least one option component of the complex strategy.

(v) A complex order (including a stock-option order) with a non-conforming ratio will not be executed at a net price that would cause any option component of the complex strategy to be executed: (A) at a price of zero; (B) ahead of a Priority Customer Order at the SBBO on the Simple Order Book; or (C) at a price that is through the NBBO.

(vi) A complex order will not be executed at a price that is outside of its MPC Price (as defined in Rule 532(b)(6)) or its limit price.

(vii) If the complex order is a stock-option order with a conforming or non-conforming ratio and only one option component, the option leg must be at or inside the SBBO and must improve the price of any Priority Customer Order(s) resting on the Simple Order Book at the SBBO for that option.

**(2) Execution of Complex Orders.**

(i) **Opening and Reopening of the Strategy Book for Trading.** Complex orders do not participate in the Opening Process for the individual option legs conducted pursuant to Rule 503.

The System will evaluate the eligibility of complex orders (as applicable) to participate in the Managed Interest Process for complex orders as described in subparagraph (c)(4) below; if they are eligible for full or partial execution against a complex order resting on the Strategy Book; whether the complex order should be cancelled; and whether all or any remaining portion of the complex order should be placed on the Strategy Book.

The Strategy Book will open for trading, or reopen for trading after a halt, when the System determines that all the components of a complex strategy are open in the Simple Market.

(ii) **Prices for Complex Strategy Executions.** Incoming complex orders will be executed by the System in accordance with the provisions set forth herein, and will not be executed at prices inferior to the icSBBO. Incoming complex orders (including stock-option orders) with conforming ratios will be executed in accordance with Rule 518(c)(1)(iv). Incoming complex orders with non-conforming ratios (including stock-option orders) will be executed in accordance with Rule 518(c)(1)(v). Complex orders will never be executed at a price that is outside of the individual component prices on the Simple Order Book or interest on the Strategy Book.

Incoming complex orders (including the option leg(s) of stock-option orders) with conforming ratios that could not be executed because the executions would be priced (A) outside of the icSBBO, or (B) equal to the icSBBO due to a Priority Customer Order at the best icSBBO price, will be cancelled if such complex orders are not eligible to be placed on the Strategy Book.

Incoming complex orders (including the option leg(s) of stock-option orders) with non-conforming ratios that could not be executed because the executions would be priced (A) outside of the icSBBO, or (B) equal to Priority Customer interest at the SBBO for any component leg, or (C) equal to Priority Customer interest on the Strategy Book, or (D) outside of the NBBO, will be cancelled if such complex orders are not eligible to be placed on the Strategy Book.

Complex orders will be executed without consideration of any prices for the complex strategy that might be available on other exchanges trading the same options contracts provided, however, that such complex order price may be subject to the Implied Exchange Away Best Bid or Offer (“ixABBO”) Protection described in Rule 532(c)(7), and are subject to the MPC price protection feature described in Rule 532(c)(6).

(iii) **Evaluation.** The System will evaluate complex orders initially once all components of the complex strategy are open as described in subparagraph (c)(2)(i) above, upon receipt as described in subparagraph (c)(5)(i) below, and continually as described in subparagraph (c)(5)(ii) below. The evaluation process for complex orders is used to determine (A) their eligibility to participate in the Managed Interest Process as described in subparagraph (c)(4) below; (B) if they are eligible for full or partial execution against a complex order resting on the Strategy Book; (C) whether the complex order should be cancelled; and (D) whether the complex order or any remaining portion thereof should be placed or remain on the Strategy Book.

### (3) **Complex Order Priority.**

(i) Notwithstanding the provisions of Rule 514, a complex order may be executed at a net credit or debit price with one other Member without giving priority to bids or offers established in the marketplace that are no better than the bids or offers comprising such net credit or debit; provided, however, that (A) for a complex order with a conforming ratio if any of the bids or offers established in the marketplace consist of a Priority Customer Order, at least one leg of the complex order with a conforming ratio must trade at a price that is better than the corresponding bid or offer in the marketplace by at least a \$0.01 increment and (B) for a complex order with a non-conforming ratio each leg must trade at a price that is at least \$0.01 better than any Priority Customer Order at the SBBO on the Simple Order Book for that option.

(ii) If a stock-option order with either a conforming or non-conforming ratio has one option leg, such option leg has priority over bids and offers established in the marketplace by Professional Interest (as defined in Rule 100) that are no better than the price of the options leg, but not over such bids and offers established by Priority Customer Orders. If a stock-option order with a conforming ratio has more than one option leg, such option legs may be executed in accordance with Rule 518(c)(3)(i)(A) above. The option leg(s) of a stock-option order with a non-conforming ratio will be executed in accordance with Rule 518(c)(3)(i)(B) above.

(iii) Complex orders will be automatically executed against bids and offers on the Strategy Book in price-time priority. Bids and offers at the same price on the Strategy Book will be executed in time priority.

(4) **Managed Interest Process for Complex Orders.** Complex orders will not be routed outside of the Exchange regardless of prices displayed by away markets. The Managed Interest Process for complex orders will be based upon the icSBBO (as defined in subparagraph (a) above). Complex orders (including stock-option orders) with conforming and non-conforming ratios will always be placed on the Strategy Book at a tradeable price in accordance to Rule 518(c)(1)(iv) and 518(c)(1)(v), respectively.

(i) A complex order that is resting on the Strategy Book and is either a complex market order (as described in subparagraph (c)(6) below), or has a limit price that locks or crosses the current opposite side icSBBO when the icSBBO is the best price, may be subject to the Managed Interest Process for complex orders as discussed herein. The System will first determine if the inbound complex order can be matched against other complex orders resting on the Strategy Book at a price that is at or inside the icSBBO (provided there are no Priority Customer Orders on the Simple Order Book at that price).

When the opposite side icSBBO includes a Priority Customer Order, the System will book and display such booked complex order with a conforming ratio on the Strategy Book at a price (the “book and display price”) such that at least one option component is priced \$0.01 away from the current opposite side SBBO. When the opposite side icSBBO does not include a Priority Customer Order and is not available for execution in the ratio of such complex order, the System will place such complex order on the Strategy Book and display such booked complex order at a book and display price that will lock the current opposite side icSBBO.

When the opposite side icSBBO includes any Priority Customer Order(s), the System will book and display such booked complex order with a non-conforming ratio on the Strategy Book at a price (the “book and display price”) such that each option component is priced \$0.01 away from the current opposite side SBBO for each option component with a Priority Customer Order at the SBBO on the opposite side. When the opposite side icSBBO does not include any Priority Customer Order(s) and is not available for execution in the ratio of such complex order, the System will place such complex order on the Strategy Book and display such booked complex order at a book and display price that will lock the current opposite side icSBBO.

(ii) Should the icSBBO change, the complex order’s book and display price will continuously re-price to the new icSBBO until (A) the complex order has been executed in its entirety; (B) if not executed, the complex order has been placed on the Strategy Book at prices up to and including its limit price or, in the case of a complex market order or a limit order that is priced more aggressively than the new icSBBO (i.e., lower than the icSBBO bid for an order to sell or higher than the icSBBO offer for an order to buy), at the new icSBBO; (C) the complex order has been partially executed and remaining unexecuted contracts have been placed on the Strategy Book at prices up to and including their limit price or, in the case of a complex market order or a limit order that is priced more aggressively than the new icSBBO, at the new icSBBO; or (D) the complex order or any remaining portion of the complex order is cancelled. If the Exchange receives a new complex order for the complex strategy on the opposite side of the market from the managed complex order that can be executed, the System will immediately execute the remaining contracts from the managed complex order to the extent possible at the complex order’s current book and display price, provided that the execution price is not outside of the current icSBBO. If unexecuted contracts remain from the complex order on the Strategy Book, the complex order’s size will be revised and disseminated to reflect the complex order’s remaining contracts at its current managed book and display price.

(5) **Evaluation Process.** The Strategy Book is evaluated upon receipt of a new complex order and is evaluated continually thereafter by the System.

(i) **Evaluation Upon Receipt During Trading.** After a complex strategy is open for trading, all new complex orders that are received for the complex strategy are evaluated upon arrival.

The System will evaluate (A) whether such complex orders are eligible for full or partial execution against a complex order resting on the Strategy Book; (B) whether all or any remaining portion of a complex order should be placed on the Strategy Book; (C) the eligibility of such complex orders to participate in the Managed Interest Process as described in subparagraph (c)(4) above; (D) whether such complex orders should be cancelled; and (E) the MPC Price.

(ii) **Continual Evaluation.** The System will continue to evaluate complex orders on the Strategy Book.

The System will continue to evaluate (A) whether such complex orders are eligible for full or partial execution against a complex order resting on the Strategy Book; (B) whether all or any remaining portion of a complex order should be placed on the Strategy Book; (C) the eligibility of such complex orders to participate in the Managed Interest Process as described in subparagraph (c)(4) above; and (D) whether such complex orders should be cancelled. The System will also continue to evaluate whether there is a wide market condition (as described in Interpretation and Policy .02(a)(1) of this Rule), a halt (as described in Interpretation and Policy .02(a)(3) of this Rule) affecting any component of a complex strategy. Complex orders will be handled during such events in the manner set forth in Interpretation and Policy .02(a) of this Rule.

(d) [Reserved]

(e) **Complex Liquidity Exposure Process (“cLEP”) for Complex Orders.** The System will initiate the cLEP whenever a complex order would execute or post at a price that would violate its MPC Price, as described in Rule 532(c)(6). The System will post the complex order to the Strategy Book at its MPC Price and begin the cLEP by broadcasting a liquidity exposure message to all subscribers of the Exchange’s data feeds. The liquidity exposure message will include the symbol, side of the market, start price (MPC Price of the complex order), and the imbalance quantity.

**cLEP Timer.** The “cLEP Timer” means the period of time during which liquidity will rest on the Strategy Book at that price. The duration of the Timer Interval shall be no less than 100 milliseconds and no more than 5,000 milliseconds, as determined by the Exchange and announced through a Regulatory Circular.

**Reevaluation.** At the conclusion of the cLEP, the System will calculate the next potential MPC Price for remaining liquidity with an original limit price or protected price more aggressive than the existing MPC Price. The next MPC Price will be calculated as the MPC Price plus (minus) the next MPC increment for buy (sell) orders (the “New MPC Price”). The System will initiate the cLEP for liquidity that would execute or post at a price that would violate its New MPC Price. Liquidity with an original limit price or protected price less aggressive (lower for a buy order, or higher for a sell order) than or equal to the New MPC Price will be posted to the Strategy Book at its original limit price or handled in accordance with subsection (c)(2)(ii) – (iii) of this Rule.

**End of Complex Liquidity Exposure Process.** The cLEP will continue until no liquidity remains with an original limit price or protected price that is more aggressive than its MPC Price. At the conclusion of the cLEP, any liquidity that has not been executed will be posted to the Strategy Book at its original limit price. Remaining liquidity with an original limit price that is (i) less aggressive (lower for a buy order, or higher for a sell order) than or equal to the MPC Price will be handled in accordance with subsection (c)(2)(ii) – (iii) of this Rule.

## Interpretations and Policies:

### .01 Special Provisions Applicable to Stock-Option Orders:

(a) **General.** Stock-option orders may be executed against other stock-option orders through the Strategy Book or in open outcry. A stock-option order shall not be executed on the System unless the underlying security component is executable at the price(s) necessary to achieve the desired net price.

Members may only submit stock-option orders if such orders comply with the Qualified Contingent Trade Exemption from Rule 611(a) of Regulation NMS under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Members submitting such complex orders represent that such orders comply with the Qualified Contingent Trade Exemption.

To participate in stock-option order processing, a Member must give up a Clearing Member previously identified to, and processed by the Exchange as a Designated Give Up for that Member in accordance with Rule 507 and which has entered into a brokerage agreement with one or more Exchange-designated broker-dealers that are not affiliated with the Exchange to electronically execute the underlying security component of the stock-option order at a stock trading venue selected by the Exchange-designated broker-dealer on behalf of the Member.

(b) **Process.** When a stock-option order is received by the Exchange, the System will validate that the stock-option order has been properly marked as required by Rule 200 of Regulation SHO under the Act ("Rule 200"). Rule 200 requires all broker-dealers to mark sell orders of equity securities as "long," "short," or "short exempt." Accordingly, Members submitting stock-option orders must mark the underlying security component (including ETF) "long," "short," or "short exempt" in compliance with Rule 200. If the stock-option order is not so marked, the order will be rejected by the System. Likewise, any underlying security component of a stock-option order sent by the Exchange to the Exchange-designated broker-dealer shall be marked "long," "short," or "short exempt" in the same manner in which it was received by the Exchange from the submitting Member.

When the short sale price test in Rule 201 is triggered for a covered security, a "trading center," such as the Exchange, an Exchange-designated broker-dealer, or a stock trading venue, as applicable, must comply with Rule 201. For purposes of this paragraph, the term "covered security" shall have the same meaning as in Rule 201(a)(1) of Regulation SHO. The term "covered security" is defined in Rule 201(a)(1) as any NMS stock as defined in Rule 600(b)(47) of Regulation NMS. Rule 201(a)(9) states that the term "trading center" shall have the same meaning as in Rule 600(b)(78). Rule 600(b)(78) of Regulation NMS defines a "trading center" as "a national securities exchange or national securities association that operates an SRO trading facility, an alternative trading system, an exchange market maker, an OTC market maker, or any other broker or dealer that executes orders internally by trading as principal or crossing orders as agent." Rule 201 requires a trading center to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution or display of a short sale order of a covered security at a price that is less than or equal to the current national best bid if the price of that covered security decreases by 10% or more from the covered security's closing price as determined by the listing market for the covered security as of the end of regular trading hours on the prior day; and impose these requirements for the remainder of the day and the following day when a national best bid for the covered security is calculated and disseminated on a current and continuing basis by a plan processor pursuant to an effective national market system plan. A trading center such as the Exchange, an Exchange-designated broker-dealer and a stock trading venue, as applicable, on which the underlying security component is executed, must also comply with Rule 201(b)(1)(iii)(B), which provides that a trading center must establish, maintain, and enforce written policies and procedures reasonably designed to permit the execution or display of a short sale order of a covered security marked "short exempt" without regard to whether the order is at a price that is less than or equal to the current national best bid.

The System will determine if the stock-option order is eligible to be executed against another inbound stock-option order or another stock-option order resting on the Strategy Book. If eligible, the System will route both sides of the matched underlying security component of the stock-option order as a Qualified Contingent Trade (“QCT”) to an Exchange-designated broker-dealer for execution on a stock trading venue. The stock trading venue will then either successfully execute the QCT or cancel it back to the Exchange-designated broker-dealer, which in turn will either report the execution of the QCT or cancel it back to the Exchange. While the Exchange is a trading center pursuant to Rule 201, the Exchange will neither execute nor display the underlying security component of a stock-option order. Instead, the execution or display of the underlying security component of a stock-option order will occur on a trading center other than the Exchange, such as an Exchange-designated broker-dealer or other stock trading venue.

If the Exchange-designated broker-dealer or other stock trading venue, as applicable, cannot execute the underlying security component of a stock-option order in accordance with Rule 201, the Exchange will not execute the option component(s) of the stock-option order and will either place the unexecuted stock-option order on the Strategy Book or cancel it back to the submitting Member in accordance with the submitting Member’s instructions (except that cIOC stock-option orders will be cancelled). Once placed back onto the Strategy Book, the stock-option order will be handled in accordance with Rule 518, Interpretation and Policy .01(b).

If the stock-option order cannot be executed or placed on the Strategy Book, it will be cancelled by the System. Otherwise, the stock-option order will be placed on the Strategy Book.

**(c) Option Component.**

(1) The option leg(s) of a stock-option order with a conforming ratio shall not be executed (i) at a price that is inferior to the Exchange’s best bid (offer) in the option or (ii) at the Exchange’s best bid (offer) in that option if one or more Priority Customer Orders are resting at the best bid (offer) price on the Simple Order Book in any of the option components. If one or more Priority Customer Orders are resting at the best bid (offer) price on the Simple Order Book in each of the option components of the order, at least one option component must trade at a price that is better than the corresponding bid or offer in the marketplace by at least \$0.01. A stock-option order with only one option component must improve the price of any Priority Customer Order(s) resting on the Simple Order Book at the SBBO for that option. The option leg(s) of a stock-option order may be executed in a \$0.01 increment, regardless of the minimum quoting increment applicable to that series.

(2) No option leg(s) of a stock-option order with a non-conforming ratio shall be executed (i) at a price that is inferior to the Exchange’s best bid (offer) in the option; or (ii) at the Exchange’s best bid (offer) in that option if there are one or more Priority Customer Orders resting on the Simple Order Book at the best bid (offer) price for that option. Each component of a stock-option order with a non-conforming ratio must trade at a price better than any Priority Customer Order(s) resting on the Simple Order Book at the best bid (offer) price by at least \$0.01. The option leg(s) of a stock-option order may be executed in a \$0.01 increment, regardless of the minimum quoting increment applicable to that series.

**(d) Strategy Book.** Stock-option orders on the Strategy Book that are marketable against each other will automatically execute, subject to the condition noted in subparagraph (b) above of this Interpretation and Policy .01. Orders may be submitted by Members to trade against orders on the Strategy Book.

**(e) [Reserved]**

**(f) Limit Up-Limit Down State.** When the underlying security of a stock-option order is in a limit up-limit down state as defined in Rule 530, such order will only execute if the calculated stock price is within the permissible Price Bands



as determined by the SIP under the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS, as it may be amended from time to time (the “LULD Plan”).

(g) **Parity Price Protection.** The System will provide parity price protection for strategies that consist of a sale (purchase) of one call and the purchase (sale) of 100 shares of the underlying stock (“Buy-Write”) or that consist of the purchase (sale) of one put and the purchase (sale) of 100 shares of the underlying stock (“Married-Put”). A Parity Spread Variance (“PSV”) value between \$0.00 and \$0.50 which will be uniform for all option classes traded on the Exchange, will be determined by the Exchange and communicated via Regulatory Circular. The PSV will be used to calculate a minimum option trading price limit that the System will prevent the option leg from trading below. For call option legs, the PSV value is added to the strike price of the option to establish a parity protected price for the strategy. For put option legs, the PSV value is subtracted from the strike price of the option to establish a parity protected price for the strategy. Married-Put and Buy-Write interest to buy (buy put and buy stock; or buy call and sell stock) that is priced below the parity protected price for the strategy will be rejected. Married-Put and Buy-Write interest to sell (sell put and sell stock; or sell call and buy stock) that is priced below the parity protected price for the strategy will be placed on the Strategy Book at the parity protected price for the strategy, or cancelled if the Managed Protection Override is enabled.

.02. **Price and Other Protections.** Unless otherwise specifically set forth herein, the price and other protections contained in this Interpretation and Policy .02 apply to all complex order types set forth in Rule 518(b) above.

(a) **Wide Market Conditions and Halts.**

(1) **Wide Market Condition.** A “wide market condition” is defined as any individual option component of a complex strategy having, at the time of evaluation, an NBBO quote width that is wider than the permissible valid quote width as defined by the Exchange and communicated to Members via Regulatory Circular.

(i) **Wide Market Condition During Free Trading.** If a wide market condition exists for a component of a complex strategy, trading in the complex strategy will be suspended, except as otherwise set forth in subparagraph (a)(1)(iii) below. The Strategy Book will remain available for Members to enter and manage complex orders. Incoming complex orders with a time in force of IOC will be cancelled.

The System will continue to evaluate the Strategy Book. If a wide market condition exists for a component of a complex strategy at the time of evaluation, complex orders that could have otherwise been executed will not be executed until the wide market condition no longer exists. When the wide market condition no longer exists, the System will again evaluate the Strategy Book pursuant to subparagraph (c)(5)(ii) of this Rule.

(ii) **Wide Market Condition and cC2C and cQCC Orders.** A wide market condition shall have no impact on the trading of cC2C or cQCC Orders pursuant to Rules 515(h)(3) and (4). Such trading and processing will not be suspended and will continue during wide market conditions.

(2) [Reserved]

(3) **Halts.**

(i) **Halts During Free Trading.** If a trading halt exists for the underlying security or a component of a complex strategy, trading in the complex strategy will be suspended. The Strategy Book will remain available for members to enter and manage complex orders and quotes. Incoming complex orders and quotes with a time in force of IOC will be cancelled. When trading in the halted component(s) and/ or underlying security of the complex order resumes, the System will evaluate the Strategy Book pursuant to subparagraph (c)(2)(i) of this Rule.

### .03. MIAX Sapphire Order Monitor for Complex Orders (“cMOM”).

(a) **Price Protection.** cMOM defines a price range outside of which a complex limit order will not be accepted by the System. cMOM is a number defined by the Exchange and communicated to Members via Regulatory Circular. The default price range for cMOM will be greater than or equal to a price through the cNBBO for the complex strategy to be determined by the Exchange and communicated to Members via Regulatory Circular. Such price will not be greater than \$2.50. A complex limit order to sell will not be accepted at a price that is lower than the cNBBO bid, and a complex limit order to buy will not be accepted at a price that is higher than the cNBBO offer, by more than cMOM. A complex limit order that is priced through this range will be rejected. The cMOM Price Protection Feature shall not apply to cC2C Orders (as defined in Rule 518(b)(3), and cQCC Orders, as defined in Rule 518(b)(4).

(b) **Complex Order Size Protections.** The System will prevent certain complex orders from executing or being placed on the Strategy Book if the size of the complex order exceeds the complex order size protection designated by the Member. If the maximum size of complex orders is not designated by the Member, the Exchange will set a maximum size of complex orders on behalf of the Member by default. Members may designate the complex order size protection on a firm wide basis. The default maximum size for complex orders will be determined by the Exchange and announced to Members through a Regulatory Circular.

(c) **Open Complex Order Protection.** The System will reject any complex orders that exceed the maximum number of open complex orders held in the System on behalf of a particular Member, as designated by the Member. Members may designate the open complex order protection on a firm wide basis. If the maximum number of open complex orders is not designated by the Member, the Exchange will set a maximum number of open complex orders on behalf of the Member by default. The default maximum number of open complex orders will be determined by the Exchange and announced to Members through a Regulatory Circular.

(d) **Open Complex Contract Protection.** The System will reject any complex orders that exceed the maximum number of open complex contracts represented by complex orders held in the System on behalf of a particular Member, as designated by the Member. Members may designate the open complex contract protection on a firm wide basis. If the maximum number of open complex contracts is not designated by the Member, the Exchange will set a maximum number of open complex contracts on behalf of the Member by default. The default maximum number of open complex contracts will be determined by the Exchange and announced to Members via Regulatory Circular.

(e) Except as provided in subparagraph .03(a) above, the protections set forth in this Interpretation and Policy .03 will be available for complex orders as determined by the Exchange and communicated to Members via Regulatory Circular.

### Rule 519. MIAX Sapphire Order Monitor (“MOM”)

(a) **Order Price Protections.** In order to avoid the occurrence of potential obvious or catastrophic errors on the Exchange, the System will take the following steps in accordance with the MIAX Sapphire Order Monitor, which will prevent certain orders from executing or being placed on the Simple Order Book at prices outside pre-set standard limits. Beginning after the Opening Process is complete, the MIAX Sapphire Order Monitor will be operational each trading day until the close of trading. The MIAX Sapphire Order Monitor will not be operational during a trading halt.

#### (1) Market Orders to Sell.

(i) **Threshold Setting.** For the purposes of this Rule an EEM may establish a pre-set value to be used as the threshold setting (“Threshold Setting”) by communicating its value to the Exchange’s Help Desk in a form and manner to be determined by the Exchange and communicated via Regulatory Circular. The Exchange will establish

a default Threshold Setting of \$0.10 and communicate its value to Members via Regulatory Circular. If an EEM does not establish a Threshold Setting the Exchange default value will be used.

(ii) If the Exchange receives a market order from an EEM to sell an option when the national best bid is zero and the national best offer is less than or equal to the Threshold Setting, the System will convert the market order to sell, to a limit order to sell, with a limit price of one Minimum Trading Increment.

(iii) If the Exchange reevaluates a market order from an EEM to sell an option when the resulting national best bid is zero and either the trade price, route price, or national best offer is less than or equal to the Threshold Setting, the System will convert the market order to sell, to a limit order to sell, with a limit price of one Minimum Trading Increment.

(iv) In either case of (ii) or (iii) above such sell orders will automatically be placed on the Simple Order Book in time priority and will be displayed at the appropriate Minimum Price Variation.

(v) If the Exchange receives a market order from an EEM to sell an option when the national best bid is zero and the national best offer is greater than the Threshold Setting, the System will reject the order.

(vi) If the Exchange reevaluates a market order from an EEM to sell an option when the resulting national best bid is zero and both (A) the trade price or route price, and (B) the national best offer are greater than the Threshold Setting, the System will reject the order or cancel any unexecuted balance of the order.

## (2) Market Orders to Buy or Sell.

(i) If the differential between the bid and the offer of the NBBO is equal to or greater than \$5.00, market orders from an EEM to buy or sell will be rejected by the System upon receipt.

(ii) Notwithstanding the foregoing, certain options classes may be designated by the Exchange as Extended Market Width classes and as such will be exempt from subparagraph (a)(2)(i) above. A list of Extended Market Width classes will be made available to Members through the issuance of a Regulatory Circular.

(3) **Limit Orders to Buy.** For options with a National Best Offer (“NBO”) greater than \$0.50 the System will reject an incoming limit order from a Market Maker or an EEM that has a limit price equal to or greater than the NBO by the lesser of (i) \$2.50, or (ii) 50% of the NBO price. For options with an NBO less than or equal to \$0.50 the System will reject an incoming limit order from a Market Maker or an EEM that has a limit price that is equal to or greater than the NBO price by \$0.25.

For example: (A) if the NBO is \$12.00 an incoming limit order to buy options for \$14.50 or more will be rejected; and (B) if the NBO is \$0.10 an incoming limit order to buy options for \$0.15 will not be rejected; whereas if the NBO is \$0.10 an incoming limit order to buy options for \$0.35 will be rejected as the limit price of the order is \$0.25 greater than the NBO.

(4) **Limit Orders to Sell.** For options with a National Best Bid (“NBB”) greater than \$0.25 the System will reject an incoming limit order from a Market Maker or an EEM that has a limit price equal to or less than the NBB by the lesser of (i) \$2.50, or (ii) 50% of the NBB price. For options with an NBB of \$0.25 or less the System will accept any incoming limit order from a Market Maker or an EEM.

For example: (A) if the NBB is \$12.00 an incoming limit order to sell options for \$9.50 or less will be rejected, and (B) if the NBB is \$0.30 an incoming limit order to sell options for \$0.15 will be rejected; whereas if the NBB is

\$0.30 an incoming limit order to sell options for \$0.20 will not be rejected as the limit price of the order is not less than 50% of the NBB price.

(b) **Order Size Protections.** The System will prevent certain orders from executing or being placed on the Simple Order Book if the size of the order exceeds the order size protection designated by an EEM. If the maximum size of orders is not designated by an EEM, the Exchange will set a maximum size of orders on behalf of an EEM by default. An EEM may designate the order size protection on a firm wide basis. The default maximum size of orders will be determined by the Exchange and announced to Members through a Regulatory Circular.

(c) **Open Order Protection.** The System will reject any orders that exceed the maximum number of open orders held in the System on behalf of a particular EEM, as designated by the EEM. EEMs may designate the open order protection on a firm wide basis. If the maximum number of open orders is not designated by the EEM, the Exchange will set a maximum number of open orders on behalf of the EEM by default. The default maximum number of open orders will be determined by the Exchange and announced to Members through a Regulatory Circular.

(d) **Open Contract Protection.** The System will reject any orders that exceed the maximum number of open contracts represented by orders held in the System on behalf of a particular EEM, as designated by the EEM. EEMs may designate the open contract protection on a firm wide basis. If the maximum number of open contracts is not designated by the EEM, the Exchange will set a maximum number of open contracts on behalf of the EEM by default. The default maximum number of open contracts will be determined by the Exchange and announced to Members through a Regulatory Circular.

#### **Interpretations and Policies:**

.01 For purposes of this Rule, in singly listed series the SBBO shall be deemed to be the NBBO.

.02 The order price protections of the MIAX Sapphire Order Monitor pursuant to section (a) will not apply to incoming orders marked as Intermarket Sweep Orders (ISO).

#### **Rule 519A. Risk Protection Monitor for Orders Entered via the FIX Interface (“RPM-FIX”)**

(a) **Voluntary Risk Protection Functionality.** The System will maintain a counting program (“counting program”) for each participating Member that will count the number of orders entered and the number of contracts traded via an order entered by a Member on the Exchange via the FIX Interface within a specified time period that has been established by the Member (the “specified time period”). The maximum duration of the specified time period will be established by the Exchange and announced via a Regulatory Circular. The RPM-FIX Monitor maintains one or more Member-configurable FIX Interface Allowable Order Rate settings and FIX Interface Allowable Contract Execution Rate settings. When a Member’s order is entered or when an execution of a Member’s order occurs via the FIX Interface, the System will look back over the specified time period to determine if the Member has: (i) entered during the specified time period a number of orders exceeding their FIX Interface Allowable Order Rate setting(s), or (ii) executed during the specified time period a number of contracts exceeding their FIX Interface Allowable Contract Execution Rate setting(s). Once engaged, the RPM-FIX Monitor will then, as determined by the Member: automatically either (A) prevent the System from receiving any new orders in all series in all classes from the Member via the FIX Interface; (B) prevent the System from receiving any new orders in all series in all classes from the Member and cancel all existing orders with a time-in-force of Day in all series in all classes from the Member via the FIX Interface; or (C) send a notification to the Member without any further preventative or cancellation action by the System. When engaged, the RPM-FIX Monitor will still allow the Member to interact with existing orders entered prior to exceeding the FIX Interface Allowable Order Rate setting or the FIX Interface Allowable Contract Execution Rate setting, including sending cancel order messages and receiving trade executions from those orders via the FIX

Interface. The RPM-FIX Monitor shall remain engaged until the Member communicates with the Help Desk to enable the acceptance of new orders.

(b) **Mandatory Participation.** EEMs using the FIX Interface must establish at least one FIX Interface Allowable Order Rate setting, with a corresponding specified time period of not less than one second, and not to exceed ten seconds, as established by the Exchange and communicated to Members via Regulatory Circular (a “Corresponding Specified Time Period”) and at least one FIX Interface Allowable Contract Execution Rate setting (with a Corresponding Specified Time Period), both of which must be configured to perform the step set forth in either (A) or (B) of subparagraph (a) of this Rule above, upon engagement of the RPM-FIX Monitor. EEMs may establish additional FIX Interface Allowable Order Rate settings and additional FIX Interface Allowable Contract Execution Rate settings, and any such additional settings may be configured to perform the step set forth in either (A), (B), or (C) of subparagraph (a) of this Rule above, upon engagement of the RPM-FIX Monitor.

### **Interpretations and Policies:**

#### **.01 EEM Grouping.**

(a) EEMs may elect to group with other EEMs to enable the RPM-FIX Monitor to apply collectively to the group. The EEMs in the group must designate a group owner. EEMs may elect to group provided that either: (i) there is at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A; or (ii) there is written authorization signed by all EEMs in the group and the group owner maintains exclusive control of all orders sent to the Exchange from each MPID within the group via the FIX Interface.

(b) An EEM may elect to group with the EEM’s clearing firm. A clearing firm may also elect to group several EEMs to enable the RPM-FIX Monitor to apply collectively to the group with the clearing firm designated as the group owner, provided that the clearing firm serves as the clearing firm for all the MPIDs of the group and there is written authorization signed by the clearing firm and each EEM of the group. A clearing firm that has grouped several EEMs may only receive warning messages pursuant to Interpretation and Policy .03 of this Rule, unless one EEM of the group maintains exclusive control of all orders sent to the Exchange from each MPID within the group via the FIX Interface.

(c) The RPM-FIX Monitor for groups will operate in the same manner as described in paragraphs (a) and (b) of Rule 519A, except that: (i) the counting program will count the number of orders entered and the number of contracts traded resulting from an order entered by all MPIDs in the group collectively via the FIX Interface; (ii) the System will trigger the RPM-FIX Monitor when the group collectively exceeds either the FIX Interface Allowable Order Rate or the FIX Interface Allowable Contract Execution Rate for the group; (iii) once engaged, the RPM-FIX Monitor will then either automatically prevent the System from receiving any new orders in all series in all classes from each MPID in the group via the FIX Interface, and, if designated by the group owner’s instructions, cancel all existing orders with a time-in-force of Day in all series in all classes from the group via the FIX Interface, or send a notification without any further preventative or cancellation action by the System; and (iv) only the designated group owner may request through the Help Desk to accept new orders for all the EEMs of the group.

.02 Any orders with a time-in-force other than Day received via the FIX Interface will not be cancelled by the RPM-FIX Monitor. However, the System does include such orders received via the FIX Interface in the counting program for purposes of this Rule. Once engaged, the RPM-FIX Monitor will block, but will not cancel, any other orders with a time-in-force other than Day. Such orders will remain in the System available for trading when the RPM-FIX Monitor is engaged.

.03 EEMs may elect to receive warning notifications indicating that a specific percentage of a FIX Interface Allowable Order Rate or a FIX Interface Allowable Contract Execution Rate has been met.

.04 At the request of an EEM or in order to maintain a fair and orderly market, the Exchange may pause and restart the specified time period used by the counting program or clear and reset any calculated FIX Interface Allowable Order Rate or FIX Interface Allowable Contract Execution Rate.

### **Rule 519B. [Reserved]**

### **Rule 519C. Mass Cancellation of Trading Interest**

(a) **Cancel.** A Member may remove all of its quotations and/or cancel all or any subset of its orders in the System, by firm name or by Market Participant Identifier (“MPID”), by requesting the Exchange staff to effect such cancellations.

(b) **Cancel and Block.** A Member may request that the Exchange (i) remove all of its quotations and cancel all of its orders in the System and (ii) block all new inbound quotations and orders, by firm name or by MPID. A Member may also request that the Exchange cancel all of its MEO Day orders in the System and block all new inbound MEO Day orders by MPID. The block will remain in effect until the Member requests that the Exchange remove the block.

#### **(c) Detection of Loss of Communication**

(1) **MIAX Express Order Interface (“MEO”).** When a Loss of Communication is detected on a MEO port during a certain time period (“xx” seconds), the System will close the session and automatically cancel quotes and orders, as configured by the Member, provided that when a Loss of Communication is detected on the last connected MEO port during a certain time period (“xx” seconds), the System will close the session and automatically cancel quotes and orders. The Exchange shall determine the appropriate period of (“xx” seconds) and shall notify Members of the value of “xx” seconds via Regulatory Circular. In no event shall “xx” be less than one (1) second or greater than ten (10) seconds.

(2) **Financial Information eXchange (“FIX”) Protocol.** When a Loss of Communication is detected on a FIX port the System will logoff the Member’s session and (i) cancel all eligible orders for the FIX session if instructed by the Member upon login, or (ii) cancel all eligible orders identified by the Member. Following a disconnection, a reconnection will not be permitted for a certain period of time (“yy” seconds). The Exchange shall determine the appropriate period of (“yy” seconds) and shall notify Members of the value of “yy” seconds via Regulatory Circular. In no event shall “yy” be less than one (1) second or greater than ten (10) seconds.

(d) **Detection of Unresponsive System Interface.** A Member may request that the Help Desk enable the cancel on disconnect feature for a FIX session on their behalf. When the System detects an unresponsive FIX Interface due to a System issue, the System will cancel all open orders for that Interface session.

#### **Interpretations and Policies:**

.01 [Reserved].

.02 For purposes of this Rule 519C:

(i) A “Heartbeat” message is a communication which acts as a virtual pulse between the Exchange System and the Member’s system. The Heartbeat message sent by the Member and received by the Exchange allows the Exchange to continually monitor its connection with the Member.

(ii) “Loss of Communication”

Is determined on an MEO port by (a) the lack of a certain number of Heartbeats and/or Heartbeat responses as determined by the Exchange and communicated to Members via Regulatory Circular, or (b) the lack of data transmission from the Member within “xx” seconds.

Is determined on a FIX port by the lack of a certain number of Heartbeats and/or Heartbeat responses as determined by the Exchange and communicated to Members via Regulatory Circular, within a certain time period as specified by the Member upon login.

## Rule 520. Limitations on Orders

(a) [Reserved]

(b) **Principal Transactions.** Electronic Exchange Members may not execute as principal orders they represent as agent unless (i) agency orders are first exposed on the Exchange for at least one (1) second, or (ii) the Electronic Exchange Member has been bidding or offering on the Exchange for at least one (1) second prior to receiving an agency order that is executable against such bid or offer.

(c) **Solicitation Orders.** Electronic Exchange Members may not execute orders they represent as agent on the Exchange against orders solicited from Members and non-member broker-dealers to transact with such orders unless the unsolicited order is first exposed on the Exchange for at least one (1) second.

(d) **Orders for the Account of Another Member.** Electronic Exchange Members shall not cause the entry of orders for the account of a MIAX Sapphire Market Maker that is exempt from the provisions of Regulation T of the Board of Governors of the Federal Reserve System pursuant to Section 7 of the Exchange Act unless such orders are identified as orders for the account of a MIAX Sapphire Market Maker in the manner prescribed by the Exchange.

### Interpretations and Policies:

.01 Rule 520(b) prevents an Electronic Exchange Member from executing agency orders to increase its economic gain from trading against the order without first giving other trading interest on the Exchange an opportunity to either trade with the agency order or to trade at the execution price when the Member was already bidding or offering on the Simple Order Book. However, the Exchange recognizes that it may be possible for an Electronic Exchange Member to establish a relationship with a customer or other person (including affiliates) to deny agency orders the opportunity to interact on the Exchange and to realize similar economic benefits as it would achieve by executing agency orders as principal. It will be a violation of Rule 520(b) for an Electronic Exchange Member to be a party to any arrangement designed to circumvent Rule 520(b) by providing an opportunity for a customer or other person (including affiliates) to regularly execute against agency orders handled by the Electronic Exchange Member immediately upon their entry into the System.

.02 It will be a violation of Rule 520(c) for an Electronic Exchange Member to cause the execution of an order it represents as agent on the Exchange by orders it solicited from Members and non-member broker-dealers to transact

with such orders, whether such solicited orders are entered into the System directly by the Electronic Exchange Member or by the solicited party (either directly or through another Member), if the Member fails to expose orders on the Exchange as required by Rule 520(c).

.03 For purposes of paragraphs (b) and (c) above, orders subject to the Managed Interest Process described in Rule 515(d) and Market Maker orders and quotes displayed at a price other than their limit price or quote price as described in Rule 515(d) are not deemed “exposed” on the Exchange.

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

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

(a) **Definitions.**

(1) **Customer.** For purposes of this Rule, the term “Customer” means a Priority Customer as defined in Rule 100.

(2) **Erroneous Sell/Buy Transaction.** For purposes of this Rule, an “erroneous sell transaction” is one in which the price received by the person selling the option is erroneously low, and an “erroneous buy transaction” is one in which the price paid by the person purchasing the option is erroneously high.

(3) **Official.** For purposes of this Rule, an “Official” is an Officer of the Exchange or such other employee designee of the Exchange that is trained in the application of this Rule.

(4) **Size Adjustment Modifier.** For purposes of this Rule, the Size Adjustment Modifier will be applied to individual transactions as follows:

Number of Contracts per Execution	Adjustment – Theoretical Price Plus/Minus
1-50	N/A
51-250	2 times adjustment amount
251-1000	2.5 times adjustment amount
1001 or more	3 times adjustment amount

(b) **Theoretical Price.** Upon receipt of an obvious or catastrophic error notification (as described below) and prior to any review of a transaction execution price, the “Theoretical Price” for the option must be determined. For purposes of this Rule, if the applicable option series is traded on at least one other options exchange, then the Theoretical Price of an option series is the last NBB just prior to the trade in question with respect to an erroneous sell transaction or the last NBO just prior to the trade in question with respect to an erroneous buy transaction unless one of the exceptions in subparagraphs (b)(1) through (3) below exists. For purposes of this provision, when a single order received by the Exchange is executed at multiple price levels, the last NBB and last NBO just prior to the trade in



question would be the last NBB and last NBO just prior to the Exchange's receipt of the order. The Exchange will rely on this paragraph (b) and Interpretation and Policy .03 of this Rule when determining Theoretical Price.

(1) **Transactions at the Open.** For a transaction occurring as part of the Opening Process (as described in Rule 503) the Exchange will determine the Theoretical Price if there is no NBB or NBO for the affected series just prior to the erroneous transaction or if the bid/ask differential of the NBB and NBO just prior to the erroneous transaction is equal to or greater than the Minimum Amount set forth in the chart contained in subparagraph (b)(3) below. If the bid/ask differential is less than the Minimum Amount, the Theoretical Price is the NBB or NBO just prior to the erroneous transaction.

(2) **No Valid Quotes.** The Exchange will determine the Theoretical Price if there are no quotes or no valid quotes for comparison purposes. Quotes that are not valid are:

(A) all quotes in the applicable option series published at a time where the last NBB is higher than the last NBO in such series (a "crossed market");

(B) quotes published by the Exchange that were submitted by either party to the transaction in question;

(C) quotes published by another options exchange if either party to the transaction in question submitted the quotes in the series representing such options exchange's best bid or offer, provided that the Exchange will only consider quotes invalid on other options exchanges in up to twenty-five (25) total options series that the party identifies to the Exchange the quotes which were submitted by such party and published by other options exchanges; and

(D) quotes published by another options exchange against which the Exchange has declared self-help.

(3) **Wide Quotes.** (A) The Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the erroneous transaction was equal to or greater than the Minimum Amount set forth below and there was a bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction. If there was no bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction then the Theoretical Price of an option series is the last NBB or NBO just prior to the transaction in question, as set forth in paragraph (b) above.

Bid Price at Time of Trade	Minimum Amount
Below \$2.00	\$0.75
\$2.00 to \$5.00	\$1.25
Above \$5.00 to \$10.00	\$1.50
Above \$10.00 to \$20.00	\$2.50
Above \$20.00 to \$50.00	\$3.00
Above \$50.00 to \$100.00	\$4.50
Above \$100.00	\$6.00

(B) Customer Transactions Occurring Within 10 Seconds or Less After an Opening or Re-Opening:

(i) The Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the Customer's erroneous transaction was equal to or greater than the

Minimum Amount set forth in paragraph A above and there was a bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction.

(ii) If there was no bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction, then the Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the Customer's erroneous transaction was equal to or greater than the Minimum Amount set forth in paragraph A above and there was a bid/ask differential less than the Minimum Amount anytime during the 10 seconds after an opening or re-opening.

(iii) If there was no bid/ask differential less than the Minimum Amount during the 10 seconds following an Opening or Re-Opening, then the Theoretical Price of an option series is the last NBB or NBO just prior to the Customer transaction in question, as set forth in paragraph (b) above.

(iv) Customer transactions occurring more than 10 seconds after an opening or re-opening are subject to paragraph A above.

(c) **Obvious Errors.**

(1) **Definition.** For purposes of this Rule, an Obvious Error will be deemed to have occurred when the Exchange receives a properly submitted obvious or catastrophic error notification (as defined below) where the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the amount shown below:

Theoretical Price	Minimum Amount
Below \$2.00	\$0.25
\$2.00 to \$5.00	\$0.40
Above \$5.00 to \$10.00	\$0.50
Above \$10.00 to \$20.00	\$0.80
Above \$20.00 to \$50.00	\$1.00
Above \$50.00 to \$100.00	\$1.50
Above \$100.00	\$2.00

(2) **Time Deadline.** A party that believes that it participated in a transaction that was the result of an Obvious Error must submit a notification to MIAX Sapphire Regulatory Control ("MRC") (an "obvious error notification") in the manner specified from time to time by the Exchange in a circular distributed to Members. The obvious error notification must be received by MRC within the timeframes specified below:

(A) **Customer Orders.** For an execution of a Customer order, an obvious error notification must be received by MRC within thirty (30) minutes of the execution, subject to subparagraph (C) below; and

(B) **"Non-Customer" Orders.** For an execution of any order other than a Customer order, an obvious error notification must be received by MRC within fifteen (15) minutes of the execution, subject to subparagraph (C) below.

(C) **Linkage Trades.** Any other options exchange will have a total of forty-five (45) minutes for Customer orders and thirty (30) minutes for non-Customer orders, measured from the time of execution on the Exchange, to submit an obvious error notification to MRC for review of transactions routed to the Exchange from that options exchange and executed on the Exchange pursuant to the Options Order Protection and Locked/Crossed Market Plan ("Linkage Trades"). This includes obvious error notifications on behalf of another options exchange

submitted by a third-party routing broker if such third-party broker identifies the affected transactions as Linkage Trades. In order to facilitate timely reviews of Linkage Trades the Exchange will accept obvious error notifications from either the other options exchange or, if applicable, the third-party routing broker that routed the affected order(s). The additional fifteen (15) minutes provided with respect to Linkage Trades shall only apply to the extent the options exchange that originally received and routed the order to the Exchange itself received a timely obvious error notification from the entering participant (i.e., within 30 minutes if a Customer order or 15 minutes if a non-Customer order).

(3) **Official Acting on Own Motion.** An Official may review a transaction believed to be erroneous on his/her own motion in the interest of maintaining a fair and orderly market and for the protection of investors. A transaction reviewed pursuant to this paragraph may be nullified or adjusted only if it is determined by the Official that the transaction is erroneous in accordance with the provisions of this Rule, provided that the time deadlines of subparagraph (c)(2) above shall not apply. The Official shall act as soon as possible after becoming aware of the transaction, and ordinarily would be expected to act on the same day that the transaction occurred. In no event shall the Official act later than 8:30 a.m. Eastern Time on the next trading day following the date of the affected transaction. A party affected by a determination to nullify or adjust a transaction pursuant to this provision may appeal such determination in accordance with paragraph (l) below; however, a determination by an Official not to review a transaction or a determination not to nullify or adjust a transaction for which a review was conducted on an Official's own motion is not appealable. If a transaction is reviewed and a determination is rendered pursuant to another provision of this Rule, no additional relief may be granted under this provision.

(4) **Adjust or Bust.** If it is determined that an Obvious Error has occurred, the Exchange shall take one of the actions listed below. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone.

(A) **Non-Customer Transactions.** Where neither party to the transaction is a Customer, the execution price of the transaction will be adjusted by the Official pursuant to the table below. Any non-Customer Obvious Error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in subparagraph (a)(4) above.

Theoretical Price (TP)	Buy Transaction Adjustment – TP Plus	Sell Transaction Adjustment – TP Minus
Below \$3.00	\$0.15	\$0.15
At or above \$3.00	\$0.30	\$0.30

(B) **Customer Transactions.** Where at least one party to the Obvious Error is a Customer, the execution price of the transaction will be adjusted by the Official pursuant to the table immediately above. Any Customer Obvious Error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in subparagraph (a)(4) above. However, if such adjustment(s) would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price, the trade will be nullified, subject to subparagraph (C) below.

(C) If any Member submits an obvious error notification pursuant to this Rule, and in the aggregate that Member has 200 or more Customer transactions under review concurrently and the orders resulting in such transactions were submitted during the course of 2 minutes or less, where at least one party to the Obvious Error is a non-Customer, the Exchange will apply the non-Customer adjustment criteria set forth in subparagraph (A) above to such transactions.

**(d) Catastrophic Errors.**

(1) **Definition.** For purposes of this Rule, a Catastrophic Error will be deemed to have occurred when the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the amount shown below:

Theoretical Price	Minimum Amount
Below \$2.00	\$0.50
\$2.00 to \$5.00	\$1.00
Above \$5.00 to \$10.00	\$1.50
Above \$10.00 to \$20.00	\$2.00
Above \$20.00 to \$50.00	\$2.50
Above \$50.00 to \$100.00	\$3.00
Above \$100.00	\$4.00

(2) **Time Deadline.** A party that believes that it participated in a transaction that was the result of a Catastrophic Error must submit a notification (a “catastrophic error notification”) to MRC in the manner specified from time to time on the Exchange’s website. Such catastrophic error notification must be received by MRC by 8:30 a.m. Eastern Time on the first trading day following the execution. For transactions in an expiring options series that take place on an expiration day, a party must submit a catastrophic error notification to MRC within 45 minutes after the close of trading that same day.

(3) **Adjust or Bust.** If it is determined that a Catastrophic Error has occurred, the Exchange shall take action as set forth below. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone. In the event of a Catastrophic Error, the execution price of the affected transaction will be adjusted by the Official pursuant to the table below. Any Customer order subject to this subparagraph will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer’s limit price.

Theoretical Price (TP)	Buy Transaction Adjustment – TP Plus	Sell Transaction Adjustment – TP Minus
Below \$2.00	\$0.50	\$0.50
\$2.00 to \$5.00	\$1.00	\$1.00
Above \$5.00 to \$10.00	\$1.50	\$1.50
Above \$10.00 to \$20.00	\$2.00	\$2.00
Above \$20.00 to \$50.00	\$2.50	\$2.50
Above \$50.00 to \$100.00	\$3.00	\$3.00
Above \$100.00	\$4.00	\$4.00

**(e) Significant Market Events.**

(1) **Definition.** For purposes of this Rule, a Significant Market Event will be deemed to have occurred when: criterion (A) below is met or exceeded, or the sum of all applicable event statistics, where each is expressed as a percentage of the relevant threshold in criteria (A) through (D) below, is greater than or equal to 150% and 75% or more of at least one category is reached, provided that no single category can contribute more than 100% to the sum and any category contributing more than 100% will be rounded down to 100%. All criteria set forth below will be measured in aggregate across all exchanges.

(A) Transactions that are potentially erroneous would result in a total Worst-Case Adjustment Penalty of \$30,000,000, where the Worst-Case Adjustment Penalty is computed as the sum across all potentially erroneous trades, of:

- (i) \$0.30 (i.e., the largest Transaction Adjustment value listed in subparagraph (e)(3)(A) below); times
- (ii) the contract multiplier for each traded contract; times
- (iii) the number of contracts for each trade; times
- (iv) the appropriate Size Adjustment Modifier for each trade, if any, as defined in subparagraph (e)(3)(A) below.

(B) Transactions involving 500,000 options contracts are potentially erroneous;

(C) Transactions with a notional value (i.e., number of contracts traded multiplied by the option premium multiplied by the contract multiplier) of \$100,000,000 are potentially erroneous;

(D) 10,000 transactions are potentially erroneous.

(2) **Coordination with Other Options Exchanges.** To ensure consistent application across options exchanges, in the event of a suspected Significant Market Event, the Exchange shall initiate a coordinated review of potentially erroneous transactions with all other affected options exchanges to determine the full scope of the event. When this paragraph is invoked, the Exchange will promptly coordinate with the other options exchanges to determine the appropriate review period as well as select one or more specific points in time prior to the transactions in question and use one or more specific points in time to determine Theoretical Price. Other than the selected points in time, if applicable, the Exchange will determine Theoretical Price in accordance with paragraph (b) above.

(3) **Adjust or Bust.** If it is determined that a Significant Market Event has occurred then, using the parameters agreed as set forth in subparagraph (e)(2) above, if applicable, an Official will determine whether any or all transactions under review qualify as Obvious Errors. The Exchange shall take one of the actions listed below with respect to all transactions that qualify as Obvious Errors pursuant to subparagraph (c)(1) above. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone.

(A) The execution price of each affected transaction will be adjusted by an Official to the price provided below unless both parties agree to adjust the transaction to a different price or agree to nullify the transaction. In the context of a Significant Market Event, any error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in subparagraph (a)(4) above.

Theoretical Price (TP)	Buy Transaction Adjustment – TP Plus	Sell Transaction Adjustment – TP Minus
Below \$3.00	\$0.15	\$0.15
At or above \$3.00	\$0.30	\$0.30

(B) Where at least one party to the transaction is a Customer, the trade will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer’s limit price.

(4) **Nullification of Transactions.** If the Exchange, in consultation with other options exchanges, determines that timely adjustment is not feasible due to the extraordinary nature of the situation, then the Exchange will nullify some or all transactions arising out of the Significant Market Event during the review period selected by the Exchange and other options exchanges consistent with this paragraph. To the extent the Exchange, in consultation with other options exchanges, determines to nullify less than all transactions arising out of the Significant Market Event, those transactions subject to nullification will be selected based upon objective criteria with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.

(5) **Final Rulings.** With respect to rulings made pursuant to this paragraph, the number of affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. Accordingly, rulings by the Exchange pursuant to this paragraph are non-appealable.

(f) **Trading Halts.** The Exchange shall nullify any transaction that occurs during a trading halt in the affected option on the Exchange or, respecting equity options (including options overlying ETFs), when the trade occurred during a regulatory halt as declared by the primary market for the underlying security pursuant to Exchange Rule 504.

(g) **Erroneous Print in Underlying.** A trade resulting from an erroneous print(s) disseminated by the underlying market that is later nullified by that underlying market shall be adjusted or nullified as set forth in subparagraph (c)(4) of this Rule, provided a party submits an obvious or catastrophic error notification to MRC in a timely manner as set forth below. For purposes of this paragraph, a trade resulting from an erroneous print(s) shall mean any options trade executed during a period of time for which one or more executions in the underlying security are nullified, and for one second thereafter. If a party believes that it participated in an erroneous transaction resulting from an erroneous print(s) pursuant to this paragraph it must submit an obvious error notification to MRC within the timeframes set forth in subparagraph (c)(2) above, with the allowed notification timeframe commencing at the time of notification by the underlying market(s) of nullification of transactions in the underlying security. If multiple underlying markets nullify trades in the underlying security, the allowed notification timeframe will commence at the time of the first market's notification.

(h) **Erroneous Quote in Underlying.** A trade resulting from an erroneous quote(s) in the underlying security shall be adjusted or nullified as set forth in subparagraph (c)(4) of this Rule, provided a party submits an obvious or catastrophic error notification to MRC in a timely manner as set forth below. An erroneous quote occurs when the underlying security has a bid/ask differential of at least \$1.00 and has a bid/ask differential at least five times greater than the average bid/ask differential for such underlying security during the time period encompassing two minutes before and after the dissemination of such quote. For purposes of this paragraph, the average bid/ask differential shall be determined by adding the bid/ask differentials of sample quotes at regular 15-second intervals during the four-minute time period referenced above (excluding the quote(s) in question) and dividing by the number of quotes during such time period (excluding the quote(s) in question). If a party believes that it participated in an erroneous transaction resulting from an erroneous quote(s) pursuant to this paragraph it must notify MRC in accordance with subparagraph (c)(2) above.

(i) **Stop (and Stop-Limit) Order Trades Elected by Erroneous Trades.** Transactions resulting from the election of a stop or stop-limit order by an erroneous trade in an option contract shall be nullified by the Exchange, provided a party submits an obvious or catastrophic error notification to MRC within the timeframes required by this Rule. If a party believes that it participated in an erroneous transaction pursuant to this paragraph it must submit an obvious or catastrophic error notification to MRC within the timeframes set forth in subparagraph (c)(2) above. The notification timeframe will commence at the time of the Exchange's receipt of notification of the nullification of transaction(s) that elected the stop or stop-limit order.

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

(k) **Verifiable Disruptions or Malfunctions of Exchange Systems.** Absent mutual agreement, parties to a trade may have a trade nullified or its price adjusted if any such party makes a documented request within the time specified in subparagraph (c)(2) above, and one of the conditions below is met:

(1) The trade resulted from a verifiable disruption or malfunction of an Exchange execution, dissemination, or communication system that caused a quote/order to trade in excess of its disseminated size (e.g. a quote/order that is frozen, because of an Exchange System error, and repeatedly traded) in which case trades in excess of the disseminated size may be nullified; or

(2) The trade resulted from a verifiable disruption or malfunction of an Exchange dissemination or communication system that prevented a Member from updating or canceling a quote/order for which the Member is responsible where there is Exchange documentation providing that the Member sought to update or cancel the quote/order.

(l) **Appeal.** If an affected party appeals an Official decision under this Rule (an “appeal”) within the time permitted, the Chief Regulatory Officer (“CRO”) or his/her designee will review such decision. An appeal under this Rule must be submitted in writing via email or other electronic means (as specified from time to time by the Exchange via Regulatory Circular) within thirty minutes after a party receives official notification of a final determination made by an Official under this Rule. The CRO or his/her designee shall review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. Decisions respecting appeals that are received after 3:00 p.m. Eastern Time will be rendered as soon as practicable, but in no event later than the trading day following the date of the execution under review.

(1) **Absence of the CRO.** In the absence of the CRO, a designee of the CRO will be appointed to act in this capacity.

(2) **Appeal Fee.** A Member that submits an appeal seeking the review of an Official ruling shall be assessed a fee of \$500.00 for each Official ruling to be reviewed that is sustained and not overturned or modified by the CRO or his/her designee. In addition, in instances where the Exchange, on behalf of a Member, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant Member.

(3) **Authority of the CRO.** Decisions of the CRO or his/her designee concerning

(i) the review on appeal of Official rulings relating to the nullification or adjustment of transactions,  
and

(ii) initial requests for relief,

shall be final and may not be appealed to the Exchange’s Board.

(4) Any determination by an Officer or by the CRO or his/her designee shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

### Interpretations and Policies:

.01 **Limit Up-Limit Down State.** An execution will not be subject to review as an Obvious Error or Catastrophic Error pursuant to paragraph (c) or (d) of this Rule if it occurred while the underlying security was in a “Limit State” or “Straddle State,” as defined in the Regulation NMS Plan to Address Extraordinary Market Volatility (the “Limit Up-Limit Down Plan” or the “Plan”). Nothing in this provision shall prevent such execution from being reviewed on an Official’s own motion pursuant to subparagraph (c)(3) of this Rule, or a bust or adjust pursuant to paragraphs (e) through (k) of this Rule.

.02 For purposes of this Rule, to the extent the provisions of this Rule would result in the Exchange applying an adjustment of an erroneous sell transaction to a price lower than the execution price or an erroneous buy transaction to a price higher than the execution price, the Exchange will not adjust or nullify the transaction, but rather, the execution price will stand.

.03 **Exchange Determining Theoretical Price.** For purposes of this Rule, when the Exchange must determine Theoretical Price pursuant to sub-paragraphs (b)(1)-(3) of this Rule (i.e., at the open, when there are no valid quotes or when there is a wide quote), then the Exchange will determine Theoretical Price as follows.

(a) The Exchange will request Theoretical Price from the third party vendor defined in paragraph (d) below (“TP Provider”) to which the Exchange and all other options exchanges have subscribed. The Exchange will apply the Theoretical Price provided by the TP Provider, except as otherwise described below.

(b) To the extent an Official of the Exchange believes that the Theoretical Price provided by the TP Provider is fundamentally incorrect and cannot be used consistent with the maintenance of a fair and orderly market, the Official shall contact the TP Provider to notify the TP Provider of the reason the Official believes such Theoretical Price is inaccurate and to request a review and correction of the calculated Theoretical Price. The Exchange shall also promptly provide electronic notice to other options exchanges that the TP Provider has been contacted consistent with this paragraph and include a brief explanation of the reason for the request.

(c) An Official of the Exchange may determine the Theoretical Price if the TP Provider has experienced a systems issue that has rendered its services unavailable to accurately calculate Theoretical Price and such issue cannot be corrected in a timely manner.

(d) The current TP Provider to which the Exchange and all other options exchanges have subscribed is: CBOE Livevol, LLC. Neither the Exchange, the TP Provider, nor any affiliate of the TP Provider (the TP Provider and its affiliates are referred to collectively as the “TP Provider”), makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of the TP Provider pursuant to this Interpretation .03. The TP Provider does not guarantee the accuracy or completeness of the calculated Theoretical Price. The TP Provider disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to such Theoretical Price. Neither the Exchange nor the TP Provider shall have any liability for any damages, claims, losses (including any indirect or consequential losses), expenses, or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the use of such Theoretical Price or arising out of any errors or delays in calculating such Theoretical Price.

### Rule 522. Price Binding Despite Erroneous Report

The price at which an order is executed shall be binding notwithstanding that an erroneous report in respect thereto may have been rendered, or no report rendered. A report shall not be binding if an order was not actually executed but was reported to have been executed.



### **Rule 523. Authority to Take Action Under Emergency Conditions**

(a) The Chairman of the Board, the President or such other person or persons as may be designated by the Board shall have the power to halt or suspend trading in some or all securities traded on the Exchange, to close some or all Exchange facilities, to determine the duration of any such halt, suspension or closing, to take one or more of the actions permitted to be taken by any person or body of the Exchange under Exchange Rules, or to take any other action deemed to be necessary or appropriate for the maintenance of a fair and orderly market or the protection of investors, or otherwise in the public interest, due to emergency conditions or extraordinary circumstances, such as (1) actual or threatened physical danger, severe climatic conditions, natural disaster, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by the Exchange, or (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event.

(b) The person taking the action shall notify the Board of actions taken pursuant to this Rule, except for a period of mourning or recognition for a person or event, as soon thereafter as is feasible.

### **Rule 524. Reporting of Matched Trades to Clearing Corporation**

On each business day at or prior to such time as may be prescribed by the Clearing Corporation, the Exchange shall furnish the Clearing Corporation a report of each Clearing Member's matched trades based on the trade information filed with the Exchange on that day. Only trades which have been matched in accordance with the provisions of these Rules shall be furnished by the Exchange to the Clearing Corporation, and the Exchange shall assume no responsibility with respect to any unmatched trade or for any delays or errors in the reporting to it of trade information. The Exchange may delegate its responsibility in respect of trade matching to the Clearing Corporation or other facility, in which case Clearing Members shall abide by the procedures established by the Clearing Corporation or other facility in the filing of trade information, the reconciliation of unmatched trades, and other actions pertinent to trade comparison.

#### **Interpretations and Policies:**

.01 Post-trade adjustments that do not affect the contractual terms of a trade are to be performed by the Member via an Exchange approved electronic interface communicated to Members via Regulatory Circular.

### **Rule 525. Limitation on Dealings**

No Member shall bid, offer, purchase or write (sell) on the Exchange any security other than an option contract that is currently open for trading in accordance with the provisions of Chapter IV.

### **Rule 526. Limitation on the Liability of Index Licensors for Options on Exchange-Traded Fund Shares**

(a) The term "index licensor" as used in this Rule refers to any entity that grants the Exchange a license to use one or more indexes or portfolios in connection with the trading of options on Exchange-Traded Fund Shares (as defined in Rule 402(i)).

(b) No index licensor with respect to any index or portfolio underlying an option on Exchange-Traded Fund Shares traded on the Exchange makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of such index or portfolio, any opening, intra-day or closing value therefor, or any data included therein or relating thereto, in connection with the trading of any option contract on Exchange-Traded Fund Shares

based thereon or for any other purpose. The index licensor shall obtain information for inclusion in, or for use in the calculation of, such index or portfolio from sources it believes to be reliable, but the index licensor does not guarantee the accuracy or completeness of such index or portfolio, any opening, intra-day or closing value therefor, or any data included therein or related thereto. The index licensor hereby disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any such index or portfolio, any opening, intra-day or closing value therefor, any data included therein or relating thereto, or any option contract on Exchange-Traded Fund Shares based thereon. The index licensor shall have no liability for any damages, claims, losses (including any indirect or consequential losses), expenses or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the person's use of such index or portfolio, any opening, intra-day or closing value therefor, any data included therein or relating thereto, or any option contract on Exchange-Traded Fund Shares based thereon, or arising out of any errors or delays in calculating or disseminating such index or portfolio.

### **Rule 527. Exchange Liability**

(a) Except to the extent provided in paragraph (b) of this Rule, and except as otherwise expressly provided in the Rules, neither the Exchange nor its directors, officers, committee members, limited liability company members, employees or agents shall be liable to Members or to persons associated therewith for any loss, expense, damages or claims that arise out of the use or enjoyment of the facilities or services afforded by the Exchange, any interruption in or failure or unavailability of any such facilities or services, or any action taken or omitted to be taken in respect to the business of the Exchange except to the extent such loss, expense, damages or claims are attributable to the willful misconduct, gross negligence, bad faith or fraudulent or criminal acts of the Exchange or its officers, employees or agents acting within the scope of their authority. Without limiting the generality of the foregoing and subject to the same exception, the Exchange shall have no liability to any person for any loss, expense, damages or claims that result from any error, omission or delay in calculating or disseminating any current or closing index value, any current or closing value of interest rate options, or any reports of transactions in or quotations for options or other securities, including underlying securities. The Exchange makes no warranty, express or implied, as to results to be obtained by any person or entity from the use of any data transmitted or disseminated by or on behalf of the Exchange or any reporting authority designated by the Exchange, including but not limited to reports of transactions in or quotations for securities traded on the Exchange or underlying securities, or reports of interest rate measures or index values or related data, and the Exchange makes no express or implied warranties of merchantability or fitness for a particular purpose or use with respect to any such data. The foregoing limitations of liability and disclaimers shall be in addition to, and not in limitation of, the provisions of the Exchange's By-Laws.

(b) Whenever custody of an unexecuted order or quote is transmitted by a Member to or through the Exchange's System or to any other automated facility of the Exchange whereby the Exchange assumes responsibility for the transmission or execution of the order or quote, provided that the Exchange has acknowledged receipt of such order or quote, the Exchange's liability for the negligent acts or omissions of its employees or for the failure of its Systems or facilities shall not exceed the limits provided in this paragraph (b), and no assets of the Exchange shall be applied or shall be subject to such liability in excess of the following limits:

(1) As to any one or more claims made by a single Member growing out of the use or enjoyment of the facilities afforded by the Exchange on a single trading day, the Exchange shall not be liable in excess of the larger of \$100,000 or the amount of any recovery obtained by the Exchange under any applicable insurance maintained by the Exchange;

(2) As to the aggregate of all claims made by all Members growing out of the use or enjoyment of the facilities afforded by the Exchange on a single trading day, the Exchange shall not be liable in excess of the larger of \$250,000 or the amount of the recovery obtained by the Exchange under any applicable insurance maintained by the Exchange;

(3) As to the aggregate of all claims made by all Members growing out of the use or enjoyment of the facilities afforded by the Exchange during a single calendar month, the Exchange shall not be liable in excess of the larger of \$500,000 or the amount of the recovery obtained by the Exchange under any applicable insurance maintained by the Exchange.

(c) If all of the claims arising out of the use or enjoyment of the facilities afforded by the Exchange cannot be fully satisfied because in the aggregate they exceed the applicable maximum amount of liability provided for in paragraph (b) above, then such maximum amount shall be allocated among all such claims arising on a single trading day or during a single calendar month, as applicable, written notice of which has been given to the Exchange no later than the opening of trading on the next business day following the day on which the use or enjoyment of Exchange facilities giving rise to the claim occurred, based upon the proportion that each such claim bears to the sum of all such claims.

(d) Each Floor Participant that physically conducts business on the Exchange's Trading Floor is required, at its sole cost, to procure and maintain liability insurance that provides defense and indemnity coverage for itself, any person associated with it, and the Exchange for any action or proceeding brought, or claim made, to impose liability upon such Floor Participant, associated person, or the Exchange resulting from, relating to, or arising out of the conduct of the Floor Participant or associated person (hereinafter, "Insurance"). The Insurance shall further provide defense and indemnity coverage to the Exchange for the Exchange's sole, concurrent, or contributory negligence, or other wrongdoing, relating to or in connection with such claim. The Exchange shall be expressly named by endorsement as an Additional Insured under the Insurance. The Exchange's status and rights to coverage under the Insurance shall be the same rights of the named insured of the Insurance, including, without limitation, rights to the full policy limits. In addition:

(1) The limits for the Insurance shall be not less than \$1,000,000 without erosion by defense costs, but under no circumstance shall the Exchange be entitled to less than the full policy limits of such Insurance.

(2) The Insurance shall state that it is primary to any insurance maintained by the Exchange.

(3) Each Floor Participant annually shall cause a certificate of insurance to be issued directly to the Exchange demonstrating that insurance compliant with this Rule has been procured and is maintained. Each Floor Participant also shall furnish a copy of the Insurance to the Exchange for review upon the Exchange's request at any time.

(4) This section (d) is the only section of Rule 527 specifically limited to Floor Participants physically located on the Exchange's Trading Floor.

### **Rule 528. Legal Proceedings Against the Exchange and its Directors, Officers, Employees, Contractors or Agents**

No Member or person associated with a Member shall institute a lawsuit or other legal proceeding against the Exchange or any director, officer, limited liability company member, employee, contractor, agent or other official of the Exchange or any subsidiary of the Exchange, for actions taken or omitted to be taken in connection with the official business of the Exchange or any subsidiary, except to the extent such actions or omissions constitute violations of the federal securities laws for which a private right of action exists. This provision shall not apply to appeals of disciplinary actions or other actions by the Exchange as provided for in the Rules.

### **Rule 529. Order Routing to Other Exchanges**

The Exchange may automatically route orders to other exchanges under certain circumstances as described below and elsewhere in these Rules ("Routing Services"). In connection with such services, the following shall apply:

(a) Routing Services will be provided in conjunction with one or more routing brokers that are not affiliated with the Exchange. For each routing broker used by the Exchange, an agreement will be in place between the Exchange and the routing broker that will, among other things, restrict the use of any confidential and proprietary information that the routing broker receives to legitimate business purposes necessary for routing orders at the direction of the Exchange.

(1) The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and the routing broker, and any other entity, including any affiliate of the routing broker, and, if the routing broker or any of its affiliates engages in any other business activities other than providing routing services to the Exchange, between the segment of the routing broker or affiliate that provides the other business activities and the segment of the routing broker that provides the Routing Services.

(2) The Exchange may not use a routing broker for which the Exchange or any affiliate of the Exchange is the designated examining authority.

(3) The Exchange will provide its Routing Services in compliance with the provisions of the Exchange Act and the rules thereunder, including, but not limited to, the requirements in Section 6(b)(4) and (5) of the Exchange Act that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities, and not be designed to permit unfair discrimination between customers, issuers, brokers or dealers.

(4) For all Routing Services, the Exchange will determine the logic that provides when, how, and where orders are routed away to other exchanges.

(5) The routing broker will receive routing instructions from the Exchange, to route orders to other exchanges and report such executions back to the Exchange. The routing broker cannot change the terms of an order or the routing instructions, nor does the routing broker have any discretion about where to route an order.

(6) Any bid or offer entered on the Exchange routed to another exchange through a routing broker that results in an execution shall be binding on the Member that entered such bid/offer.

**(b) Route Mechanism.**

(1) **General.** The Route Mechanism described in this Section (b) will be used after the Exchange's Opening Process under Rule 503 has been completed. Routing will be used when an Eligible Order is received and/or reevaluated that is both routable and marketable against the opposite side ABBO upon receipt and the Exchange's disseminated market is not equal to the opposite side ABBO, or is equal to the opposite side ABBO and of insufficient size to satisfy the order. The term Eligible Order will be used in the following paragraphs to refer to the Eligible Order being handled by the Route Mechanism. Eligible Orders are defined as: all Public Customer Orders received via the FIX Interface other than Intermarket Sweep Order ("ISO"), as defined in Rule 516(f), Do Not Route ("DNR") orders as defined in Rule 516(g), all of which are not eligible to be routed. Orders received via the MEO Interface will not be routed and will be handled as set forth in Rule 515. Eligible Orders resting on the Simple Order Book may be routed with an incoming Eligible Order that has initiated a Route Mechanism.

**(2) Routing Mechanism.**

(i) An Eligible Order may be routed if the displayed NBBO was locked or crossed upon receipt of the Eligible Order. If at the time of receipt of the Eligible Order, the opposite side ABBO is also locking or crossing the

same side SBBO, the System will immediately route the Eligible Order, together with any routable interest resting on the same side SBBO, to the opposite side ABBO. The Eligible Order and any routable resting interest will be processed in the order in which they were received.

(ii) The System will route ISOs representing Eligible Orders to away markets disseminating prices better than the Exchange's disseminated market. The routed order will be priced at the ABBO with a size equal to each ABBO exchange's disseminated size. If there are still additional contracts to be executed from the Eligible Order after the order has been routed to all away markets disseminating the ABBO for the away markets' full size, the System will handle remaining contracts from the Eligible Order in accordance with the provisions of Exchange Rule 515.

### **Rule 530. Limit Up-Limit Down**

This Rule establishes procedures to address extraordinary volatility in NMS Stocks (as defined below) and outlines MIAX Sapphire's Limit Up-Limit Down processing.

(a) **Definitions.** The capitalized terms in this Rule 530(a) and throughout the Exchange's Rules shall have the same meaning as provided for in the Plan.

**"Eligible Reported Transactions"** shall have the meaning prescribed by the Operating Committee of the Plan (as defined below) and shall generally mean transactions that are eligible to update the last sale price of an NMS Stock.

**"Limit State"** shall have the meaning provided in Section VI of the Plan. When a National Best Bid is below the Lower Price Band calculated by the Processor (as defined below) for an NMS Stock or a National Best Offer is above the Upper Price Band calculated by the Processor for an NMS Stock, the Processor will disseminate such National Best Bid or National Best Offer with an appropriate flag identifying it as non-executable. When a National Best Offer is equal to the Lower Price Band or a National Best Bid is equal to the Upper Price Band for an NMS Stock, the Processor will distribute such National Best Bid or National Best Offer with an appropriate flag identifying it as a "Limit State Quotation."

**"LULD Functionality"** shall mean the specific processing logic applied by the Exchange System to options traded on the Exchange when the underlying NMS Stock has entered into a Limit State or Straddle State. LULD Functionality remains in effect for the duration that the underlying NMS Stock is in a Limit State or a Straddle State.

**"Market Data Plan"** shall mean the effective national market system plans through which the Participants act jointly to disseminate consolidated information in compliance with Rule 603(b) of Regulation NMS under the Exchange Act.

**"Plan"** shall mean the Plan to Address Extraordinary Market Volatility Submitted to the SEC pursuant to Rule 608 of Regulation NMS under the Exchange Act, as amended from time to time in accordance with its provisions.

**"Primary Listing Exchange"** shall mean the Participant on which an NMS Stock is listed. If an NMS Stock is listed on more than one Participant, the Participant on which the NMS Stock has been listed the longest shall be the Primary Listing Exchange.

**"Processor"** shall mean the single plan processor responsible for the consolidation of information for an NMS Stock pursuant to Rule 603(b) of Regulation NMS under the Exchange Act.

**"Participant"** shall mean a party to the Plan.

**“Regular Trading Hours”** shall have the meaning provided in Rule 600(b)(64) of Regulation NMS under the Exchange Act. For purposes of the Plan, Regular Trading Hours can end earlier than 4:00 p.m. Eastern Time in the case of an early scheduled close.

**“Regulatory Halt”** shall have the meaning specified in the Market Data Plans.

**“Straddle State”** shall have the meaning provided in Section VII(A)(2) of the Plan. An NMS Stock is in a Straddle State when the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS Stock is not in a Limit State, and trading in that NMS Stock deviates from normal trading characteristics such that declaring a Trading Pause would support the Plan’s goal to address extraordinary market volatility.

**“Trading Pause”** shall have the meaning provided in Section VII of the Plan. If trading for an NMS Stock does not exit a Limit State within 15 seconds of entry during Regular Trading Hours, then the Primary Listing Exchange will declare a Trading Pause for such NMS Stock and shall notify the Processor. The Primary Listing Exchange may also declare a Trading Pause for an NMS Stock when an NMS Stock is in a Straddle State.

(b) **General.** LULD Functionality becomes effective for an option traded on the Exchange when the underlying NMS Stock has entered into a Limit State or Straddle State. LULD Functionality remains in effect for the duration that the underlying NMS Stock is in a Limit State or a Straddle State. LULD Functionality modifies the normal operation of the Exchange System in ways identified by this Rule. LULD Functionality ends when the underlying NMS Stock is no longer in a Limit State or a Straddle State, or when a Trading Pause is declared by the Primary Listing Exchange.

(c) **Determining Straddle States and Limit States.** The Exchange shall use the SIP feed (CQS for Tape A and Tape B securities and UQDF for Tape C securities) to determine when an NMS Stock is in a Limit State or a Straddle State, and when such Limit State or Straddle State no longer exists.

(d) **Handling of Orders During Limit States and Straddle States.** Once an NMS Stock has entered either a Straddle State or Limit State:

(1) The Exchange will not open an affected option.

(2) After the opening, the Exchange will:

(i) reject all incoming market orders submitted into the Exchange System.

(ii) cancel all unexecuted market orders existing within the Exchange System, except that market orders to sell an option received when the national best bid is zero and the Exchange’s disseminated offer is equal to or less than \$0.10 that have been converted to limit orders to sell pursuant to Rule 519(a)(1) will not be cancelled by the Exchange’s System.

(e) **Market-Wide Trading Halts.** The Exchange shall halt trading in all options whenever the equities markets initiate a market-wide trading halt commonly known as a circuit breaker in response to extraordinary market conditions.

(f) **Quoting Obligations During Limit States and Straddle States**

(1) Once an NMS Stock has entered either a Limit or Straddle State, the Exchange shall relieve Exchange Market Makers from the following quotation obligations for options on the affected underlying NMS Stock:

(i) the minimum size requirement set forth in Exchange Rule 605(a);

- (ii) the requirement to submit two-sided quotes set forth in Exchange Rule 605(b); and
- (iii) the continuous quoting obligation set forth in Exchange Rule 605(d).

(2) The relief described in subparagraphs (f)(1)(i)-(iii) above shall terminate when the Limit or Straddle State no longer exists in the affected NMS Stock.

(3) The provisions of Exchange Rule 514 concerning priority on the Exchange shall remain unchanged during periods of relief from quoting obligations pursuant to this Rule 530(f).

**(g) Systemic Changes During Limit States and Straddle States.** Once an NMS Stock has entered a Limit or Straddle State, the Exchange shall apply the following LULD Functionality for options on the affected underlying NMS Stock during the Opening Process.

(1) The Exchange's Opening Process (as described in Rule 503) shall be delayed for options overlying an NMS Stock that is in a Limit or Straddle State prior to the opening of trading such overlying options. The Opening Process shall begin in the affected overlying options when such Limit or Straddle State has ended and there is not a halt or Trading Pause in effect.

(2) Respecting options that are engaged in the Opening Process but for which trading has not begun, the Opening Process shall be terminated when the underlying NMS Stock is in a Limit or Straddle State. The Opening Process shall begin anew in the affected overlying options when such Limit or Straddle State has ended and there is not a halt or Trading Pause in effect.

**(h) Trading Pauses.** When an underlying NMS Stock is subject to a Trading Pause, the Exchange System will halt trading in options overlying the affected NMS Stock pursuant to Rule 504(c).

**(i) Opening after a Trading Pause.** After a Trading Pause, the Exchange System will open trading in the affected option pursuant to Rule 503. If trading has not resumed on the Primary Listing Exchange for the affected NMS Stock within ten minutes of receipt of the Trading Pause message by the Exchange, the Exchange may resume trading in options overlying such NMS Stock if at least one exchange has resumed trading in such NMS Stock.

**(j) Review of Erroneous Transactions Occurring During Limit States and Straddle States.** Once an NMS Stock has entered a Limit or Straddle State, the Exchange shall nullify a transaction in an option overlying such an NMS Stock as provided in this Rule.

(1) Absent Mutual Agreement as provided in paragraph (j)(2)(iii) below, parties to a trade may have a trade nullified if:

- (i) any such party makes a documented request within the time specified in Rule 530(j)(2)(i)(A); and
- (ii) one of the conditions below is met:

(A) The trade resulted from a verifiable disruption or malfunction of an Exchange execution, dissemination, or communication system that caused a quote/order to trade in excess of its disseminated size (e.g. a quote/order that is frozen, because of an Exchange System error, and repeatedly traded) in which case trades in excess of the disseminated size may be nullified; or

(B) The trade resulted from a verifiable disruption or malfunction of an Exchange dissemination or communication system that prevented a Member from updating or canceling a quote/order for which the Member is responsible where there is Exchange documentation providing that the Member sought to update or cancel the quote/order; or

(C) The trade resulted from an erroneous print disseminated by the underlying market which is later cancelled or corrected by the underlying market where such erroneous print resulted in a trade higher or lower than the average trade in the underlying security during the time period encompassing two minutes before and after the erroneous print, by an amount at least five times greater than the average quote width for such underlying security during the time period encompassing two minutes before and after the erroneous print. For purposes of this Rule, the average trade in the underlying security shall be determined by adding the prices of each trade during the four minute time period referenced above (excluding the trade in question) and dividing by the number of trades during such time period (excluding the trade in question); or

(D) The trade resulted from an erroneous quote in the primary market for the underlying security that has a width of at least \$1.00 and that width is at least five times greater than the average quote width for such underlying security during the time period encompassing two minutes before and after the dissemination of such quote. For the purposes of this Rule, the average quote width shall be determined by adding the quote widths of sample quotations at regular 15-second intervals during the four minute time period referenced above (excluding the quote in question) and dividing by the number of quotes during such time period (excluding the quote in question);

(iii) **Mutual Agreement.** The determination as to whether a trade was automatically executed at an erroneous price may be made by mutual agreement of the affected parties to a particular transaction within the time periods specified in subparagraphs (j)(2)(i) or (j)(3) below. A trade may be nullified on the terms that all parties to a particular transaction agree. In the absence of mutual agreement by the parties, a particular trade may only be nullified as provided in this Rule.

(iv) **Trading Halts.** Trades on the Exchange will be nullified when:

(A) The trade occurred during a trading halt in the affected option on the Exchange; or

(B) Respecting equity options (including options overlying ETFs), the trade occurred during a trading halt on the primary market for the underlying security.

(v) **Transactions During Opening Purchase Prohibitions or Restrictions.** Trades on the Exchange will be nullified when such a trade represents an opening transaction prohibited pursuant to Rule 403.

(2) **Review Procedure.** MIAX Sapphire Regulatory Control ("MRC") shall administer the application of this Rule as follows:

(i) (A) **Notification.** If a Market Maker on the Exchange believes that he/she participated in a transaction that can be nullified pursuant to section (j) of this Rule, he/she must notify MRC within fifteen minutes of the transaction. If a Member that initiated the order believes a transaction on the Exchange can be nullified pursuant to section (j) of this Rule, such Member must notify MRC within twenty minutes of the execution. Absent unusual circumstances, MRC will not grant relief under this Rule unless notification is made within the prescribed time period. Notwithstanding the foregoing, respecting transactions that occur as part of the Exchange's automated Opening Process, after the twenty minute notification period as described above and until 4:30 p.m. Eastern Time on the subject trade date, where parties to the transaction are a non-broker-dealer customer and an Exchange Market Maker,



the non-broker-dealer customer may request review of the subject transaction, and the transaction will be nullified by an Exchange Official.

(B) **Procedures for Reviewing Trades on Exchange Motion.** In the interest of maintaining a fair and orderly market for the protection of investors, the Chief Regulatory Officer or designee thereof, who is an officer of the Exchange (collectively "Exchange Officer") may, on his or her own motion or upon request, determine to review any transaction occurring on the Exchange that is believed to be erroneous. A transaction reviewed pursuant to this provision may be nullified in accordance with section (j) of this Rule. The Exchange Officer may be assisted by an Exchange Official in reviewing a transaction.

The Exchange Officer shall act as soon as possible after receiving notification of the transaction, and ordinarily would be expected to act on the same day as the transaction occurred. In no event shall the Exchange Officer act later than 9:30 a.m. Eastern Time on the next trading day following the date of the transaction in question. A party affected by a determination to nullify a transaction pursuant to this provision may appeal such determination in accordance with Rule 530; however, a determination by an Exchange Officer not to review a transaction, or a determination not to nullify a transaction for which a review was requested or conducted, is not appealable. If a transaction is reviewed and a determination is rendered pursuant to another provision of Rule 530, no additional relief may be granted under this provision.

(ii) **Bust.** An Exchange Official will determine whether there is a trade that qualifies to be nullified as defined in this Rule.

(3) **Request for Review.** If a party affected by a determination made under this Rule so requests within the time permitted, the CRO will review decisions made under this Rule. A request for review under this paragraph must be made within thirty minutes after a party receives official notification of a final determination by the Exchange Official under this Rule, except that if such notification is made after 3:30 p.m. Eastern Time, either party has until 9:30 a.m. Eastern Time on the next trading day to request a review. Such a request for review must be in writing or otherwise documented. The CRO shall review the facts and render a decision on the day of the transaction, or the next trade day in the case where a request is properly made after 3:30 p.m. Eastern Time on the day of the transaction or where the request is properly made the next trade day.

(i) **Absence of the CRO.** In the absence of the CRO, the deputy CRO or designee of the CRO will be appointed to act in this capacity.

(ii) **Appeal Fee.** A Member seeking the CRO's review of an Exchange Official ruling shall be assessed a fee of \$250.00 for each Exchange Official ruling to be reviewed that is sustained and not overturned or modified by the CRO.

(iii) **Authority of the CRO.** Decisions of the CRO concerning (i) the review of Exchange Official rulings relating to the nullification of transactions, and (ii) initial requests for relief shall be final and may not be appealed to the Exchange's Board.

## **Rule 531. Reports and Market Data Products**

(a) **Liquidity Taker Event Report.** The Liquidity Taker Event Report is a daily report that provides a Member ("Recipient Member") with its liquidity response time details for executions against an order resting on the Simple Order Book, where that Recipient Member attempted to execute against such resting order within the timeframe specified under paragraph (2) below.

(1) **Content.** The Liquidity Taker Event Report will include the following information:

(i) **Resting Order.**

- (A) The time a resting order was received by the Exchange.
- (B) Symbol.
- (C) Order reference number (unique reference number assigned to a new order at the time of receipt).
- (D) Whether the Recipient Member is an Affiliate of the Member that entered the resting order.
- (E) Origin type (e.g., Priority Customer, Market Maker).
- (F) Side (buy or sell).
- (G) Displayed price and size of the resting order.

(ii) **Execution of the Resting Order.**

- (A) SBBO at the time of the execution. If the resting order executes against multiple contra-side responses, only the SBBO at the time of the execution against the first response will be included.
- (B) ABBO at the time of the execution. If the resting order executes against multiple contra-side responses, only the ABBO at the time of the execution against the first response will be included.
- (C) Time first response that executes against the resting order was received by the Exchange and the size of the execution and type of the response.
- (D) Time difference between the time the resting order was received by the Exchange and the time the first response that executes against the resting order was received by the Exchange.
- (E) Whether response was entered by the Recipient Member.

(iii) **Response(s) Sent by Recipient Member.**

- (A) Recipient Member identifier.
- (B) Time difference between the time the first response that executes against the resting order was received by the Exchange and the time of each response sent by the Recipient Member, regardless of whether it executed or not.
- (C) Size and type of each response submitted by the Recipient Member.
- (D) Response reference number (unique reference number attached to response by the Recipient Member).

(2) **Timeframe.** The Liquidity Taker Event Report will include data listed in paragraph (a)(1) of this Rule 531(a) for executions and contra-side responses that occurred within 200 microseconds of the time the resting order was received by the Exchange.

(3) **Data Scope.** The Liquidity Taker Event Report will only include trading data related to the Recipient Member and will not include any other Member's trading data other than that listed in paragraphs (1)(i) and (ii) of this Rule 531(a).

(4) **Historical Data.** The Liquidity Taker Event Report contains historical data from the previous trading day and will be available after the end of the trading day, generally on a T+1 basis.

#### (b) **Market Data Products**

(1) **Open-Close Report.** The Open-Close Report is a data product that summarizes volume (contracts traded on MIAX Sapphire) by origin (Priority Customer, Non-Priority Customer, Firm, Broker-Dealer, and Market Maker), trade size and the opening or closing position of the order. Open-Close Data is available on an end-of-day and intraday basis.

### **Rule 532. Order Price Protection Mechanisms and Risk Controls**

The following protections are available in the Electronic Book.

(a) **Managed Protection Override.** The Managed Protection Override ("MPO") is a setting which, when enabled, allows Members to have their order cancelled after a risk protection setting is triggered.

The Managed Protection Override will apply to the following risk protections if enabled:

- Max Put Price Protection
- Butterfly Spread Variance ("BSV") Price Protection
- Calendar Spread Variance ("CSV") Price Protection
- Vertical Spread Variance ("VSV") Price Protection
- Parity Price Protection

#### (b) **Simple Orders.**

(1) **Max Put Price Protection.** The Exchange will determine a maximum trading price limit for a Put option as the strike price plus a pre-set value of \$0.10.

(i) **EEM Orders.** Buy orders entered by an EEM that are priced through the maximum trading price limit will trade up to, and including, the maximum trading price limit, and will then be placed on the Simple Order Book and managed to the appropriate trading price limit as described in Rule 515(d)(2), or cancelled if the Managed Protection Override is enabled. Sell orders entered by an EEM that are priced higher than the maximum trading price limit will be rejected.

(ii) **MM Orders.** Buy orders entered by a MM that are priced through the maximum trading price limit will trade up to, and including the maximum trading price limit, then will be placed on the Simple Order Book and managed to the appropriate trading price limit as described in Rule 515(d)(2). Sell orders entered by a MM that are priced higher than the maximum trading price limit will be displayed.

(c) **Complex Orders.**

(1) **Definitions.** For purposes of this paragraph (c):

(i) **Butterfly Spread.** A “Butterfly Spread” is a three legged complex order with two legs to buy (sell) the same number of calls (puts) and one leg to sell (buy) twice the number of calls (puts), all legs have the same expiration date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. The strike price of each leg is equidistant from the next sequential strike price.

(ii) **Calendar Spread.** A “Calendar Spread” is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price.

(iii) **Vertical Spread.** A “Vertical Spread” is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have the same expiration but different strike prices.

(2) **Butterfly Spread Variance (“BSV”) Price Protection.** The Exchange will determine a Butterfly Spread Variance (“BSV”) which establishes minimum and maximum trading price limits for Butterfly Spreads.

(i) The minimum possible trading price limit of a Butterfly Spread is zero minus a pre-set value. The maximum possible trading price limit of a Butterfly Spread is the absolute value of the difference between the closest strikes (the upper strike price minus the middle strike price or the middle strike price minus the lower strike price) plus a pre-set value.

(ii) If the execution price of a complex order would be outside of the limits set forth in paragraph (i) above (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including, the maximum trading price limit for bids or down to, and including, the minimum trading price limit for offers. Remaining interest will then will be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

(iii) Buy orders, sell orders, and MCOs to sell with a limit price less than the minimum trading price limit will be rejected. MCOs to buy with a limit price less than the minimum trading price limit will be cancelled. Sell orders with a limit price greater than the maximum trading price limit will be rejected. MCOs to sell with a limit price greater than the maximum trading price limit will be cancelled.

(iv) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

(3) **Calendar Spread Variance (“CSV”) Price Protection.** The Exchange will determine a Calendar Spread Variance (“CSV”) which establishes a minimum trading price limit for Calendar Spreads.

(i) The maximum possible value of a Calendar Spread is unlimited, thus there is no maximum price protection for Calendar Spreads. The minimum possible trading price limit of a Calendar Spread is zero minus a pre-set value.

(ii) If the execution price of a complex order would be outside of the limit set forth in subparagraph (i) above (offers lower than the minimum trading price limit), such complex order will trade down to, and including,

the minimum trading price limit. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

(iii) Buy orders, sell orders, and MCOs to sell with a limit price less than the minimum trading price limit will be rejected. MCOs to buy with a limit price less than the minimum trading price limit will be cancelled.

(iv) CSV Price Protection applies only to strategies in American-style option classes.

(v) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

**(4) Vertical Spread Variance (“VSV”) Price Protection.** The Exchange will determine a Vertical Spread Variance (“VSV”) which establishes minimum and maximum trading price limits for Vertical Spreads.

(i) The maximum possible trading price limit of the VSV is the difference between the two component strike prices plus a pre-set value. For example, a Vertical Spread consisting of the purchase of one January 30 call and the sale of one January 35 call would have a maximum trading price limit of \$5.00 plus a pre-set value. The minimum possible trading price limit of a Vertical Spread is always zero minus a pre-set value.

(ii) If the execution price of a complex order would be outside of the limits set forth in subparagraph (i) above (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including, the maximum trading price limit for bids or down to, and including, the minimum trading price limit for offers. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

(iii) Buy orders, sell orders, and MCOs to sell with a limit price less than the minimum trading price limit will be rejected. MCOs to buy with a limit price less than the minimum trading price limit will be cancelled. Sell orders with a limit price greater than the maximum trading price limit will be rejected. MCOs to sell with a limit price greater than the maximum trading price limit will be cancelled.

(iv) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

**(5) MIAX Strategy Price Protection (“MSPP”).** The System provides a MIAX Strategy Price Protection (“MSPP”) for complex orders. The MSPP establishes a maximum protected price for buy orders and a minimum protected price for sell orders.

(i) Complex orders with a time in force of Day are eligible for MSPP.

(ii) To calculate the protected price the System will use a MIAX Strategy Price Protection Variance (“MSPPV”) which will be determined by the Exchange and communicated to Members via Regulatory Circular.

(iii) The MSPP is calculated for buy orders by adding the MSPPV to the offer side of the cNBBO (or the bid side of the cNBBO if the cNBBO is crossed). The MSPP is calculated for sell orders by subtracting the MSPPV from the bid side of the cNBBO (or the offer side of the cNBBO if the cNBBO is crossed).

(iv) The MSPP is established:

(A) upon receipt of the complex order during free trading; or

(B) if the complex order is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or

(C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .02(a)(1) of Rule 518, no longer exists.

(v) If the MSPP is priced less aggressively than the limit price of the complex order (i.e., the MSPP is less than the complex order's bid price for a buy order, or the MSPP is greater than the complex order's offer price for a sell order), or if the order is a complex market order, the order will be (i) executed up to, and including, its MSPP for buy orders; or (ii) executed down to, and including, its MSPP for sell orders. Any unexecuted portion of such a complex order will be cancelled.

(vi) If the MSPP is priced equal to, or more aggressively than, the limit price of the complex order (i.e., the MSPP is greater than the complex order's bid price for a buy order, or the MSPP is less than the complex order's offer price for a sell order) the order will be (i) displayed and/or executed up to, and including, its limit price for buy orders; or (ii) displayed and/or executed down to, and including, its limit price for sell orders. Any unexecuted portion of such a complex order: (A) will be subject to the cLEP as described in subsection (e) of Rule 518; (B) may be submitted, if eligible, to the managed interest process described in Rule 518(c)(4); or (C) may be placed on the Strategy Book at its limit price.

(vii) The functional limit price of a market order will be the MSPP.

(6) **Complex MIAX Sapphire Price Collar Protection.** The System provides a Complex MIAX Price Collar ("MPC") price protection feature for complex orders. The MPC is an Exchange-wide price protection mechanism under which a complex order to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in \$0.01 increments (the "MPC Setting"), and under which a complex order to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the "MPC Price").

(i) All complex orders are subject to the MPC price protection feature.

(ii) The minimum MPC Setting is \$0.00 and the maximum MPC Setting is \$1.00, as determined by the Exchange and communicated to Members via Regulatory Circular. The MPC Setting will apply equally to all options listed on the Exchange in which complex orders are available, and will be the same dollar amount for both buy and sell transactions.

(iii) The MPC Price is established:

(A) upon receipt of the complex order during free trading, or

(B) if the complex order is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or

(C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .02(a)(1) of Rule 518, no longer exists.

(iv) If the MPC Price is priced less aggressively than the limit price of the complex order (i.e., the MPC Price is less than the complex order's bid price for a buy, or the MPC Price is greater than the complex order's offer price for a sell), or if the complex order is a market order, the complex order will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order: (A) will be subject to the cLEP as described in subsection (e) of Rule 518, and (B) may be subject to the managed interest process described in Rule 518(c)(4).

(v) If the MPC Price is priced more aggressively than the limit price of the complex order (i.e., the MPC Price is greater than the complex order's bid price for a buy, or the MPC Price is less than the complex order's offer price for a sell), the complex order will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described in Rule 518(c)(4), or placed on the Strategy Book at its limit price.

**(7) Implied Away Best Bid or Offer ("ixABBO") Price Protection.** The ixABBO price protection feature is a price protection mechanism under which, when in operation as requested by the submitting Member, a buy order will not be executed at a price that is higher than each other single exchange's best displayed offer for the complex strategy, and under which a sell order will not be executed at a price that is lower than each other single exchange's best displayed bid for the complex strategy. The ixABBO is calculated using the best net bid and offer for a complex strategy using each other exchange's displayed best bid or offer on their simple order book. For stock-option orders, the ixABBO for a complex strategy will be calculated using the BBO for each component on each individual away options market and the NBBO for the stock component. The ixABBO price protection feature must be engaged on an order-by-order basis by the submitting Member and is not available for c2C Orders, cQCC Orders, or MCOs.

**(8) Single Side Protection.** A Member may determine to engage the Single Side Protection ("SSP") feature by Market Participant Identifier ("MPID"). If the full remaining size of a Member's MCO is exhausted by a trade, the System will trigger the SSP for the strategy. When triggered, the System will block all new inbound MCOs for that particular strategy for that MPID. The System will provide a notification message to the Member that the protection has been triggered. The block will remain in effect until the Member notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP ("SSP Reset").

#### **Interpretations and Policies:**

.01 When an order is eligible for multiple price protections the System will apply the most conservative.

## Chapter VI. Market Makers

### Rule 600. Market Maker Registration

Members registered as Market Makers have certain rights and bear certain responsibilities beyond those of other Members. All Market Makers are designated as specialists on the Exchange for all purposes under the Exchange Act or Rules thereunder.

(a) To register as a Market Maker, a Member must file an application in writing on such forms as the Exchange may prescribe. The Exchange reviews applications and considers an applicant's market making ability and such other factors as the Exchange deems appropriate in determining whether to approve an applicant's registration as a Market Maker.

(b) The registration of any Member as a Market Maker may be suspended or terminated by the Exchange upon a determination that such Member has failed to properly perform as a Market Maker.

(c) These Rules place no limit on the number of qualifying entities that may become Market Makers.

(d) Applications shall be reviewed by the Exchange, which shall consider such factors including, but not limited to capital, operations, personnel, technical resources, and disciplinary history. Each Market Maker must have and maintain minimum net capital of at least the amount required under Rule 15c3-1 of the Exchange Act.

(e) An applicant's registration as a Market Maker shall become effective upon receipt by the Member of notice of an approval of registration by the Exchange.

(f) The registration of a Market Maker may be suspended or terminated by the Exchange if the Exchange determines that:

(1) The Market Maker has substantially or continually failed to engage in dealings in accordance with Rule 604 (Obligations of Market Makers) or elsewhere in these Rules;

(2) The Market Maker has failed to meet the minimum net capital conditions set forth under paragraph (d) above;

(3) The Market Maker has failed to maintain fair and orderly markets; or

(4) The Market Maker does not have at least one registered MMAT (as defined in Rule 601(a)(1)) qualified to perform market making activities as set forth in Rule 601(b)(5). A MMAT whose registration is suspended pursuant to this paragraph (f) shall not be deemed qualified within the meaning of this subsection.

(g) Any registered Market Maker may withdraw its registration by giving written notice to the Exchange. The Exchange may require a certain minimum prior notice period for withdrawal, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interests of maintaining fair and orderly markets.

(h) Any person aggrieved by any determination under this Rule 600 or Rule 601 below may seek review under Chapter XI of these Rules governing adverse action.



(i) Market Makers are designated as dealers on the Exchange for all purposes under the Exchange Act and the rules and regulations thereunder.

### **Rule 601. Obligations of Market Maker Authorized Traders**

#### **(a) General.**

(1) A “Market Maker Authorized Trader” or “MMAT” is a person who is permitted to perform market making activities pursuant to Chapter VI on behalf of a Market Maker.

(2) MMATs are permitted to enter orders only for the account of the Market Maker for which they are registered.

(b) **Registration of Market Maker Authorized Traders.** The Exchange may, upon receiving an application in writing from a Market Maker on a form prescribed by the Exchange, register a person as an MMAT.

(1) MMATs may be officers, partners, employees or other associated persons of Members that are registered with the Exchange as Market Makers.

(2) To be eligible for registration as an MMAT, a person must successfully complete proficiency examinations and continuing education requirements applicable to individual Members and individual associated persons of Members, as set forth in Interpretation and Policy .07 to Rule 1900, and any other training and/or certification programs as may be required by the Exchange.

(3) The Exchange may require a Market Maker to provide any and all additional information the Exchange deems necessary to establish whether registration should be granted.

(4) The Exchange may grant a person conditional registration as an MMAT subject to any conditions it considers appropriate in the interests of maintaining a fair and orderly market.

(5) A Market Maker must ensure that an MMAT is properly qualified to perform market making activities, including but not limited to ensuring the MMAT has met the requirements set forth in paragraph (b)(2) of this Rule.

#### **(c) Suspension or Withdrawal of Registration.**

(1) The Exchange may suspend or withdraw the registration previously given to a person to be an MMAT if the Exchange determines that:

(i) the person has caused the Market Maker to fail to comply with the securities laws, rules and regulations or the By-Laws, Rules and procedures of the Exchange;

(ii) the person is not properly performing the responsibilities of an MMAT;

(iii) the person has failed to meet the conditions set forth under paragraph (b) above; or

(iv) the MMAT has failed to maintain fair and orderly markets.

(2) If the Exchange suspends the registration of a person as an MMAT, the Market Maker must not allow the person to submit orders into the System.

(3) The registration of an MMAT will be withdrawn upon the written request of the Member for which the MMAT is registered. Such written request shall be submitted on the form prescribed by the Exchange.

### **Rule 602. Continuing Market Maker Registration**

(a) A Member that has qualified as a Market Maker may register to make markets in individual series of options.

(b) A Market Maker may become registered in a series by entering a registration request via (i) the MEO interface, which requires series registration to be submitted prior to 9:00 a.m. Eastern Time of the current trading day, which registration request shall be submitted for every requested trading day, or (ii) an Exchange approved electronic interface, which requires series registration to be submitted prior to 6:00 p.m. Eastern Time of the business day immediately preceding the next trading day, which registration request shall persist until it is withdrawn. Registration shall become effective on the day the registration request is entered.

### **Rule 603. Good Standing for Market Makers**

(a) To remain in good standing as a Market Maker, the Market Maker must:

(1) Continue to meet the requirements established in SEC Rule 15c3-1, and the general Membership requirements set forth in the Chapter II of these Exchange Rules and the requirements for Market Makers as set forth in Rule 600 (Market Maker Registration);

(2) continue to satisfy the Market Maker qualification requirements specified by the Exchange, as amended from time to time by the Exchange;

(3) comply with the Exchange Rules as well as the Rules of the OCC and the Federal Reserve Board; and

(4) pay on a timely basis such Membership, transaction and other fees as the Exchange shall prescribe.

(b) The good standing of a Market Maker may be suspended, terminated or otherwise withdrawn, as provided in the Exchange Rules, if any of said conditions for approval cease to be maintained or the Market Maker violates any of its agreements with the Exchange or any of the provisions of the Exchange Rules.

### **Rule 604. Obligations of Market Makers**

(a) In registering as a Market Maker, a Member commits himself to various obligations. Transactions of a Market Maker in its market making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Ordinarily, Market Makers are expected to:

(1) During trading hours, a Market Maker must maintain a two-sided market, pursuant to Rule 605(d)(1), in those option series in which the Market Maker is registered to trade, in a manner that enhances the depth, liquidity and competitiveness of the market.

(2) Engage, to a reasonable degree under the existing circumstances, in dealings for their own accounts when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of (or demand for) a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class.

(3) Compete with other Market Makers in all series in which the Market Maker is registered to trade.

(4) Make markets that will be honored for the number of contracts entered into the Exchange's System in all series of options in which the Market Maker is registered to trade.

(5) Update quotations in response to changed market conditions in all series of options in which the Market Maker is registered to trade.

(6) Maintain active markets in all series in which the Market Maker is registered.

(b) Market Makers should not effect purchases or sales on the Exchange except in a reasonable and orderly manner.

(c) If the Exchange finds any substantial or continued failure by a Market Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, such Market Maker will be subject to disciplinary action or suspension or revocation of registration in one or more of the securities in which the Market Maker is registered. Nothing in this Rule will limit any other power of the Board under these Rules, or procedures of the Exchange with respect to the registration of a Market Maker or in respect of any violation by a Market Maker of the provisions of this Rule.

### **Rule 605. Market Maker Quotations**

(a) **Size Associated with Quotes.** A Market Maker's bid and offer for a series of options contracts shall be accompanied by the number of contracts at that price the Market Maker is willing to buy or sell. The best bid and best offer entered by a Market Maker must have a size of at least one (1) contract.

(b) **Two-Sided Quotes.** A Market Maker that enters a bid (offer) in a series in which he is registered on the Exchange must enter an offer (bid).

(c) **Firm Quotes.**

(1) All quotes and orders entered into the System are firm under this Rule and Rule 602 of Regulation NMS under the Exchange Act ("Rule 602") for the number of contracts specified and according to the requirements of paragraph (a) above.

(2) Market Maker bids and offers are not firm under this Rule and Rule 602 if any of the circumstances provided in paragraph (b)(3) or (c)(4) of Rule 602 exist.

(d) **Continuous Quotes.** A Market Maker must enter continuous bids and offers for the options series to which it is registered, as follows:

(1) On a daily basis, a Market Maker must make markets consistent with the applicable quoting requirements specified in these Rules, on a continuous basis in at least seventy-five percent (75%) of the options series in which the Market Maker is registered.

(2) A Market Maker may be called upon by the Exchange to submit a single bid or offer or maintain continuous bids and offers in one or more of the series to which the Market Maker is registered whenever, in the judgment of the Exchange, it is necessary to do so in the interest of fair and orderly markets.

(3) A Market Maker shall be deemed to have fulfilled the “continuous” quoting requirement if the Market Maker provides two-sided quotes for 90% of the time that the Market Maker is required to provide quotes in an appointed option series on a given trading day, or such higher percentage as the Exchange may announce in advance. These obligations will apply to all of the Market Maker’s appointed issues collectively, rather than on an issue-by-issue basis. Compliance with this obligation will be determined on a monthly basis. However, determining compliance with the continuous quoting requirement on a monthly basis does not relieve the Market Maker of the obligation to provide continuous two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet the continuous quoting obligation each trading day.

(4) If a technical failure or limitation of a System of the Exchange prevents the Market Maker from maintaining or communicating to the Exchange timely and accurate quotes in an options series, the duration of such failure shall not be considered in determining whether the Market Maker has satisfied the quoting standard with respect to that option series.

(5) The continuous quoting obligations set forth above: (i) shall be suspended during a trading halt, suspension, or pause in an option pursuant to Rule 504, and shall not re-commence until after the first regular way transaction on the primary market in the underlying security following such halt, suspension, or pause in the underlying security, as reported by the responsible single plan processor and trading has resumed in the halted option pursuant to Rule 503, and (ii) shall be suspended for the duration that an underlying NMS stock is in a Limit State or a Straddle State.

(6) Market Makers shall not be required to make two-sided markets pursuant to this Rule in any Quarterly Option Series, any adjusted option series, and any option series until the time to expiration for such series is less than nine months. Accordingly, the continuous quotation obligations set forth in this Rule shall not apply to Market Makers respecting Quarterly Option Series, adjusted option series, and series with an expiration of nine months or greater. For purposes of this subsection, an adjusted option series is an option series wherein, as a result of a corporate action by the issuer of the underlying security, one option contract in the series represents the delivery of other than 100 shares of underlying stock or Exchange-Traded Fund Shares.

(7) The Exchange may consider other exceptions to this continuous quoting obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(e) **Options Series Other Than Those in Which Registered.** The total number of contracts executed by a Market Maker in series in which it is not registered as a Market Maker shall not exceed twenty-five percent (25%) of the total number of all contracts executed by the Market Maker in any calendar quarter.

#### **Interpretations and Policies:**

.01 IOC orders from Market Makers will not be counted for the continuous quoting obligations set forth in paragraph (d) of this Rule 605.

#### **Rule 606. Securities Accounts and Orders of Market Makers**

(a) **Identification of Accounts.** In a manner prescribed by the Exchange, each Market Maker shall file with the Exchange and keep current a list identifying all accounts for stock, options and related securities trading in which the Market Maker may, directly or indirectly, engage in trading activities or over which it exercises investment discretion. No Market Maker shall engage in stock, options or related securities trading in an account which has not been reported pursuant to this Rule.

(b) **Reports of Orders.** Each Market Maker shall, upon request and in the prescribed form, report to the Exchange every order entered by the Market Maker for the purchase or sale of (1) a security underlying options traded on the Exchange, or (2) a security convertible into or exchangeable for such underlying security, as well as opening and closing positions in all such securities held in each account reported pursuant to paragraph (a) of this Rule. The report pertaining to orders must include the terms of each order, identification of the brokerage firms through which the orders were entered, the times of entry or cancellation, the times report of execution were received and, if all or part of the order was executed, the quantity and execution price.

(c) **Joint Accounts.** No Market Maker shall, directly or indirectly, hold any interest or participate in any joint account for buying or selling any options contract unless each participant in such joint account is a Member and unless such account is reported to, and not disapproved by, the Exchange. Such reports in a form prescribed by the Exchange shall be filed with the Exchange before any transaction is effected on the Exchange for such joint account. A participant in a joint account must:

- (1) Be either a Market Maker or a Clearing Member that carries the joint account.
- (2) File and keep current a completed application on such form as is prescribed by the Exchange.
- (3) Be jointly and severally responsible for assuring that the account complies with all Exchange Rules.

(4) Not be a Market Maker registered to the same options classes to which the joint account holder is also registered as a Market Maker.

#### **Interpretations and Policies:**

.01 Reports of accounts and transactions required to be filed with the Exchange pursuant to this Rule relate only to accounts in which a Market Maker, as an individual, directly or indirectly controls trading activities or has a direct interest in the profits or losses of such account. Such reports would be required for accounts over which a Market Maker exercises investment discretion as well as a Market Maker's proprietary accounts.

#### **Rule 607. Letters of Guarantee**

(a) **Required of Each Member.** No Member shall make any transactions on the Exchange unless a Letter of Guarantee has been issued for such Member by a Clearing Member and filed with the Exchange, and unless such Letter of Guarantee has not been revoked pursuant to paragraph (c) of this Rule.

(b) **Terms of Letter of Guarantee.** A Letter of Guarantee shall provide that the issuing Clearing Member accepts financial responsibilities for all the Exchange Transactions made by the guaranteed Member.

(c) **Revocation of Letter of Guarantee.** A Letter of Guarantee filed with the Exchange shall remain in effect until a written notice of revocation has been filed with the Exchange by the Guarantor Clearing Member. A revocation shall in no way relieve a Clearing Member of responsibility for transactions guaranteed prior to the effective date of such revocation.

#### **Rule 608. Financial Requirements for Market Makers**

(a) Each Market Maker shall maintain (i) net liquidating equity in its Market Maker account of not less than \$200,000, and in conformity with such guidelines as the Board may establish from time to time, and (ii) net capital sufficient to comply with the requirements of Exchange Act Rule 15c3-1. Each Market Maker which is a Clearing Member shall

also maintain net capital sufficient to comply with the requirements of the Clearing Corporation. This equity requirement, as well as all other provisions of the section (including capital maintenance requirements), applies to each Market Maker account, without regard to the number of Market Maker accounts per firm. The term “net liquidating equity” means the sum of positive cash balances and long securities positions less negative cash balances and short securities positions.

(b) Each Market Maker that makes an arrangement to finance his transactions as a Market Maker must identify in writing to the Exchange the source of the financing and its terms. The Exchange must be informed immediately of the intention of any party to terminate or change any such arrangement.

## Chapter VII. Exercises and Deliveries

The rules contained in MIAX Chapter VII, as such rules may be in effect from time to time (the “Chapter VII Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter VII, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter VII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter VII Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in the Chapter VII Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in Chapter VII shall be read to refer to the MIAX Sapphire Rule; the defined term “Clearing Member” in the Chapter VII Rules shall be read to refer the MIAX Sapphire Clearing Member; and the defined term “Member” in the Chapter VII Rules shall be read to refer to the MIAX Sapphire Member.

## Chapter VIII. Records, Reports and Audits

The rules contained MIAX Chapter VIII, as such rules may be in effect from time to time (the “Chapter VIII Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter VIII, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter VIII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter VIII Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or exhaustion: the defined term “Exchange” in the Chapter VIII Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in the Chapter VIII Rules shall be read to refer to the MIAX Sapphire Rule; the defined term “Market Maker” in the Chapter VIII Rules shall be read to refer to the MIAX Sapphire Market Maker; and the defined term “Member” in the Chapter VIII Rules shall be read to refer to the MIAX Sapphire Member.



## Chapter IX. Summary Suspension

The rules contained in MIAX Chapter IX, as such rules may be in effect from time to time (the “Chapter IX Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter IX, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter IX Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter IX Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange in the Chapter IX Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in Chapter IX Rules shall be read to refer to the MIAX Sapphire Rule; the defined term “Board” in the Chapter IX Rules shall be read to refer to the MIAX Sapphire Board; and the defined term “Member” in the Chapter IX Rules shall be read to refer to the MIAX Sapphire Member.

## Chapter X. Discipline

### Rule 1000. Disciplinary Jurisdiction

(a) A Member or a person associated with a Member who is alleged to have violated or aided and abetted a violation of any provision of the Exchange Act, the rules and regulations promulgated thereunder, or any provision of the Rules or any interpretation thereof or resolution of the Board of the Exchange regulating the conduct of business on the Exchange, shall be subject to the disciplinary jurisdiction of the Exchange under this Chapter, and after notice and opportunity for a hearing may be appropriately disciplined by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a Member or any other fitting sanction, in accordance with provisions of this Chapter.

(b) Persons associated with a Member may be charged with any violation committed by employees under his supervision or by the Member as though such violation were his own. A Member may be charged with any violation committed by its employees or other person who is associated with such Member, as though such violation were its own.

(c) Any Member or person associated with a Member shall continue to be subject to the disciplinary jurisdiction of the Exchange following such Member's termination or the person's termination of association with a Member with respect to matters that occurred prior to such termination; provided that written notice of the commencement of an inquiry into such matters is given by the Exchange to such former Member or former associated person within one (1) year of receipt by the Exchange, or such other exchange or association recognized for purposes of Rule 1900, Interpretation and Policy .12, of the latest written notice of the termination of such person's status as a Member or person associated with a Member. The foregoing notice requirement does not apply to a person who at any time after a termination again subjects himself to the disciplinary jurisdiction of the Exchange by becoming a Member or a person associated with a Member.

### Rule 1001. Requirement to Furnish Information

(a) Each Member and person associated with a Member shall be obligated upon request by the Exchange (including by another SRO acting on behalf of the Exchange pursuant to Rule 1015) to appear and testify, and to respond in writing to interrogatories and furnish documentary materials and other information requested in connection with (i) an investigation initiated pursuant to Rule 1002, (ii) a hearing or appeal conducted pursuant to this Chapter or preparation by the Exchange in anticipation of such a hearing or appeal, or (iii) an Exchange inquiry resulting from an agreement entered into by the Exchange pursuant to Rule 805.

(b) A Member or person associated with a Member is entitled to be represented by counsel during any such Exchange investigation, proceeding or inquiry.

(c) No Member or person associated with a Member shall impede or delay an Exchange investigation or proceeding conducted pursuant to this Chapter, or an Exchange inquiry pursuant to Rule 805, nor refuse to comply with a request made by the Exchange pursuant to this paragraph.

(d) Failure to furnish testimony, documentary evidence or other information requested by the Exchange in the course of an Exchange inquiry, investigation, hearing or appeal conducted pursuant to this Chapter, or in the course of preparation by the Exchange in anticipation of such a hearing or appeal, on the date or within the time period the Exchange specifies shall be deemed to be a violation of this Rule.

## **Rule 1002. Investigation**

The Exchange's regulatory staff (including regulatory staff of another SRO acting on the Exchange's behalf pursuant to Rule 1015), which is obligated to act independently from the economic interests of the Members regulated by the Exchange, has sole discretion to investigate possible violations within the disciplinary jurisdiction of the Exchange on its own initiative or based upon a complaint alleging possible violations submitted by any person, Exchange committee or the Board. All complaints shall be in writing signed by the complainant and shall specify in reasonable detail the facts constituting the violation, including the specific statutes, rules, interpretations or resolutions allegedly violated.

## **Rule 1003. Letters of Consent**

In lieu of the procedures set forth in Rules 1004 through 1006 (Charges, Answer and Hearing), a matter may be disposed of through a letter of consent.

(a) A matter can only be disposed of through a letter of consent if regulatory staff and the Member or person(s) who is the subject of the investigation (the "Subject") are able to agree upon terms of a letter of consent. Such letter must be signed by the Subject and must set forth a stipulation of facts and findings concerning the Member's conduct, the violation(s) committed by the Member and the sanction(s) therefor.

(b) In the event that the Subject and the regulatory staff are able to agree upon a letter of consent, the staff shall submit the letter to the CRO. If the letter of consent is acceptable to the CRO, it shall be submitted to the Business Conduct Committee. In the event that the Member and the regulatory staff are unable to agree upon a letter of consent or if a proposed letter is not acceptable to the CRO, the staff may institute an action according to the procedures contained in Rule 1004. The CRO's decision to reject a letter of consent shall be final, and a Subject may not seek review thereof.

(c) If a letter of consent is submitted to and accepted by the Business Conduct Committee, the Exchange shall take no further action against the Subject respecting the matters that are the subject of the letter. If the letter of consent is rejected by the Business Conduct Committee, the matter shall proceed as though the letter had not been submitted. The Business Conduct Committee's decision to accept or reject a letter of consent shall be final, and a Subject may not seek review thereof.

## **Rule 1004. Charges**

(a) **Initiation of Charges.** Whenever it shall appear that there is probable cause for finding a violation within the disciplinary jurisdiction of the Exchange and that further proceedings are warranted, the regulatory staff shall prepare a statement of charges against the Member or associated person alleged to have committed a violation (the "Respondent") specifying the acts in which the Respondent is charged to have engaged and setting forth the specific provisions of the Exchange Act, rules and regulations promulgated thereunder, provisions of the Rules, or interpretations or resolutions of which such acts are in violation. If the statement of charges is approved by the Chief Regulatory Officer, a copy of the charges shall be served upon the Respondent in accordance with Rule 1012. The complainant, if any, shall be notified if further proceedings are warranted.

(b) **Access to Documents.** Provided that a Respondent has made a written request for access to documents described hereunder with sixty (60) calendar days after a statement of charges has been served upon the Respondent in accordance with Rule 1012, the Respondent shall have access to all documents concerning the case that are in the investigative file of the Exchange except for regulatory staff investigation and examination reports and

any other materials prepared by the Exchange staff in connection with such reports or in anticipation of a disciplinary hearing. In providing such documents, the Exchange may protect the identity of a complainant.

### **Rule 1005. Answer**

(a) The Respondent shall have twenty-five (25) calendar days after service of the charges to file with the Secretary of the Exchange a written answer thereto. The answer shall specifically admit or deny each allegation contained in the charges, and the Respondent shall be deemed to have admitted any allegation not specifically denied. The answer may also contain any defense that the Respondent wishes to submit and may be accompanied by documents in support of his answer or defense. In the event the Respondent fails to file an answer, the charges shall be considered to be admitted.

(b) Upon review of the Respondent's answer, the Chief Regulatory Officer may modify the statement of charges, and a copy of the modified charges shall be served upon the Respondent in accordance with Rule 1012. If such modification asserts any new or materially different charges from those contained in the initial statement, Respondent shall have an additional twenty-five (25) calendar days after service of the modified statement of charges to file a written answer thereto in accordance with paragraph (a) above.

### **Rule 1006. Hearing**

(a) **Appointment of Hearing Panel.** Subject to Rule 1008 (Summary Proceedings), a hearing on the charges shall be held before a professional hearing officer and two members of the Business Conduct Committee (the "Panel"). The professional hearing officer shall serve as the chairman of the Panel (the "Panel Chairman").

(1) Promptly after the Respondent files a written answer to the statement of charges, the Chairman of the Business Conduct Committee shall select from among the persons on the Business Conduct Committee two (2) persons to serve on the Panel. In making such selection, the Chairman of the Business Conduct Committee shall, to the extent practicable, choose individuals whose background, experience and training qualify them to consider and make determinations regarding the subject matter to be presented to the Panel. He shall also consider such factors as the availability of individuals, the extent of their prior service on Panels and any relationship between an individual and the Respondent that might make it inappropriate for such person to serve on the Panel.

(2) If in the opinion of the Chairman of the Business Conduct Committee, there are not a sufficient number of persons on the Business Conduct Committee from which to select persons having the appropriate background, experience and training to consider and make determinations regarding the subject matter to be presented to that particular Panel, he shall request that the President temporarily appoint additional persons to the Business Conduct Committee from whom he may select for that Panel.

(3) If at any time a person serving on a Panel has a conflict of interest or bias or circumstances otherwise exist where his fairness might reasonably be questioned, the person must withdraw from the Panel. In the event that a person selected from the Business Conduct Committee withdraws, is incapacitated, or otherwise is unable to continue service after being selected, the Panel Chairman may, in the exercise of discretion, request that the Chairman of the Business Conduct Committee select a replacement. In the event that both persons selected from the Business Conduct Committee withdraw, are incapacitated, or otherwise are unable to continue service, the Chairman of the Business Conduct Committee shall select two replacements.

(b) **Parties.** The Exchange and the Respondent shall be the parties to the hearing. Where a Member is a party, it shall be represented at the hearing by an associated person.

(c) **Notice and List of Documents.** Parties shall be given at least twenty-eight (28) calendar days' notice of the time and place of the hearing. Not less than ten (10) calendar days in advance of the scheduled hearing date, each party shall furnish to the Panel and to the other parties, copies of all documentary evidence such party intends to present at the hearing. Where time and the nature of the proceeding permit, the parties shall meet with the Panel Chairman in a pre-hearing conference for the purpose of clarifying and simplifying issues and otherwise expediting the proceeding. At such pre-hearing conference, the parties shall attempt to reach agreement respecting authenticity of documents, facts not in dispute, and any other items that will serve to expedite the hearing of the matter.

(d) **Intervention.** Any person not otherwise a party may intervene as a party to the hearing upon demonstrating to the satisfaction of the Panel Chairman that he has an interest in the subject of the hearing and that the disposition of the matter may, as a practical matter, impair or impede his ability to protect that interest. Also, the Panel Chairman may in his discretion permit a person to intervene as a party to the hearing when the person's claim or defense and the main action have questions of law or fact in common. Any person wishing to intervene as a party to a hearing shall file with the Panel Chairman a notice requesting the right to intervene, stating the grounds therefor, and setting forth the claim or defense for which intervention is sought. The Panel Chairman, in exercising his discretion concerning intervention shall take into consideration whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties.

(e) **Conduct of Hearing.** The Panel Chairman shall determine the time and place of all meetings, and shall make all determinations with regard to procedural or evidentiary matters, as well as prescribe the time within which all documents, exhibits, briefs, stipulations, notices or other written materials must be filed where such is not specified in this Chapter. The Panel Chairman shall generally regulate the course of the hearing, and shall have the authority to, among other things, order the parties to present oral arguments, reopen a hearing prior to the issuance of a decision by the Panel, create and maintain the official record of proceeding, and draft a decision that represents the views of the majority of the Panel. Formal rules of evidence shall not apply to hearings conducted by the Panel. The charges shall be presented by a representative of the Exchange who, along with Respondent and any other party, may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Panel and the other parties. The Panel may request the production of documentary evidence and witnesses. No Member or person associated with a Member shall refuse to furnish relevant testimony, documentary materials or other information requested by the Panel during the course of the hearing. The Respondent and intervening parties are entitled to be represented by counsel who may participate fully in the hearing. A transcript of the hearing shall be made and shall become part of the record. Interlocutory Board review of any decision made by the Panel prior to completion of the hearing is generally prohibited. Such interlocutory review shall be permitted only if the Panel agrees to such review after determining that the issue is a controlling issue of rule or policy and that immediate Board review would materially advance the ultimate resolution of the case.

(f) **Ex Parte Communication.** No Member or person associated with a Member shall make or knowingly cause to be made an ex parte communication with any member of the Panel, Business Conduct Committee or Board concerning the merits of any matter pending under this Chapter. No member of the Panel, Business Conduct Committee or Board shall make or knowingly cause to be made an ex parte communication with any Member or any person associated with a Member concerning the merits of any matter pending under this Chapter.

(1) "Ex parte communication" means an oral or written communication made without notice to all parties, that is, regulatory staff and Subjects of investigations or Respondents in proceedings.

(2) A written communication is ex parte unless a copy has been previously or simultaneously delivered to all interested parties. An oral communication is ex parte unless it is made in the presence of all parties except those who, on adequate prior notice, declined to be present.

### **Rule 1007. Decision**

- (a) Following a hearing conducted pursuant to Rule 1006, the Panel shall by majority opinion, issue a decision in writing, based solely on the record, determining whether the Respondent has committed a violation and imposing the sanction, if any, therefor.
- (b) The decision shall include a statement of findings and conclusions, with the reasons therefor, upon all material issues presented on the record. Where a sanction is imposed, the decision shall include a statement specifying the acts or practices in which the Respondent has been found to have engaged and setting forth the specific provisions of the Exchange Act, rules and regulations promulgated thereunder, provisions of the Rules, interpretations or resolutions of the Exchange of which the acts are deemed to be in violation.
- (c) The Respondent shall be sent a copy of the decision promptly after it is rendered.

### **Rule 1008. Summary Proceedings**

Notwithstanding the provision of Rule 1006 (Hearing), a Panel may make a determination without a hearing and may impose a penalty as to violations that the Respondent has admitted or has failed to answer or that otherwise do not appear to be in dispute.

- (a) Notice of such summary determination, specifying the violations and penalty, shall be served upon the Respondent, who shall have ten (10) calendar days from the date of service to notify the Panel Chairman that he desires a hearing upon all or a portion of any charges not previously admitted or upon the penalty. Failure to so notify the Panel Chairman shall constitute admission of the violations and acceptance of the penalty as determined by the Panel and a waiver of all rights of review.
- (b) If the Respondent requests a hearing, the matters that are the subject of the hearing shall be handled as if the summary determination had not been made.

### **Rule 1009. Offers of Settlement**

(a) **Submission of Offer.** At any time during a period not to exceed 120 calendar days immediately following the date of service of a statement of charges upon the Respondent in accordance with Rule 1012, the Respondent may submit to the Panel, if one has been formed, a written offer of settlement, signed by him, which shall contain a proposed stipulation of facts and consent to a specified sanction. The Respondent may submit a written statement in support of the offer. If a Panel has not yet been appointed, a written offer of settlement may be submitted to the Chief Regulatory Officer.

(1) A Respondent shall be entitled to submit a maximum of two (2) written offers of settlement in connection with the statement of charges issued to that Respondent pursuant to Rule 1004, unless a Panel, in its discretion, permits a Respondent to submit additional offers of settlement.

(2) The 120-day period shall be tolled for the number of days in excess of seven (7) calendar days that it takes the Exchange regulatory staff to respond to a Respondent's request for access to documents provided that the request for access is made pursuant to the provisions and within the time frame provided in Rule 1004(b).

(b) **Acceptance or Rejection of Offer.** Where the Panel or Chief Regulatory Officer accepts an offer of settlement, it or he shall issue a decision, including findings and conclusions and imposing a sanction, consistent with the terms of such offer. Where the Panel or Chief Regulatory Officer rejects an offer of settlement, it or he shall notify the

Respondent and the matter shall proceed as if such offer had not been made, and the offer and all documents relating thereto shall not become a part of the record. Subject to Rule 1008 (Summary Proceedings), following the end of the 120-day period in paragraph (a) above or after a rejection of a Respondent's second offer of settlement, a hearing will proceed in accordance with the provisions of Rule 1006. A decision of the Panel or Chief Regulatory Officer issued upon acceptance of an offer of settlement, as well as the determination whether to accept or reject such an offer, shall be final, and the Respondent may not seek review thereof.

### **Rule 1010. Review**

(a) **Petition.** The Respondent or regulatory staff shall have fifteen (15) calendar days after service of notice of a decision made pursuant to Rule 1007 of this Chapter to petition for review thereof by the Board. Such petition shall be in writing and shall specify the findings and conclusions to which exceptions are taken, together with reasons for such exceptions. Any objections to a decision not specified by written exception shall be considered to have been abandoned. Petitions shall be filed with the Secretary of the Exchange.

(b) **Motion of Board.** The Board may on its own initiative order review of a decision made pursuant to Rule 1007 or 1008 (Summary Proceeding) within thirty (30) calendar days after notice of the decision has been served on the Respondent.

(c) **Conduct of Review.** The review shall be conducted by the Board or a committee of the Board composed of at least three Directors whose decision must be ratified by the Board.

(1) Any Director who participated in a matter may not participate in review of that matter by the Board.

(2) Unless the Board shall decide to open the record for the introduction of evidence or to hear argument, such review shall be based solely upon the record and the written exceptions filed by the parties.

(3) New issues may be raised by the Board, and in such event, Respondents and regulatory staff shall be given notice of an opportunity to address any such new issues.

(d) **Determination.** The Board may affirm, reverse or modify, in whole or in part, the decision of the Panel. Such modification may include an increase or decrease of the sanction. The decision of the Board shall be in writing, shall be promptly served on the Respondent, and shall be final.

### **Rule 1011. Judgment and Sanction**

(a) **Sanctions.** Members and persons associated with Members shall (subject to any rule or order of the SEC) be appropriately disciplined for violations under these Rules by expulsion, suspension, limitation of activities, functions and operations, fine, censure, being suspended or barred from being associated with a Member, or any other fitting sanction.

(b) **Effective Date of Judgment.** Sanctions imposed under this Chapter shall not become effective until the Exchange review process is completed or the decision otherwise becomes final. Pending effectiveness of a decision imposing a sanction on the Respondent, the person, committee or panel issuing the decision (the "adjudicator") may impose such conditions and restrictions on the activities of the Respondent as it considers reasonably necessary for the protection of investors and the Exchange.

(c) **Payment of Fines, Other Monetary Sanctions, or Costs; Summary Action for Failure to Pay.**

(1) **Payment to Chief Financial Officer.** All fines and other monetary sanctions shall be paid to the Chief Financial Officer of the Exchange.

(2) **Summary Suspension or Expulsion.** After seven (7) calendar days' notice in writing, the Exchange may (i) summarily suspend a Member that fails to pay promptly a fine, other monetary sanction or cost imposed pursuant to this Chapter when such fine, monetary sanction or cost becomes finally due and payable; or (ii) terminate immediately the association of a person who fails to pay promptly a fine, other monetary sanction or cost imposed pursuant to this Chapter when such fine, monetary sanction or cost becomes finally due and payable.

(d) **Costs of Proceedings.** A Member or person associated with a Member disciplined pursuant to this Chapter shall bear such costs of the proceeding as the adjudicator deems fair and appropriate under the circumstances.

### **Rule 1012. Procedural Matters**

(a) **Service of Notice.** Any charges, notices or other documents may be served upon a Member or associated person either personally or by leaving the same at his place of business, by registered or certified mail or overnight commercial carrier addressed to the Member or associated person at the Member's address as it appears on the books and records of the Exchange.

(b) **Extension of Time Limits.** Any time limits imposed under this Chapter for the submission of answers, petitions or other materials may be extended by permission of the authority to whom such materials are to be submitted.

### **Rule 1013. Reporting to the Central Registration Depository**

(a) With respect to formal Exchange disciplinary proceedings, the Exchange shall report to the CRD the issuance of a statement of charges pursuant to Rule 1004 and all significant changes in the status of such proceedings while such proceedings are pending.

(b) For purposes of reporting to the CRD:

(1) A formal Exchange disciplinary proceeding shall be considered to be pending from the time that a statement of charges is issued in such proceeding pursuant to Rule 1004 until the outcome of the proceeding becomes final.

(2) An Exchange disciplinary proceeding shall be considered to be a formal disciplinary proceeding if it is initiated by the Exchange pursuant to Rule 1002.

(3) Significant changes in the status of a formal Exchange disciplinary proceeding shall include, but not be limited to, the scheduling of a disciplinary hearing, the issuance of a decision by a Panel, the filing of an appeal to the Board, and the issuance of a decision by the Board.

### **Rule 1014. Imposition of Fines for Minor Rule Violations**

(a) **General.** In lieu of commencing a disciplinary proceeding, the Exchange may, subject to the requirements set forth herein, impose a fine, not to exceed \$5,000, on any Member, or person associated with or employed by a Member, with respect to any Rule violation listed in section (d) of this Rule. Any fine imposed pursuant to this Rule that (i) does not exceed \$2,500 and (ii) is not contested, shall be reported on a periodic basis, except as may



otherwise be required by Rule 19d-1 under the Exchange Act or by any other regulatory authority. The Exchange is not required to impose a fine pursuant to this Rule with respect to the violation of any Rule included herein, and the Exchange may, whenever it determines that any violation is not minor in nature, proceed under Rules 1003 or 1004, rather than under this Rule.

(b) **Notice.** Any person against whom a fine is imposed under this Rule (the “Subject”) shall be served with a written statement setting forth (i) the Rule(s) allegedly violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each violation; and (iv) the date by which such determination becomes final and such fine must be paid or contested as provided below, which date shall be not less than thirty (30) calendar days after the date of service of such written statement.

(c) **Review.** A Subject may contest the Exchange’s determination by filing with the Office of the Secretary of the Exchange a written answer as provided in Rule 1005 on or before the date such fine must be paid.

(1) Upon the receipt of an answer by the Exchange the matter becomes subject to review by the Business Conduct Committee, or a subcommittee thereof consisting of at least three (3) members of the Business Conduct Committee.

(2) The answer must include a request for a hearing, if a hearing is desired. Formal rules of evidence shall not apply to hearings conducted by the Business Conduct Committee under this Rule. The Business Conduct Committee shall determine the time and place of the hearing and make all determinations with regard to procedural or evidentiary matters, as well as prescribe the time within which all documents or written materials must be submitted. The regulatory staff and the Subject may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Business Conduct Committee and the other party. No Member or person associated with a Member shall refuse to furnish relevant testimony, documentary materials or other information requested by the Business Conduct Committee during the course of the hearing. The Subject is entitled to be represented by counsel who may participate fully in the hearing.

(3) If a hearing is not requested, the review will be based on written submissions and will be conducted in a manner to be determined by the Business Conduct Committee.

(4) If, after a hearing or review based on written submissions, the Business Conduct Committee determines that the Subject is guilty of the rule violation(s) alleged, the Committee may impose any one or more of the disciplinary sanctions authorized by the Exchange’s Rules.

Unless the sole disciplinary sanction imposed by the Committee for such rule violation(s) is a fine that is less than the total fine initially imposed by the Exchange for the subject violation(s), the person charged shall pay a forum fee in the amount of \$100 if the determination was reached without a hearing and \$300 if a hearing was conducted.

(5) The regulatory staff, the Subject or the Board on its own motion may require a review by the Board of any determination by the Business Conduct Committee under this Rule by proceeding in the manner described in Rule 1010.

(6) In the event that a fine imposed pursuant to this Rule is subsequently upheld by the Business Conduct Committee or, if applicable, on appeal to the Board, such fine, plus all interest that has accrued thereon since the fine was due and any forum fee imposed pursuant to subparagraph (4) above, shall be immediately payable.

(d) **Violations Subject to Fines.** The following is a list of the rule violations subject to, and the applicable sanctions that may be imposed by the Exchange pursuant to, this Rule:

(1) **Position Limits (Rule 307).**

Number of Cumulative Violations Within Any Twenty-four Month Rolling Period*	Sanction (Imposed on Exchange Members or violations occurring in all other accounts)
First Offense	\$500
Second Offense	\$1,000
Third Offense	\$2,500
Fourth and Each Subsequent Offense	\$5,000

\* A violation that consists of (i) a one trade date overage, (ii) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs, or (iii) a consecutive string of trade date overage violations resulting from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

(2) **Focus Reports (Rule 803).** Each Member shall file with the Exchange a report of financial condition on SEC Form X-17A-5 as required by Rule 17a-10 under the Exchange Act. Any Member who fails to file in a timely manner such report of financial condition pursuant to Exchange Act Rule 17a-10 shall be subject to the following fines:

Calendar Days Left	Sanction
1 to 30	\$200
31 to 60	\$400
61 to 90	\$800
90 or more	Formal Disciplinary Action

(3) **Requests for Trade Data (Rule 804).** Any Member who fails to respond within ten (10) business days to a request by the Exchange for submission of trade data shall be subject to the following fines:

Business Days Late	Sanction
1 to 9	\$200
10 to 15	\$500
16 to 30	\$1,000
Over 30	Formal Disciplinary Action

Any Member who violates this Rule more than one (1) time in any calendar year shall be subject to the following fines, which fines shall be imposed in addition to any sanction imposed pursuant to the schedule above:

Number of Violations Within One Calendar Year	Sanction
2 <sup>nd</sup> Offense	\$500
3 <sup>rd</sup> Offense	\$1,000
4 <sup>th</sup> Offense	\$2,500
Subsequent Offenses	Formal Disciplinary Action

(4) **Conduct and Decorum Policies.** The Exchange's trading conduct and decorum policies shall be distributed to Members periodically and shall set forth the specific dollar amounts that may be imposed as a fine hereunder with respect to any violations of those policies.

(5) **Order Entry (Rule 520).** Violations of Rule 520(b) regarding limitations on orders entered into the System by Electronic Exchange Members will be subject to the fines listed below. Each paragraph of Rule 520 subject to this Rule shall be treated separately for purposes of determining the number of cumulative violations.

Number of Violations Within One Calendar Year	Sanction
1 to 5	Letter of Caution
6 to 10	\$500
11 to 15	\$1,000
16 or 20	\$2,000
Over 20	Formal Disciplinary Action

(6) **Execution of Orders in Appointed Options (Rule 605).** Violations of Rule 605(e), which specifies a limit on the total number of contracts executed during a quarter in options classes to which the Market Maker is not appointed shall be subject to the following sanctions:

Number of Violations Within Rolling Twelve Month Period	Sanction
1 <sup>st</sup> Offense	Letter of Caution
2 <sup>nd</sup> Offense	\$500
3 <sup>rd</sup> Offense	\$1,000
4 <sup>th</sup> Offense	\$2,500
Subsequent Offenses	Formal Disciplinary Action

(7) **Mandatory Systems Testing (Rule 314).** Failure to conduct or participate in the testing of computer systems, or failure to provide required reports or maintain required documentation, shall be subject to the fines listed below.

Violations Within One Calendar Year	Sanction
First Violation	\$250
Second Violation	\$500
Third Violation	\$1,000
Fourth Violation	\$2,000
Fifth Violation or more	Formal Disciplinary Action

(8) **Exercise of Option Contracts (Rule 700).** Any Member who fails to submit to the Exchange in a timely manner pursuant to Rule 700 or a Regulatory Circular issued pursuant to Rule 700, "Advice Cancel", or exercise instruction relating to the exercise or non-exercise of a non-cash settled equity option shall be subject to the following fines:

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Individual	Member Organization
1 <sup>st</sup> Offense	\$500	\$1,000
2 <sup>nd</sup> Offense	\$1,000	\$2,500
Subsequent Offenses	\$2,500	\$5,000

(9) **Exercise Limits (Rule 309).** Violations of Rule 309 regarding the exercise within any five (5) consecutive business days of aggregate long positions in any class of options traded on the Exchange in excess of the limits outlined in Rule 309 shall be subject to the fines listed below:

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Sanction
First Violation	\$500
Second Violation	\$1,000
Third Violation	\$2,500
Subsequent Violation	\$5,000

(10) **Reports Related to Position Limits (Rule 310).** Violations of Rule 310 regarding the failure to accurately report position and account information shall be subject to the fines listed below:

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Sanction
First Violation	\$500
Second Violation	\$1,000
Third Violation	\$2,500
Subsequent Violation	\$5,000

(11) **Trading in Restricted Classes (Rule 403).** Violations of Rule 403 of entering into an opening transaction in a restricted class shall be subject to the following sanctions:

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Sanction
1 <sup>st</sup> Offense	\$500
2 <sup>nd</sup> Offense	\$2,500
3 <sup>rd</sup> Offense	\$5,000
Subsequent Offense	Formal Disciplinary Action

(12) **Market Maker Quotations (Rule 605).** Violations of Rule 605(d) regarding continuous quoting requirements shall be subject to the fines listed below. Violations of the rule that continue over consecutive trading days will be subject to a separate fine, pursuant to this paragraph (d)(12), for each day during which the violation occurs and is continuing up to a limit of fifteen consecutive trading days. In calculating fine thresholds for each Market Maker, all violations occurring within the Period in any of the Market Makers registered series are to be added together.

Number of Cumulative Violations Within Any Twenty-Four Month Rolling Period	Sanction
1 <sup>st</sup> Offense	Letter of Caution
Subsequent Offense	\$300 per day

(13) **Failure to Timely File Amendments to Form U4, Form U5, and Form BD (Rule 1904).** Any Member and/or Member Organization that is required to file Form U4, Form U5, or Form BD pursuant to the Rules, or the Securities and Exchange Act of 1934, and the rules promulgated thereunder, is required to amend the applicable Form U4, Form U5, or Form BD to keep such forms current at all times. Members and/or Member Organizations shall

amend Form U4, Form U5, or Form BD no later than thirty (30) days after the filer knew of or should have known of the need for the amendment.

Number of Cumulative Violations Within Any Twelve Month Rolling Period	Sanction
1 <sup>st</sup> Offense	\$500
2 <sup>nd</sup> Offense	\$1,000
3 <sup>rd</sup> Offense	\$2,000
Subsequent Offense	Formal Disciplinary Action

(14) **Failure to Comply with the Consolidated Audit Trail Compliance Rule Under Chapter XVII.** For failures to comply with the Consolidated Audit Trail Compliance Rule requirements under Chapter XVII, the Exchange may impose a minor rule violation fine of up to \$2,500.

### Rule 1015. Disciplinary Functions

(a) The Exchange may contract with another SRO to perform some or all of the Exchange's disciplinary functions. In that event, the Exchange shall specify to what extent the Rules in this Chapter shall govern Exchange disciplinary actions and to what extent the rules of the other SRO shall govern such actions. Notwithstanding the fact that the Exchange may contract with another SRO to perform some or all of the Exchange's disciplinary functions, the Exchange shall retain ultimate legal responsibility for and control of such functions.

#### Interpretations and Policies:

.01 The Exchange has entered into a contract with the Financial Industry Regulatory Authority ("FINRA") to provide professional hearing officers and to act as an agent of the Exchange with respect to the disciplinary procedures contained in this Chapter. All of the Rules in this Chapter shall govern Exchange disciplinary actions. Under Rule 1006(a), the professional hearing officer is designated as the Chairman of the Panel. Under Rule 1006(e), the Panel Chairman has the sole responsibility to determine the time and place of all meetings of the Panel, and make all determinations with regard to procedural or evidentiary matters, as well as prescribe the time within which all documents, exhibits, briefs, stipulations, notices or other written materials must be filed where such is not specified in the Rules.

In the course of discharging his responsibilities hereunder, the professional hearing officer shall apply the standards contained in the FINRA Industry Code of Procedure, and policies, practices and interpretations thereof, so long as the Rules in this Chapter are not in conflict.

### Rule 1016. Contracts of Suspended Members

(a) When a Member, other than a Clearing Member, is suspended pursuant to Chapter IX (Summary Suspension), all open short positions of the suspended Member in option contracts and all open positions resulting from exercise of option contracts, other than positions that are secured in full by a specific deposit or escrow deposit in accordance with the Rules of the Clearing Corporation, shall be closed without unnecessary delay by all Members carrying such positions for the account of the suspended Member; provided that the Exchange may cause the foregoing requirement to be temporarily waived for such period as it may determine if it shall deem such temporary waiver to be in the interest of the public or the other Members of the Exchange.

(b) No temporary waiver hereunder by the Exchange shall relieve the suspended Member of its obligations or of damages, nor shall it waive the close out requirements of any other Rules.

(c) When a Clearing Member is suspended pursuant to Chapter IX (Summary Suspension) of these Rules, the positions of such Clearing Member shall be closed out in accordance with the Rules of the Clearing Corporation.

### **Rule 1017. Failure to Pay Premium**

(a) If the Clearing Corporation shall reject an Exchange Transaction because of the failure of the Clearing Member acting on behalf of the purchaser to pay the aggregate premiums due thereon as required by the Rules of the Clearing Corporation, the Member acting as or on behalf of the writer shall have the right either to cancel the transaction by giving notice thereof to the Clearing Member or to enter into a closing writing transaction in respect of the same option contract that was the subject of the rejected Exchange Transaction for the account of the defaulting Clearing Member.

(b) Such action shall be taken as soon as possible and in any event not later than 10:00 a.m. Eastern Time on the business day following the day the Exchange Transaction was rejected by the Clearing Corporation.

### **Rule 1018. Expedited Suspension Proceeding**

#### **(a) Initiation of Proceeding.**

(1) **Scope of Authority.** With the prior written authorization of the Chief Regulatory Officer (“CRO”) or such other senior officers as the CRO may designate, the Exchange may initiate an expedited suspension proceeding with respect to alleged violations of Rule 322 (Disruptive Quoting and Trading Activity Prohibited).

(2) **Service of Notice.** The Exchange shall initiate the proceeding by serving a notice on a Member or associated person of a Member (hereinafter “Respondent”). The Exchange shall serve the notice by personal service or overnight commercial courier. The notice shall be effective upon service.

(3) **Content of Notice.** The notice shall state whether the Exchange is requesting the Respondent to be required to take action or to refrain from taking action. The notice shall be accompanied by:

(i) a declaration of facts, signed by a person with knowledge of the facts contained therein, that specifies the acts that constitute the alleged violation; and

(ii) a proposed order that contains the required elements of a suspension order (except the date and hour of the order’s issuance), which are set forth in sub-paragraph (d)(2) of this Rule.

#### **(b) Appointment of Hearing Panel and Panel Members.**

(1) As soon as practicable after the Exchange initiates a suspension proceeding, a Hearing Panel shall be assigned in accordance with paragraph (a) of Rule 1006.

(2) If at any time a Panel Member determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, or if a Party files a motion to disqualify a Panel Member, the recusal and disqualification proceeding shall be conducted in accordance with Rule 1006(a)(3), except that:

(i) a motion seeking disqualification of a Panel Member must be filed no later than 5 days after the announcement of the Hearing Panel; and

(ii) the Exchange may file a brief in opposition to the Respondent's motion no later than 5 days after service thereof.

(c) **Hearing.**

(1) **When Held.** The hearing shall be held not later than 15 days after service of the notice initiating the suspension proceeding, unless otherwise extended by the Chairman of the Hearing Panel with the consent of the Parties for good cause shown. If a Panel Member is recused or disqualified, the hearing shall be held not later than five days after a replacement Panel Member is appointed.

(2) **Service of Notice of Hearing.** A notice of date, time, and place of the hearing shall be served on the Parties not later than seven days before the hearing, unless otherwise ordered by the Chairman of the Hearing Panel. Service shall be made by personal service or overnight commercial courier. The notice shall be effective upon service.

(3) **Authority of Panel Members.** A Panel Member shall have authority to do all things necessary and appropriate to discharge his or her duties as set forth in Rule 1006.

(4) **Witnesses.** A person who is subject to the jurisdiction of the Exchange shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

(5) **Additional Information.** At any time during its consideration, the Hearing Panel may direct a Party to submit additional information. Any additional information submitted shall be provided to all Parties at least one day before the Hearing Panel renders its decision.

(6) **Transcript.** The hearing shall be recorded by a court reporter and a written transcript thereof shall be prepared. A transcript of the hearing shall be available to the Parties for purchase from the court reporter at prescribed rates. A witness may purchase a copy of the transcript of his or her own testimony from the court reporter at prescribed rates. Proposed corrections to the transcript may be submitted by affidavit to the Hearing Panel within a reasonable time determined by the Hearing Panel. Upon notice to all the Parties to the proceeding, the Hearing Panel may order corrections to the transcript as requested or sua sponte.

(7) **Record and Evidence Not Admitted.** The record shall consist of the notice initiating the proceeding, the declaration, and the proposed order described in sub-paragraph (a)(3) above; the transcript of the hearing; all evidence considered by the Hearing Panel; and any other document or item accepted into the record by the Hearing Panel. The Exchange shall be the custodian of the record. Proffered evidence that is not accepted into the record by the Hearing Panel shall be retained by the custodian of the record until the date when the Exchange's decision becomes final or, if applicable, upon the conclusion of any review by the SEC or federal courts.

(8) **Failure to Appear at a Hearing.** If a Respondent fails to appear at a hearing for which it has notice, the allegations in the notice and accompanying declaration may be deemed admitted, and the Hearing Panel may issue a suspension order without further proceedings. If the Exchange fails to appear at a hearing for which it has notice, the Hearing Panel may order that the suspension proceeding be dismissed.

(d) **Issuance of Suspension Order by Hearing Panel.**

(1) **Basis for Issuance.** The Hearing Panel shall issue a written decision stating whether a suspension order shall be imposed. The Hearing Panel shall issue the decision not later than ten days after receipt of the hearing transcript, unless otherwise extended by the Chairman of the Hearing Panel with the consent of the Parties for good cause shown. A suspension order shall be imposed if the Hearing Panel finds:

(i) by a preponderance of evidence that the alleged violation specified in the notice has occurred;  
and

(ii) that the violative conduct or continuation thereof is likely to result in significant market disruption or other significant harm to investors.

(2) **Content, Scope, and Form of Order.** A suspension order shall:

(i) be limited to: (1) ordering a Respondent to cease and desist from violating Rule 322, and/or (2) ordering a Respondent to cease and desist from providing access to the Exchange to a client of Respondent that is causing violations of Rule 322;

(ii) set forth the alleged violation and the significant market disruption or other significant harm to investors that is likely to result without the issuance of an order;

(iii) describe in reasonable detail the act or acts the Respondent is to take or refrain from taking and to suspend the Respondent unless and until such action is taken or refrained from; and

(iv) include the date and hour of its issuance.

(3) **Duration of Order.** A suspension order shall remain effective and enforceable unless modified, set aside, limited, or revoked pursuant to paragraph (e), below.

(4) **Service.** The Hearing Panel's decision and any suspension order shall be served by personal service or overnight commercial courier. The suspension order shall be effective upon service.

(e) **Review by Hearing Panel.** At any time after the Respondent is served with a suspension order, a Party may apply to the Hearing Panel to have the order modified, set aside, limited, or revoked. The application shall set forth with specificity the facts that support the request. The Hearing Panel shall respond to the request in writing within ten days after receipt of the request, unless otherwise extended by the Chairman of the Hearing Panel with the consent of the Parties for good cause shown. The Hearing Panel's response shall be served on the Respondent via personal service or overnight commercial courier. The filing of an application under this Rule shall not stay the effectiveness of the suspension order.

(f) **Application to SEC for Review.** Sanctions imposed pursuant to this Rule constitute final and immediately effective disciplinary sanctions imposed by the Exchange. The right to have any action under this Rule reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review shall not stay the effectiveness of a suspension order unless the SEC otherwise orders.



## Chapter XI. Hearings, Review and Arbitration

The rules contained in MIAX Chapter XI, as such rules may be in effect from time to time (the “Chapter XI Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter XI, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter XI Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XI Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in the Chapter XI Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in the Chapter XI Rules shall be read to refer to MIAX Sapphire Rule; the defined term “Business Conduct Committee” in the Chapter XI Rules shall be read to refer to the MIAX Sapphire Business Conduct Committee; and the defined term “Member” in the Chapter XI Rules shall be read to refer to the MIAX Sapphire Member.

## Chapter XII. Organization and Administration

### Rule 1200. Divisions of the Exchange

The divisions of the Exchange shall include the Regulatory Division and such other Divisions as the Chief Executive Officer, with the approval of the Board, may establish. The Chief Executive Officer shall appoint a head of every Division and may designate departments within each Division.

### Rule 1201. Designees

(a) The Chief Executive Officer (“CEO”) or the CRO of the Exchange may formally designate one or more qualified employees of MIAX Sapphire to act in place of any person named in a rule as having authority to act under such rule in the event that the named person in the rule is not available to administer that rule.

(b) For purposes of a designation by the CEO, a qualified employee is: (1) any officer of MIAX Sapphire that the CEO deems to possess the requisite knowledge and job qualifications to administer that rule; or (2) any employee of the Exchange that the CEO and the Board of Directors deems to possess the requisite knowledge and job qualifications to administer that rule.

(c) For purposes of a designation by the CRO, a qualified employee is: (1) any officer of the MIAX Sapphire Regulatory Division that the CRO deems to possess the requisite knowledge and job qualifications to administer that rule; or (2) an employee of the MIAX Sapphire Regulatory Division that the CRO and the Board of Directors deems to possess the requisite knowledge and job qualifications to administer that rule.

### Rule 1202. Membership Dues

(a) The dues payable by Members shall be fixed from time to time by the Board. Dues shall be payable in full on the first day of each month on a nonrefundable basis and shall be applied to the month beginning on that day. The Board may, on the request of a Member who is serving on active duty in the Armed Forces of the United States, waive dues during the period of such service.

(b) In addition to the fees and charges provided for by Rule 1202, the Board may, from time to time, fix and impose other fees, assessments or charges to be paid to the Exchange or to an organization designated by the Exchange by Members or by categories of Members with respect to applications, registrations, approvals, use of Exchange facilities, or other services or privileges granted.

### Rule 1203. Other Fees and Charges

(a) **Access Fees.** The access fees payable by Members shall be fixed from time to time by the Board.

(b) **Transaction Fees.** Members shall pay a fee for each transaction they execute on the Exchange, as may be determined by the Board.

(c) **Communication Fees.** The Board may, at its discretion, impose a communication fee for quotes entered on the Exchange in addition to the fee contained in Rule 1202(b).

(d) **Regulatory Fees or Charges.** In addition to the dues and charges specified in this Chapter, the Board may, from time to time, fix and impose other fees, assessments or charges to be paid to the Exchange by Members or by Classes of Members with respect to applications, registrations, approvals, use of Exchange facilities, regulatory oversight or other services or privileges granted.

(e) **Fee Disputes.** All disputes concerning fees, dues or charges assessed by the Exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation. All disputes related to fees, dues or other charges must be submitted to the Exchange no later than sixty (60) days after the date of the monthly invoice. All Exchange invoices are due in full on a timely basis and payable in accordance with Rule 208. Any disputed amount resolved in the Member's favor will be subsequently credited to the Clearing Member's account at the Clearing Corporation.

#### **Rule 1204. Liability for Payment of Fees**

(a) Any Member that does not pay any dues, fees, assessments, charges, fines or other amounts due to the Exchange within thirty (30) days after they have become payable shall be reported to the President, who may, after giving reasonable notice to the Member of such arrearages, suspend the Member's trading privileges until payment is made.

(b) A person associated with a Member who fails to pay any fine or other amounts due to the Exchange within thirty (30) days after such amount has become payable and after reasonable notice of such arrearages, may be suspended from association with a Member until payment is made.

#### **Rule 1205. Exchange's Costs of Defending Legal Proceedings**

Any Member or person associated with a Member who fails to prevail in a lawsuit or other legal proceeding instituted by such person against the Exchange or any of its Directors, officers, committee members, limited liability members, employees or agents, and related to the business of the Exchange, shall pay to the Exchange all reasonable expenses, including attorneys' fees, incurred by the Exchange in the defense of such proceeding, but only in the event that such expenses exceed fifty thousand dollars (\$50,000). This provision shall not apply to disciplinary actions by the Exchange, to administrative appeals of Exchange actions or in any specific instance where the Board has granted a waiver of this provision.

#### **Rule 1206. Committees of the Exchange**

(a) **Establishment of Committees.** The Chief Executive Officer, with the approval of the Board, shall appoint any committee members that are not Directors to committees established by the Board in the By-Laws, or established by the Chief Executive Officer pursuant to authority delegated to him by the Board.

(b) **Removal of Committee Members.** The Chief Executive Officer may, with the approval of the Board, remove any committee member that is not a Director for refusal, neglect, or inability to discharge such committee member's duties.

(c) **Committee Procedures.** Except as otherwise provided in the By-Laws, the Rules or resolution of the Board, each committee shall determine its own time and manner of conducting its meetings and the vote of a majority of the members of a committee present at a meeting at which time a quorum is present shall be the act of the committee. Committees may act informally by written consent of all of the members of the committee.

(d) **General Duties and Powers of Committees.** Each committee shall administer the provisions of the By-Laws and the Rules pertaining to matters within its jurisdiction. Each committee shall have such other powers and duties as may be delegated to it by the Board. Each committee is subject to the control and supervision of the Board.

### **Rule 1207. Sales Value Fee**

(a) The Sales Value Fee is assessed by the Exchange to each Member for sales on the Exchange with respect to which the Exchange is obligated to pay a fee to the Commission pursuant to Section 31 of the Exchange Act. To the extent there may be any excess monies collected under this Rule, the Exchange may retain those monies to help fund general operating expenses. The sales transactions to which the fee applies are sales of options (other than options on a security index) and the sales of securities resulting from the exercise of physical-delivery options. The fee is collected indirectly from Members through their clearing firms by The Options Clearing Corporation on behalf of MIAX Sapphire with respect to option sales and options exercises.

(b) The Sales Value Fee is equal to the Section 31 fee rate multiplied by the Member's aggregate dollar amount of covered sales resulting from options transactions occurring on the Exchange during any computational period.

## Chapter XIII. Doing Business with the Public

The rules contained in MIAX Chapter XIII, as such rules may be in effect from time to time (the “Chapter XIII Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter XIII, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter XIII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XIII Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XIII Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in the Chapter XIII Rules shall be read to refer to the MIAX Sapphire Rule; the defined term “Options Principal” in the Chapter XIII Rules shall be read to refer to the MIAX Sapphire Principal; and the defined term “Member” in the Chapter XIII Rules shall be read to refer to the MIAX Sapphire Member.

## Chapter XIV. Order Protection, Locked and Crossed Markets

The rules contained in MIAX Chapter XIV, as such rules may be in effect from time to time (the “Chapter XIV Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter XIV, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter XIV Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XIV Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XIV Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in the Chapter XIV Rules shall be read to refer to the MIAX Sapphire Rule; the defined term “bid” in the Chapter XIV Rules shall be read to refer to the MIAX Sapphire bid; and the defined term “Member” in the Chapter XIV Rules shall be read to refer to the MIAX Sapphire Member.

## Chapter XV. Margins

The rules contained in MIAX Chapter XV, as such rules may be in effect from time to time (the “Chapter XV Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter XV, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter XV Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XV Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XV Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in the Chapter XV Rules shall be read to refer to the MIAX Sapphire Rule; and the defined term “Member” in the Chapter XV Rules shall be read to refer to the MIAX Sapphire Member.

## Chapter XVI. Net Capital Requirements

The rules contained in MIAX Chapter XVI, as such rules may be in effect from time to time (the “Chapter XVI Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter XVI, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter XVI Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XVI Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XVI Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in the Chapter XVI Rules shall be read to refer to the MIAX Sapphire Rule; and the defined term “Member” in the Chapter XVI Rules shall be read to refer to the MIAX Sapphire Member.



## Chapter XVII. Consolidated Audit Trial Compliance Rule

The rules contained in MIAX Chapter XVII, as such rules may be in effect from time to time (the “Chapter XVII Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter XVII, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter XVII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XVII Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XVII Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in the Chapter XVII Rules shall be read to refer to the MIAX Sapphire Rule; and the defined term “Member” in the Chapter XVII Rules shall be read to refer to the MIAX Sapphire Member.

For purposes of MIAX Rule 1703(a)(3), orders that are posted to the MIAX Sapphire Simple Order Book are considered quotes when submitted by an Options Market Maker in an assigned symbol on MIAX Sapphire.

## Chapter XVIII. Index Options

The rules contained in MIAX Chapter XVIII, as such rules may be in effect from time to time (the “Chapter XVIII Rules”), are hereby incorporated by reference into this MIAX Sapphire Chapter XVIII, and are thus MIAX Sapphire Rules and thereby applicable to MIAX Sapphire Members. MIAX Sapphire Members shall comply with the Chapter XVIII Rules as though such rules were fully-set forth herein. All defined terms, including any variations thereof, contained in Chapter XVIII Rules shall be read to refer to the MIAX Sapphire related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in Chapter XVIII Rules shall be read to refer to MIAX Sapphire; the defined term “Rule” in the Chapter XVIII Rules shall be read to refer to the MIAX Sapphire Rule; and the defined term “Member” in the Chapter XVIII Rules shall be read to refer to the MIAX Sapphire Member. Any reference to MIAX Rule 506(d) will be construed to reference corresponding MIAX Sapphire Rule 506(e).

# Chapter XIX. Registration, Qualification and Continuing Education

## Rule 1900. Registration Requirements

Each person engaged in the securities business of a Member shall be registered with the Exchange as a representative or principal in each category of registration appropriate to his or her functions and responsibilities as specified in Rule 1901, unless exempt from registration pursuant to Rule 1902. Such person shall not be qualified to function in any registered capacity other than that for which the person is registered, unless otherwise stated in the rules.

### Interpretations and Policies:

**.01 Minimum Number of Registered Principals.** Each Member, except a Member with only one associated person, shall have at least two officers or partners who are registered as General Securities Principals pursuant to Rule 1901(b)(1), provided that a Member that is limited in the scope of its activities may instead have two officers or partners who are registered in a principal category under Rule 1901(b) that corresponds to the scope of the Member's activities; and provided further that a proprietary trading firm with 25 or fewer registered representatives shall only be required to have one officer or partner who is registered as a principal. The requirement that a Member have a minimum of two principals shall apply to persons seeking admission as Members and existing Members.

The Exchange may waive the requirement that a Member have a minimum of two principals in situations that indicate conclusively that only one person associated with an applicant for membership or existing Member should be required to register as a principal.

**.02 Permissive Registrations.** A Member may make application for or maintain the registration as a representative or principal, pursuant to Rule 1901, of any associated person of the Member and any individual engaged in the securities business of a foreign securities affiliate or subsidiary of the Member. Individuals maintaining such permissive registrations shall be considered registered persons and subject to all Exchange Rules, to the extent relevant to their activities.

Consistent with the requirements of the Exchange's supervision rules, Members shall have adequate supervisory systems and procedures reasonably designed to ensure that individuals with permissive registrations do not act outside the scope of their assigned functions. With respect to an individual who solely maintains a permissive registration(s), the individual's direct supervisor shall not be required to be a registered person. However, for purposes of compliance with the Exchange's supervision rules, a Member shall assign a registered supervisor who shall be responsible for periodically contacting such individual's direct supervisor to verify that the individual is not acting outside the scope of his or her assigned functions. If such individual is permissively registered as a representative, the registered supervisor shall be registered as a representative or principal. If the individual is permissively registered as a principal, the registered supervisor shall be registered as a principal. Moreover, the registered supervisor of an individual who solely maintains a permissive registration(s) shall not be required to be registered in the same representative or principal registration category as the permissively-registered individual.

**.03 Qualification Examinations and Waivers of Examinations.** Before the registration of a person as a representative can become effective under Rule 1900, such person shall pass the Securities Industry Essentials ("SIE") and an appropriate representative qualification examination as specified in Rule 1901(c). Before the

registration of a person as a principal can become effective under Rule 1900, such person shall pass an appropriate principal qualification examination as specified in Rule 1901(b).

If the job functions of a registered representative change so as to require the person to register in another representative category, the person shall not be required to pass the SIE. Rather, the registered person would need to pass only an appropriate representative qualification examination as specified in Rule 1901(c). All associated persons shall be eligible to take the SIE. In addition, individuals who are not associated persons shall be eligible to take the SIE. However, passing the SIE alone shall not qualify an individual for registration with the Exchange. To be eligible for registration with the Exchange, an individual shall pass an applicable representative or principal qualification examination as specified in Rule 1901 and satisfy all other applicable prerequisite registration requirements.

The Exchange may, in exceptional cases and where good cause is shown, waive the applicable qualification examination(s) and accept other standards as evidence of an applicant's qualifications for registration. Age or disability will not individually of themselves constitute sufficient grounds to waive a qualification examination. Experience in fields ancillary to the securities business may constitute sufficient grounds to waive a qualification examination. The Exchange shall only consider waiver requests submitted by a Member for individuals associated with the Member who are seeking registration in a representative or principal registration category. Moreover, the Exchange shall consider waivers of the SIE alone or the SIE and the applicable representative and principal examination(s) for such individuals. The Exchange shall not consider a waiver of the SIE for individuals who are not associated persons or for associated persons who are not registering with the Exchange as representatives or principals.

**.04 Requirements for Registered Persons Functioning as Principals for a Limited Period.** Subject to the requirements of Rule 1901, Interpretation and Policy .03, a Member may designate any person currently registered, or who becomes registered, with the Member as a representative to function as a principal for a period of 120 calendar days prior to passing an appropriate principal qualification examination as specified under Rule 1901(b), provided that such person has at least 18 months of experience functioning as a registered representative within the five-year period immediately preceding the designation and has fulfilled all applicable prerequisite registration, fee and examination requirements prior to designation as a principal. However, in no event may such person function as a principal beyond the initial 120 calendar day period without having successfully passed an appropriate principal qualification examination as specified under Rule 1901(b). The requirements above apply to designations to any principal category, including those categories that are not subject to a prerequisite representative registration requirement.

Subject to the requirements of Rule 1901, Interpretation and Policy .03, a Member may designate any person currently registered, or who becomes registered, with the Member as a principal to function in another principal category for a period of 120 calendar days prior to passing an appropriate qualification examination as specified under Rule 1901. However, in no event may such person function in such other principal category beyond the initial 120 calendar day period without having successfully passed an appropriate qualification examination as specified under Rule 1901.

**.05 Rules of Conduct for Taking Examinations and Confidentiality of Examinations.** Associated persons taking the SIE shall be subject to the SIE Rules of Conduct. Associated persons taking any representative or principal examination shall be subject to the Rules of Conduct for representative and principal examinations. A violation of the SIE Rules of Conduct or the Rules of Conduct for representative and principal examinations by an associated person shall be deemed to be a violation of Exchange Rules requiring observance of high standards of commercial honor or just and equitable principles of trade. If the Exchange determines that an associated person has violated the SIE Rules of Conduct or the Rules of Conduct for representative and principal examinations, the associated person may

forfeit the results of the examination and may be subject to disciplinary action by the Exchange. The Exchange considers all of the qualification examinations content to be highly confidential. The removal of examination content from an examination center, reproduction, disclosure, receipt from or passing to any person, or use for study purposes of any portion of such qualification examination or any other use that would compromise the effectiveness of the examinations and the use in any manner and at any time of the questions or answers to the examinations shall be prohibited and shall be deemed to be a violation of Exchange Rules requiring observance of high standards of commercial honor or just and equitable principles of trade. An applicant cannot receive assistance while taking the examination and shall certify that no assistance was given to or received by him or her during the examination.

**.06 Waiting Periods for Retaking a Failed Examination.** Any person who fails to pass a qualification examination prescribed by the Exchange shall be permitted to take that examination again after a period of 30 calendar days has elapsed from the date of such person's last attempt to pass that examination, except that any person who fails to pass an examination three or more times in succession within a two-year period shall be prohibited from again taking that examination until a period of 180 calendar days has elapsed from the date of such person's last attempt to pass that examination. The waiting periods for retaking a failed examination shall apply to the SIE and the representative and principal examinations specified under Rule 1901.

**.07 All Registered Representatives and Principals Must Satisfy the Regulatory Element of Continuing Education.** All registered representatives and principals, including those individuals who solely maintain permissive registrations pursuant to Rule 1900, Interpretation and Policy .02, shall satisfy the Regulatory Element of continuing education for each representative or principal registration category that they hold as specified in Rule 1903(a). If a person registered with a Member has a continuing education deficiency with respect to that registration as provided under Rule 1903(a), such person shall not be permitted to be registered in another registration category with the Exchange under Rule 1901 with that Member or to be registered in any registration category with the Exchange under Rule 1901 with another Member, until the person has satisfied the deficiency.

**.08 Lapse of Registration and Expiration of SIE.** Any person who was last registered in a representative registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category shall be required to pass a representative qualification examination appropriate to that registration category as specified in Rule 1901(c), unless the person has maintained his or her qualification status for that registration category in accordance with Rule 1903(c) or as otherwise permitted by the Exchange. Any person who last passed the SIE or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration as specified in Rule 1901(c).

Any person who was last registered in a principal registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category shall be required to pass a principal qualification examination appropriate to that registration category as specified in Rule 1901(b), unless the person has maintained his or her qualification status for that registration category in accordance with Rule 1903(c) or as otherwise permitted by the Exchange. Any person whose registration has been revoked pursuant to Rule 1011 and any person who has a continuing education deficiency for a period of two years as provided under Rule 1903(a) shall be required to pass a representative or principal qualification examination appropriate to his or her category of registration as specified in Rule 1901(b) or Rule 1901(c), respectively, to be eligible for registration with the Exchange. For purposes of Interpretation and Policy .08 of this Rule, an application shall not be considered to have been received by the Exchange if that application does not result in a registration.

**.09 Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member.** Upon request by a Member, the Exchange shall waive the applicable qualification examination(s) for an individual

designated with the Exchange as working for a financial services industry affiliate of a Member if the following conditions are met: (i) prior to the individual's initial designation, the individual was registered as a representative or principal for a total of five years within the most recent 10-year period, including for the most recent year with the Member that initially designated the individual; (ii) the waiver request is made within seven years of the individual's initial designation; (iii) the initial designation and any subsequent designation(s) were made concurrently with the filing of the individual's related Form U5; (iv) the individual continuously worked for the financial services industry affiliate(s) of a Member since the individual's last Form U5 filing; (v) the individual has complied with the Regulatory Element of continuing education as specified in Rule 1903(a); and (vi) the individual does not have any pending or adverse regulatory matters, or terminations, that are reportable on the Form U4, and has not otherwise been subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act while the individual was designated as eligible for a waiver.

As used in Interpretation and Policy .09 of this Rule, a "financial services industry affiliate of a Member" is a legal entity that controls, is controlled by or is under common control with a Member and is regulated by the SEC, Commodity Futures Trading Commission, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

Effective July 1, 2022, the Exchange will not accept any new initial designations for individuals under the waiver program set forth in Interpretation and Policy .09 of this Rule.

**.10 Status of Persons Serving in the Armed Forces of the United States.** The following provisions address the status of current and former registered persons serving in active duty in the Armed Forces of the United States:

(a) **Inactive Status of Currently Registered Persons.** A registered person of a Member who volunteers for or is called into active duty in the Armed Forces of the United States shall be placed, after proper notification to the Exchange, on inactive status and need not be re-registered by such Member upon his or her return to active employment with the Member. Such person shall remain eligible to receive transaction-related compensation, including continuing commissions. The employing Member also may allow such person to enter into an arrangement with another registered person of the Member to take over and service the person's accounts and to share transaction-related compensation based upon the business generated by such accounts. However, because such persons are inactive, they may not perform any of the functions and responsibilities performed by a registered person.

A registered person who is placed on inactive status pursuant to this paragraph (a) shall not be included within the scope of fees, if any, charged by the Exchange with respect to registered persons. In addition, a registered person who is placed on inactive status pursuant to this paragraph (a) shall not be required to complete either the Regulatory Element or Firm Element set forth in Rule 1903 during the pendency of such inactive status. The relief provided in this paragraph (a) shall be available to a registered person who is placed on inactive status pursuant to this paragraph (a) during the period that such person remains registered with the Member with which he or she was registered at the beginning of active duty in the Armed Forces of the United States, regardless of whether the person returns to active employment with another Member upon completion of his or her active duty in the Armed Forces of the United States. The relief described in this paragraph (a) shall be provided only to a person registered with a Member and only while the person remains on active military duty. Further, the Member with which such person is registered shall promptly notify the Exchange in such manner as the Exchange may specify of such person's return to active employment with the Member.

(b) **Inactive Status of Sole Proprietorships.** A Member that is a sole proprietor who temporarily closes his or her business by reason of volunteering for or being called into active duty in the Armed Forces of the United States, shall be placed, after proper notification to the Exchange, on inactive status while the Member remains on active military duty. A sole proprietor Member placed on inactive status as set forth in this paragraph (b) shall not be required to pay

dues or assessments during the pendency of such inactive status and shall not be required to pay an admission fee upon return to active participation in the securities business. The relief described in this paragraph (b) shall be provided only to a sole proprietor Member and only while the person remains on active military duty. Further, the sole proprietor shall promptly notify the Exchange in such manner as the Exchange may specify of his or her return to active participation in the securities business.

(c) **Status of Formerly Registered Persons.** If a person who was formerly registered with a Member volunteers for or is called into active duty in the Armed Forces of the United States at any time within two years after the date the person ceased to be registered with a Member, the Exchange shall defer the lapse of registration requirements set forth in Rule 1900, Interpretation and Policy .08 (i.e., toll the two-year expiration period for representative and principal qualification examinations) and the lapse of the SIE (i.e., toll the four-year expiration period for the SIE). The Exchange shall defer the lapse of registration requirements and the SIE commencing on the date the person begins actively serving in the Armed Forces of the United States, provided that the Exchange is properly notified of the person's period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a Member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a Member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a Member without being subject to a representative or principal qualification examination or the SIE shall consist of the standard two-year period for representative and principal qualification examinations or the standard four-year period for the SIE, whichever is applicable, as provided in Rule 1900, Interpretation and Policy .08, reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.

If a person placed on inactive status while serving in the Armed Forces of the United States ceases to be registered with a Member, the Exchange shall defer the lapse of registration requirements set forth in Rule 1900, Interpretation and Policy .08 (i.e., toll the two-year expiration period for representative and principal qualification examinations) and the lapse of the SIE (i.e., toll the four-year expiration period for the SIE) during the pendency of his or her active service in the Armed Forces of the United States. The Exchange shall defer the lapse of registration requirements based on existing information in the CRD system, provided that the Exchange is properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re-registration with a Member, whichever occurs first. The deferral shall terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a Member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a Member without being subject to a representative or principal qualification examination or the SIE shall consist of the standard two-year period for representative and principal qualification examinations or the standard four-year period for the SIE, whichever is applicable, as provided in Rule 1900, Interpretation and Policy .08.

**.11 Impermissible Registrations.** Members shall not register or maintain the registration of any person unless consistent with the requirements of Rule 1900.

#### **.12 Application for Registration and Jurisdiction**

(a) **Application for Registration.** (1) Application by any person for registration with the Exchange, properly signed by the applicant, shall be made to the Exchange on Form U4 via the CRD system, and shall contain: (i) an agreement to comply with the federal securities laws, the rules and regulations thereunder, the Exchange Rules, and all rulings, orders, directions, and decisions issued and sanctions imposed under the Exchange Rules; and (ii) such other reasonable information with respect to the applicant as the Exchange may require. (2) The Exchange shall not approve an application for registration of any person who is not eligible to be an associated person of an Exchange

Member under Exchange Rules. (3) Every application for registration filed with the Exchange shall be kept current at all times by supplementary amendments to Form U4 via the CRD system. Such amendments to the application shall be filed with the Exchange not later than 30 days after the applicant learns of the facts or circumstances giving rise to the amendment. If such amendment involves a statutory disqualification, such amendment shall be filed not later than ten days after such disqualification occurs.

(b) **Notification by Member to the Exchange and Associated Person of Termination; Amendment to Notification.** (1) Following the termination of the association with an Exchange Member of a person who is registered with it, such Exchange Member shall, not later than 30 days after such termination, give notice of the termination of such association to the Exchange via the CRD system using Form U5, and concurrently shall provide to the person whose association has been terminated a copy of said notice as filed with the Exchange. An Exchange Member that does not submit such notification and provide a copy to the person whose association has been terminated, within the time period prescribed, shall be assessed any late filing fee that is specified by Exchange Rules. Termination of registration of such person associated with an Exchange Member shall not take effect so long as any complaint or action under the Exchange Rules is pending against an Exchange Member and to which complaint or action such person associated with an Exchange Member is also a respondent, or so long as any complaint or action is pending against such person individually under the Exchange Rules. The Exchange, however, may in its discretion declare the termination effective at any time. (2) The Exchange Member shall notify the Exchange, via the CRD system, by means of an amendment to the notice filed pursuant to paragraph (1) in the event that the Exchange Member learns of facts or circumstances causing any information set forth in said notice to become inaccurate or incomplete. Such amendment shall be filed with the Exchange via the CRD system, and a copy provided to the person whose association with the Exchange Member has been terminated not later than 30 days after the Exchange Member learns of the facts or circumstances giving rise to the amendment.

(c) No Exchange Member shall permit any person associated with the Exchange Member to engage in the securities business unless the Exchange Member determines that such person satisfies the qualification requirements established by the Exchange Board and is not subject to statutory disqualification.

**.13 Temporary Extension of the Limited Period for Registered Persons to Function as Principals.** Any person who was designated to function as a principal under Interpretation and Policy .04 of this Rule prior to March 3, 2021 may continue to function as a principal without having successfully passed an appropriate qualification examination until June 30, 2021.

## **Rule 1901. Registration Categories**

(a) **Definitions.**

### **Actively Engaged in the Management of the Member's Securities Business**

The term “**actively engaged in the management of the Member's securities business**” means the management of, and the implementation of corporate policies related to, such business. The term “actively engaged in the management of the Member's securities business” also includes managerial decision-making authority with respect to the Member's securities business and management-level responsibilities for supervising any aspect of such business, such as serving as a voting member of the Member's executive, management or operations committees.

### **Financial and Operations Principal**

The term “**Financial and Operations Principal**” shall mean a person associated with a Member whose duties include (i) final approval and responsibility for the accuracy of financial reports submitted to any duly established securities industry regulatory body; (ii) final preparation of such reports; (iii) supervision of individuals who assist in the preparation of such reports; (iv) supervision of and responsibility for individuals who are involved in the actual



maintenance of the Member's books and records from which such reports are derived; (v) supervision and/or performance of the Member's responsibilities under all financial responsibility rules promulgated pursuant to the provisions of the Act; (vi) overall supervision of and responsibility for the individuals who are involved in the administration and maintenance of the Member's back office operations; and (vii) any other matter involving the financial and operational management of the Member.

### **Principal**

The term "**principal**" means any person associated with a Member, including, but not limited to, sole proprietor, officer, partner, manager of office of supervisory jurisdiction, director or other person occupying a similar status or performing similar functions, who is actively engaged in the management of the Member's securities business, such as supervision, solicitation, conduct of business in securities or the training of persons associated with a Member for any of these functions. Such persons shall include, among other persons, a Member's chief executive officer and chief financial officer (or equivalent officers). The term "**principal**" also includes any other person associated with a Member who is performing functions or carrying out responsibilities that are required to be performed or carried out by a principal under Exchange Rules.

### **Representative**

The term "**representative**" means any person associated with a Member, including assistant officers other than principals, who is engaged in the Member's securities business, such as supervision, solicitation, conduct of business in securities or the training of persons associated with a Member for any of these functions.

## **(b) Principal Registration Categories.**

### **(1) General Securities Principal.**

(i) **Requirements.** Each principal as defined in paragraph (a) of this Rule shall be required to register with the Exchange as a General Securities Principal, subject to the following exceptions:

(A) if a principal's activities are limited to the functions of a Compliance Official, a Financial and Operations Principal, a Securities Trader Principal, a Securities Trader Compliance Officer, or a Registered Options Principal as specified in paragraph (b) of this Rule, then such person shall appropriately register in one or more of those categories;

(B) [Reserved]

(C) if a principal's activities are limited solely to the functions of a General Securities Sales Supervisor as specified in paragraph (b)(9) of this Rule, then such person may appropriately register in that category in lieu of registering as a General Securities Principal, provided, however, that if such person is engaged in options sales activities, such person shall be required to register with the Exchange as a Registered Options Principal as specified in paragraph (b)(7) of this Rule or as a General Securities Sales Supervisor as specified in paragraph (b)(9) of this Rule; and

(D) [Reserved]

(ii) **Qualifications.** All individuals registering as General Securities Principals after October 1, 2018 shall, prior to or concurrent with such registration, become registered pursuant to paragraph (b)(1) of this Rule as a General Securities Representative and pass the General Securities Principal qualification exam.

## (2) Compliance Official.

(i) **Requirements.** Subject to the exception in paragraph (b)(2)(iii) of this Rule, each person designated as a Chief Compliance Officer on Schedule A of Form BD shall be required to register with the Exchange as a General Securities Principal, provided that such person may instead register as a Compliance Official if his or her duties do not include supervision of trading.

(ii) **Qualifications.** All individuals registering as Compliance Official shall, prior to or concurrent with such registration, pass the Compliance Official qualification examination.

(iii) **Exception. Principals.** An individual designated as a Chief Compliance Officer on Schedule A of Form BD of a Member that is engaged in limited securities business may be registered in a principal category under Rule 1901(b) that corresponds to the limited scope of the Member's business.

(iv) **Exception. Securities Trader Compliance Officer.** An individual designated as a Chief Compliance Officer on Schedule A of Form BD may register and qualify as a Securities Trader Compliance Officer if, with respect to transactions in equity, preferred or convertible debt securities, or options such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities other than a person associated with a Member whose trading activities are conducted principally on behalf of an investment company that is registered with the SEC pursuant to the Investment Company Act and that controls, is controlled by, or is under common control with a Member. All individuals registering as Securities Trader Compliance Officers shall become registered pursuant to paragraph (c)(3) of this Rule as a Securities Trader and pass the Compliance Official qualification exam.

## (3) Financial and Operations Principal.

(i) **Requirements.** Every Member of the Exchange that is operating pursuant to the provisions of SEC Rule 15c3-1(a)(1)(ii), (a)(2)(i) or (a)(8), shall designate at least one Financial and Operations Principal who shall be responsible for performing the duties described in paragraph (a) of this Rule. Each person associated with a Member who performs such duties shall be required to register as a Financial and Operations Principal with the Exchange. The requirements of paragraph (b)(3)(i) of this Rule shall not apply to a Member that is exempt from the requirement to designate a Financial and Operations Principal.

(ii) **Qualifications.** All individuals registering as a Financial and Operations Principal shall pass the Financial and Operations Principal qualification examination before such registration may become effective.

(iii) A person registered solely as a Financial and Operations Principal shall not be qualified to function in a principal capacity with responsibility over any area of business activity not described in paragraph (a) of this Rule for a Financial and Operations Principal.

## (4) Investment Banking Principal. [Reserved.]

## (5) Research Principal. [Reserved.]

## (6) Securities Trader Principal.

(i) **Requirements.** Each principal as defined in paragraph (a) of this Rule who is responsible for supervising the securities trading activities specified in paragraph (c)(3) of this Rule shall be required to register with the Exchange as a Securities Trader Principal.

(ii) **Qualifications.** Each person seeking to register as a Securities Trader Principal shall, prior to or concurrent with such registration, become registered pursuant to paragraph (c)(3) of this Rule as a Securities Trader and pass the General Securities Principal qualification examination.

**(7) Registered Options Principal.**

(i) **Requirements.** Each Member that is engaged in transactions in options with the public shall have at least one Registered Options Principal. In addition, each principal as defined in paragraph (a) of this Rule who is responsible for supervising a Member's options sales practices with the public shall be required to register with the Exchange as a Registered Options Principal, subject to the following exception. If a principal's options activities are limited solely to those activities that may be supervised by a General Securities Sales Supervisor, then such person may register as a General Securities Sales Supervisor pursuant to paragraph (b)(9) of this Rule in lieu of registering as a Registered Options Principal.

(ii) **Qualifications.** Subject to the lapse of registration provisions in Rule 1900, Interpretation and Policy .08, each person registered as a Registered Options Principal on October 1, 2018 and each person who was registered as a Registered Options Principal within two years prior to October 1, 2018 shall be qualified to register as a Registered Options Principal without passing any additional qualification examinations. All other individuals registering as Registered Options Principals after October 1, 2018 shall, prior to or concurrent with such registration, become registered pursuant to paragraph (c)(1) of this Rule as a General Securities Representative and pass the Registered Options Principal qualification examination.

**(8) Government Securities Principal.** [Reserved.]

**(9) General Securities Sales Supervisor.**

(i) **Principals Engaged in Limited Activities.** Each principal as defined in paragraph (a) of this Rule may register with the Exchange as a General Securities Sales Supervisor if his or her supervisory responsibilities in the securities business of a Member are limited to the securities sales activities of the Member, including the approval of customer accounts, training of sales and sales supervisory personnel and the maintenance of records of original entry or ledger accounts of the Member required to be maintained in branch offices by Exchange Act record-keeping rules. A person registered solely as a General Securities Sales Supervisor shall not be qualified to perform any of the following activities: (i) supervision of market making commitments; (ii) supervision of the custody of broker-dealer or customer funds or securities for purposes of Exchange Act Rule 15c3-3; or (iii) supervision of overall compliance with financial responsibility rules for broker-dealers promulgated pursuant to the provisions of the Exchange Act.

(ii) **Qualifications.** Each person seeking to register as a General Securities Sales Supervisor shall, prior to or concurrent with such registration become registered pursuant to paragraph (c)(1) of this Rule as a General Securities Representative and pass the General Securities Sales Supervisor qualification examinations.

**(10) Investment Company and Variable Contracts Products Principal.** [Reserved.]

**(11) Direct Participation Programs Principal.** [Reserved.]

**(12) Private Securities Offerings Principal.** [Reserved.]

**(13) Supervisory Analyst.** [Reserved.]

**(c) Representative Registration Categories**

**(1) General Securities Representative.**

(i) **Requirements.** Each representative as defined in paragraph (a) of this Rule shall be required to register with the Exchange as a General Securities Representative, subject to the following exception: if a representative's activities include the functions of a Securities Trader, as specified in this Rule, then such person shall appropriately register as a Securities Trader.

(ii) **Qualifications.** Subject to the lapse of registration provisions in Rule 1900, Interpretation and Policy .08, each person registered as a General Securities Representative on October 1, 2018 and each person who was registered as a General Securities Representative within two years prior to October 1, 2018 shall be qualified to register as a General Securities Representative without passing any additional qualification examinations. All other individuals registering as General Securities Representatives after October 1, 2018 shall, prior to or concurrent with such registration, pass the SIE and the General Securities Representative qualification examination.

**(2) Operations Professional.** [Reserved.]

**(3) Securities Trader.**

(i) **Requirements.** Each representative as defined in paragraph (a) of this Rule shall be required to register with the Exchange as a Securities Trader if, with respect to transactions in equity, preferred or convertible debt securities, or options such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities other than a person associated with a Member whose trading activities are conducted principally on behalf of an investment company that is registered with the Commission pursuant to the Investment Company Act of 1940 and that controls, is controlled by, or is under common control with a Member. In addition, each person associated with a Member who is: (i) primarily responsible for the design, development or significant modification of an algorithmic trading strategy relating to equity, preferred or convertible debt securities or options; or (ii) responsible for the day-to-day supervision or direction of such activities shall be required to register with the Exchange as a Securities Trader. For purposes of paragraph (c)(3) of this Rule, an "algorithmic trading strategy" is an automated system that generates or routes orders (or order-related messages) but shall not include an automated system that solely routes orders received in their entirety to a market center.

(ii) **Qualifications.** Subject to the lapse of registration provisions in Rule 1900, Interpretation and Policy .08, each person registered as a Securities Trader on October 1, 2018 and each person who was registered as a Securities Trader within two years prior to October 1, 2018 shall be qualified to register as a Securities Trader without passing any additional qualification examinations. All other individuals registering as Securities Traders after October 1, 2018 shall, prior to or concurrent with such registration, pass the SIE and the Securities Trader qualification examination.

**(4) Investment Banking Representative.** [Reserved.]

**(5) Research Analyst.** [Reserved.]

**(6) Investment Company and Variable Products Representative.** [Reserved.]

**(7) Direct Participation Programs Representative.** [Reserved.]

(8) **Private Securities Offerings Representative.** [Reserved.]

(d) **Trading Floor Registration.** Each Floor Broker, Floor Market Maker and registered representative on the Exchange Trading Floor must be registered as a “Member Exchange” (“ME”) under “MIAX Sapphire” on Form U4. Each Floor Market Maker and registered representative on the Exchange Trading Floor must successfully complete the appropriate floor trading examination(s), as prescribed by the Exchange, in addition to requirements imposed by other Exchange Rules. Each Floor Broker on the Exchange Trading Floor is required to successfully complete the appropriate floor trading examination, in addition to the requirements imposed by other Exchange Rules. The Exchange may also require periodic examinations due to changes in trading rules, products or systems. Following the termination of, or the initiation of, a change in the trading status of any such Floor Participant who has been issued an Exchange access card and a Trading Floor badge, the appropriate Exchange form must be completed, approved and dated by a firm principal, officer or member of the firm with authority to do so, and submitted to the appropriate Exchange department as soon as possible, but no later than 9:30 a.m. ET the next business day by the Floor Participant’s employer. Every effort should be made to obtain the person’s access card and Trading Floor badge and to submit these to the appropriate Exchange department.

(e) **Non-Participant/Clerk Registration.** All Trading Floor personnel, including clerks, interns, stock execution clerks and any other associated persons, of a Floor Participant not required to register pursuant to Rule 1901(d) must be registered as “Floor Employee” (“FE”) under “MIAX Sapphire” on Form U4. Further, the Exchange may require successful completion of an examination in addition to requirements imposed by other Exchange Rules. The Exchange may also require periodic examinations due to changes in trading rules, products or systems. Following the termination of, or the initiation of, a change in the status of any such personnel of a Floor Participant who has been issued an Exchange access card and a Trading Floor badge, the appropriate Exchange form must be completed, approved and dated by a Floor Participant principal, officer or member of the Floor Participant with authority to do so, and submitted to the appropriate Exchange department as soon as possible, but no later than 9:30 a.m. ET the next business day by the Floor Participant’s employer. Every effort should be made to obtain the person’s access card and Trading Floor badge and to submit these to the appropriate Exchange department.

**Interpretations and Policies:**

.01 **Foreign Registrations.** Persons who are in good standing as a representative with the Financial Conduct Authority in the United Kingdom or with a Canadian stock exchange or securities regulator shall be exempt from the requirement to pass the SIE.

.02 **Additional Qualification Requirements for Persons Engaged in Security Futures Activities.** Each person who is registered with the Exchange as a General Securities Representative, Registered Options Principal or General Securities Sales Supervisor shall be eligible to engage in security futures activities as a representative or principal, as applicable, provided that such individual completes a Firm Element program as set forth in Rule 1903 that addresses security futures products before such person engages in security futures activities.

.03 **Members With One Registered Options Principal.** A Member that has one Registered Options Principal shall promptly notify the Exchange in the event such person is terminated, resigns, becomes incapacitated or is otherwise unable to perform the duties of a Registered Options Principal. Following receipt of such notification, the Exchange shall require the Member to agree, in writing, to refrain from engaging in any options-related activities that would necessitate the prior or subsequent approval of a Registered Options Principal until such time as a new Registered Options Principal has been qualified. Members failing to qualify a new Registered Options Principal within two weeks following the loss of their sole Registered Options Principal, or by the earliest available date for administration of the Registered Options Principal examination, whichever is longer, shall be required to cease doing an options business;

provided, however, they may effect closing transactions in options to reduce or eliminate existing open options positions in their own account as well as the accounts of their customers.

**.04 Scope of General Securities Sales Supervisor Registration Category.** The General Securities Sales Supervisor category is an alternate category of registration designed to lessen the qualification burdens on principals of general securities firms who supervise sales. Without this category of limited registration, such principals would be required to separately qualify pursuant to the rules of multiple exchanges. While persons may continue to separately qualify with all relevant self-regulatory organizations, the General Securities Sales Supervisor examinations permit qualification as a supervisor of sales of all securities through one registration category. Persons registered as General Securities Sales Supervisors may also qualify in any other category of principal registration. Persons who are already qualified in one or more categories of principal registration may supervise sales activities of all securities by also qualifying as General Securities Sales Supervisors. Any person required to be registered as a principal who supervises sales activities in corporate, municipal and option securities, investment company products, variable contracts, direct participation program securities and security futures may be registered solely as a General Securities Sales Supervisor. In addition to branch office managers, other persons such as regional and national sales managers may also be registered solely as General Securities Sales Supervisors as long as they supervise only sales activities.

**.05 Scope of Operations Professional Requirement.** [Reserved.]

**.06 Eliminated Registration Categories.** Subject to the lapse of registration provisions in Rule 1900, Interpretation and Policy .08, each person who is registered with the Exchange in any capacity recognized by the Exchange immediately prior to October 1, 2018, and each person who was registered with the Exchange in such categories within two years prior to October 1, 2018, shall be eligible to maintain such registrations with the Exchange. However, if persons registered in such categories subsequently terminate such registration(s) with the Exchange and the registration remains terminated for two or more years, they shall not be eligible to re-register in such categories.

**.07 Summary of Qualification Requirements.** The following sets forth the qualification requirements for each of the required registration categories described in Rule 1901:

Category of Registration	Qualification Beginning October 1, 2018
General Securities Principal (GP) *	Registration and qualification as a General Securities Representative and pass the General Securities Principal qualification examination (Series 24)
Compliance Official (CO) *	Pass the Compliance Official Exam (Series 14)
Financial/Operations Principal (FN) *	Pass the Financial and Operations Principal qualification examination (Series 27)
Securities Trader Principal (TP) *	Registration and qualification as a Securities Trader and pass the General Securities Principal qualification examination (Series 24)
Registered Options Principal (OP) *	Registration and qualification as a General Securities Representative and pass the Registered Options Principal qualification examination (Series 4)
General Securities Sales Supervisor (SU)	Registration and qualification as a General Securities Representative and pass the General Securities Sales Supervisor qualification examinations (Series 9 and Series 10)
General Securities Representative (GS)	Pass the SIE and the General Securities Representative qualification examination (Series 7)
Securities Trader (TD)	Pass the SIE and the Securities Trader qualification examination (Series 57)

Category of Registration	Qualification Beginning October 1, 2018
Securities Trader Compliance Officer (CT)	Registration and qualification as a Securities Trader and pass the Compliance Official qualification exam (Series 14)

\* A Member may designate a person registered with the Member as a representative to function as a principal for a period of 120 calendar days prior to passing an appropriate principal qualification examination subject to the conditions of Rule 1900, Interpretation and Policy .04.

### Rule 1902. Associated Persons Exempt from Registration

The following persons associated with a Member are not required to be registered with the Exchange:

- (a) Persons associated with a Member whose functions are solely and exclusively clerical or ministerial;
- (b) Persons associated with a Member whose functions are related solely and exclusively to:
  - (1) effecting transactions on the floor of another national securities exchange and who are appropriately registered with such exchange;
  - (2) transactions in municipal securities;
  - (3) transactions in commodities;
  - (4) transactions in security futures, provided that any such person is registered with FINRA or a registered futures association;
  - (5) transactions in variable contracts and insurance premium funding programs and other contracts issued by an insurance company;
  - (6) transactions in direct participation programs;
  - (7) [Reserved;]
  - (8) transactions in government securities; or
  - (9) effecting sales as part of a primary offering of securities not involving a public offering pursuant to Section 3(b), 4(2), or 4(6) of the Securities Act of 1933 and the rules and regulations thereunder; or
- (c) Persons associated with a Member that are not citizens, nationals, or residents of the United States or any of its territories or possessions and that will conduct all of their securities activities in areas outside the jurisdiction of the United States and will not engage in any securities activities with or for any citizen, national or resident of the United States.

## Interpretations and Policies:

**.01 Registration Requirements for Associated Persons Who Accept Customer Orders.** The function of accepting customer orders is not considered a clerical or ministerial function. Each person associated with a Member who accepts customer orders under any circumstances shall be registered in an appropriate registration category pursuant to Rule 1901. An associated person shall not be considered to be accepting a customer order where occasionally, when an appropriately registered person is unavailable, the associated person transcribes the order details submitted by a customer and the registered person contacts the customer to confirm the order details before entering the order.

## Rule 1903. Continuing Education

This Rule prescribes requirements regarding the continuing education of registered persons. The requirements shall consist of a Regulatory Element and a Firm Element as set forth below. This Rule also sets forth continuing education programs through which specified persons may maintain their qualification in a representative or principals registration category following the termination of that registration category.

### (a) Regulatory Element.

(1) **Requirements.** All covered persons shall comply with the requirement to complete the Regulatory Element. Each covered person registered with the Exchange in a representative or principal registration category immediately preceding January 1, 2023 shall complete the Regulatory Element for the registration category annually by December 31 of 2023 and by December 31 of every year thereafter in which the person remains registered, or as otherwise prescribed by the Exchange. Each covered person registering with the Exchange in a representative or principal registration category for the first time on or after January 1, 2023 shall complete the Regulatory Element for the registration category annually by December 31 of the subsequent calendar year following the calendar year in which the person becomes registered and by December 31 of every year thereafter in which the person remains registered, or as otherwise prescribed by the Exchange. Nothing in this paragraph (a)(1) shall prohibit a member from requiring its covered persons to complete their Regulatory Element for their registration categories at any time during the calendar year. The content of the Regulatory Element shall be appropriate to each representative or principal registration category. A covered person shall complete Regulatory Element content for each registration category that he or she holds. The content of the Regulatory Element for a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, shall be determined based on the person's most recent registration(s), and the Regulatory Element shall be completed based on the same annual cycle had the person remained registered.

(2) **Failure to Complete.** Unless otherwise determined by the Exchange, as provided in this paragraph (a)(2), any covered person, other than a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, who has not completed the Regulatory Element within the prescribed calendar year in which the Regulatory Element is due will have his or her registration(s) deemed inactive until such time as he or she completes all required Regulatory Element, including any Regulatory Element that becomes due while his or her registration(s) is deemed inactive. Any covered person, other than a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, whose registration(s) has been deemed inactive under this paragraph (a)(2) shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. Further, such covered person may not accept or solicit business or receive any compensation for the purchase or sale of securities. However, such covered person may receive trail or residual commissions resulting from transactions completed before the inactive status, unless the Member with which such covered person is associated has a policy prohibiting such trail or residual commissions. A registration that remains inactive for a period of two consecutive years will be administratively terminated by the Exchange. A person



whose registration(s) is so terminated or who otherwise fails to complete required Regulatory Element for two consecutive years may reactivate the registration(s) only by reapplying for registration and meeting the qualification requirements of the applicable provisions of Rules 1900 and 1901. The two-year period under this paragraph (a)(2) is calculated from the date a person's registration(s) is deemed inactive. If a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, fails to complete the Regulatory Element within the prescribed time frames, the person shall no longer be eligible for such a waiver. The Exchange may, upon written application, with supporting documentation, and a showing of good cause, allow for additional time for a covered person to satisfy the Regulatory Element requirements.

(3) **Disciplinary Actions.** A covered person, other than a covered person designated as eligible for a waiver pursuant to Interpretation and Policy .09, may be required to complete assigned continuing education as prescribed by the Exchange in the event such person:

(i) is subject to any statutory disqualification as defined in Section 3(a)(39) of the Exchange Act;

(ii) is subject to suspension or to the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding; or

(iii) is ordered as a sanction in a disciplinary action to complete continuing education by any securities governmental agency or self-regulatory organization.

Such covered person must complete any continuing education required under this paragraph (a)(3) within 120 days of the covered person becoming subject to the statutory disqualification, in the case of (i) above, or the disciplinary action becoming final, in the case of (ii) and (iii) above.

(4) **Reregistration.** Any covered person who reregisters with the Exchange in a representative or principal registration category shall complete the Regulatory Element content for the registration category annually by December 31 of the subsequent calendar year following the calendar year in which the person becomes reregistered and by December 31 of every year thereafter in which the person remains registered, or as otherwise prescribed by the Exchange, provided that he or she has already completed Regulatory Element content for that registration category for the calendar year in which he or she is reregistering, he or she is reregistering by having passed an examination for that registration category or he or she is reregistering by having obtained an unconditional examination waiver for that registration category.

Any covered person who is reregistering with the Exchange in a representative or principal registration category without having completed any Regulatory Element content for that registration category for the calendar year in which he or she is reregistering or without having passed an examination for that registration category or without having obtained an unconditional examination waiver for that registration category shall complete the Regulatory Element content for that registration category annually by December 31 of the calendar year in which he or she reregisters and by December 31 of every year thereafter in which he or she remains registered, or as otherwise prescribed by the Exchange.

If a covered person has not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering, the Exchange would not approve a registration request for that category until he or she completes that Regulatory Element content or he or she passes an examination for that registration category or he or she obtains an unconditional examination waiver for that registration category, whichever is applicable.

Nothing in this paragraph (a)(4) shall prohibit a Member from requiring covered persons, other than a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, to complete their Regulatory Element for their registration categories at any time during the calendar year.

(5) **Definition of Covered Person.** For purposes of this Rule, the term “covered person” means any person registered, or registering, with the Exchange as a representative or principal as specified in Rule 1901, including any person who is permissively registered as such pursuant to Rule 1900, Interpretation and Policy .02, and any person who is designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09.

(6) **Delivery of the Regulatory Element.** The Regulatory Element shall be administered through Web-based delivery or such other technological manner and format as specified by the Exchange.

(7) **Regulatory Element Contact Person.** Each Member shall designate and identify (by name and e-mail address) an individual or individuals responsible for receiving e-mail notifications regarding a covered person’s completion of his or her Regulatory Element. Each Member shall identify, review, and, if necessary, update the information regarding its Regulatory Element contact person(s) in the manner prescribed by Exchange Rules.

(b) **Firm Element.**

(1) **Persons Subject to the Firm Element.** The requirements of this paragraph (b) shall apply to any person registered with a Member, including any person who is permissively registered as a representative or principal pursuant to Rule 1900, Interpretation and Policy .02.

(2) **Standards for the Firm Element.**

(i) Each Member must maintain a continuing and current education program for its registered persons to enhance their securities knowledge, skill, and professionalism. At a minimum, each Member shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the Member’s size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of registered persons in the Regulatory Element. If a Member’s analysis establishes the need for supervisory training for persons with supervisory responsibilities, such training must be included in the Member’s training plan.

(ii) **Minimum Standards for Training Programs.** Programs used to implement a Member’s training plan must be appropriate for the business of the Member and, at a minimum must cover training topics related to the role, activities or responsibilities of the registered person and to professional responsibility.

(iii) **Administration of Continuing Education Program.** A Member must administer its continuing education programs under this paragraph (b) in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by registered persons.

(iv) **Participation in Other Required Training.** A Member may consider a registered person’s participation in the Member’s anti-money laundering compliance training under Rule 315(e) and a registered person’s participation in the Member’s annual compliance training toward satisfying the registered person’s continuing education requirement under this paragraph (b).

(3) **Participation in the Firm Element.** Registered persons of a Member must take all appropriate and reasonable steps to participate in continuing education programs under this paragraph (b) as required by the Member.

(4) **Specific Training Requirements.** The Exchange may require a Member, individually or as part of a larger group, to provide specific training to its registered persons in such areas as the Exchange deems appropriate. Such a requirement may stipulate the class of registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

**(c) Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category.**

A person who terminates any of his or her representative or principal registration categories with the Exchange may maintain his or her qualification for any of the terminated registration categories for a period of five years following the termination of the registration category, subject to the following conditions:

(1) The person was registered in the registration category for at least one year immediately preceding the termination of the registration category and the person was not subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act during this registration period;

(2) The person elects to participate in the continuing education program under this paragraph (c) at the time of his or her Form U5 submission or at a later date within two years from the termination of his or her registration category, provided that if the person commences at the later date the person completes within two years from the termination of his or her registration category any continuing education that was due under the program between the time of his or her Form U5 submission and the later date he or she commences participating in the program;

(3) The person completes annually by December 31 of the calendar year in a manner specified by the Exchange all prescribed continuing education during his or her participation in the program under this paragraph (c), provided that the Exchange may, upon written application by the person, with supporting documentation, and a showing of good cause, allow for additional time for the person to complete the prescribed continuing education;

(4) The person does not have a continuing education deficiency with respect to his or her Regulatory Element for two consecutive years as provided in paragraph (a)(2) of this Rule;

(5) The person does not become subject to a continuing education deficiency with respect to his or her Regulatory Element for two consecutive years as provided in paragraph (a)(2) of this Rule while participating in the program under this paragraph (c); and

(6) The person does not become subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act following the termination of his or her registration category or while participating in the program under this paragraph (c).

**Interpretations and Policies:**

**.01 Eligibility of Other Persons to Participate in the Continuing Education Program Specified in Paragraph (c) of this Rule.** A person registered in a representative or principal registration category with the Exchange within two years immediately preceding July 1, 2022 shall be eligible to participate in the continuing education program under paragraph (c) of this Rule, provided that he or she satisfies the conditions set forth in paragraphs (c)(1) and (c)(3) through (c)(6) of this Rule. In addition, a person participating in the Financial Services Affiliate Waiver Program under Rule 1900, Interpretation and Policy .09 immediately preceding July 1, 2022 shall be eligible to participate in the continuing education program under paragraph (c) of this Rule, provided that he or she satisfies the conditions

set forth in paragraphs (c)(3), (c)(5) and (c)(6) of this Rule. Persons eligible under this Interpretation and Policy .01 shall make their election to participate in the continuing education program under paragraph (c) of this Rule by July 1, 2022. If such persons elect to participate in the continuing education program, the Exchange shall adjust their participation period by deducting from that period the amount of time that has lapsed between the date that such persons terminated their registration categories and July 1, 2022.

**.02 Re-Eligibility to Participate in the Continuing Education Program Specified in Paragraph (c) of this Rule.**

A person who previously participated in the continuing education program under paragraph (c) of this Rule may become re-eligible to participate in the program if he or she reregisters with a Member firm and subsequently satisfies the conditions set forth in paragraphs (c)(1) and (c)(4) of this Rule. In such an event, the person may elect to again participate in the program subject to satisfying the remaining conditions set forth in paragraph (c) of this Rule.

**Rule 1904. Electronic Filing Requirements for Uniform Forms**

(a) **Filing Requirement.** All forms required to be filed under the Exchange's registration rules including the Rule 1900 Series shall be filed through an electronic process or such other process as the Exchange may prescribe to the Central Registration Depository.

(b) **Supervisory Requirements.**

(1) In order to comply with the supervisory procedures requirements in the Exchange's rules, each Member shall identify a Registered Principal(s) or corporate officer(s) who has a position of authority over registration functions, to be responsible for supervising the electronic filing of appropriate forms pursuant to this Rule.

(2) The Registered Principal(s) or corporate officer(s) who has or have the responsibility to review and approve the forms filed pursuant to this Rule shall be required to acknowledge, electronically, that he or she is filing this information on behalf of the Member and the Member's associated persons.

(c) **Form U4 Filing Requirements.**

(1) Except as provided in paragraphs (c)(2) and (c)(3) below, every initial and transfer electronic Form U4 filing and any amendments to the disclosure information on Form U4 shall be based on a signed Form U4 provided to the Member or applicant for membership by the person on whose behalf the Form U4 is being filed. As part of the Member's recordkeeping requirements, it shall retain the person's signed Form U4 or amendments to the disclosure information on Form U4 in accordance with Exchange Act Rule 17a-4(e)(1) and make them available promptly upon regulatory request. An applicant for membership also shall retain in accordance with Exchange Act Rule 17a-4(e)(1) every signed Form U4 it receives during the application process and make them available promptly upon regulatory request.

(2) A Member may file electronically amendments to the disclosure information on Form U4 without obtaining the subject associated person's signature on the form, provided that the Member shall use reasonable efforts to:

(i) provide the associated person with a copy of the amended disclosure information prior to filing;  
and

(ii) obtain the associated person's written acknowledgment (which may be electronic) prior to filing that the information has been received and reviewed. As part of the Member's recordkeeping requirements, the Member shall retain this acknowledgment in accordance with Exchange Act Rule 17a-4(e)(1) and make it available promptly upon regulatory request.

(3) In the event a Member is not able to obtain an associated person's signature or written acknowledgement of amended disclosure information on Form U4 prior to filing of such information pursuant to paragraph (c)(1) or (2), the Member is obligated to file the disclosure information as to which it has knowledge in accordance with Exchange Rule 1901. The Member shall use reasonable efforts to provide the associated person with a copy of the amended disclosure information that was filed.

(4) A Member may file electronically amendments to administrative data on Form U4 without obtaining the subject associated person's signature on the form. The Member shall use reasonable efforts to provide the associated person with a copy of the amended administrative information that was filed.

(d) **Fingerprint Information.** Upon filing an electronic Form U4 on behalf of a person applying for registration, a Member shall promptly submit fingerprint information for that person. The Exchange may make a registration effective pending receipt of the fingerprint information. If a Member fails to submit the fingerprint information within 30 days after filing of an electronic Form U4, the person's registration shall be deemed inactive. In such case, the person must immediately cease all activities requiring registration and is prohibited from performing any duties and functioning in any capacity requiring registration. The Exchange shall administratively terminate a registration that is inactive for a period of two years. A person whose registration is administratively terminated may reactivate the registration only by reapplying for registration and meeting the qualification requirements of the applicable provisions of Exchange Rule 1901. Upon application and a showing of good cause, the Exchange may extend the 30-day period.

(e) **Form U5 Filing Requirements.** Initial filings and amendments of Form U5 shall be submitted electronically. As part of the Member's recordkeeping requirements, it shall retain such records for a period of not less than three years, the first two years in an easily accessible place, in accordance with Exchange Act Rule 17a-4, and make such records available promptly upon regulatory request.

#### **Interpretations and Policies:**

.01 **Delegation of Filing Functions.** The designated registered principal(s) or corporate officer(s) required by paragraph (b)(1) to supervise the Member's electronic filings may delegate to an associated person (who need not be registered) the electronic filing of the Member's appropriate forms via Web CRD. The registered principal(s) or corporate officer(s) responsible for supervising the Member's electronic filings may also delegate to the associated person making the electronic filings the requirement in paragraph (b)(2) to acknowledge, electronically, that he is making the filing on behalf of the Member and the Member's associated persons. However, the registered principal(s) or corporate officer(s) may not delegate any of the supervision, review, and approval responsibilities mandated in paragraphs (b)(1) and (2) and shall take reasonable and appropriate action to ensure that all delegated electronic filing functions are properly executed and supervised.

.02 **Third Party Agreements.** A Member may enter into an agreement with a third party pursuant to which the third party agrees to file the required forms electronically on behalf of the Member and the Member's associated persons. Notwithstanding the existence of such an agreement, the Member remains responsible for complying with the requirements of this Rule.

.03 **Filing of Amendments Involving Disclosure Information.** In the event a Member is not able to obtain an associated person's signature or written acknowledgement of amended disclosure information on that person's Form U4 prior to filing of such amendment reflecting the information pursuant to paragraph (c)(3) (examples of reasons why a Member may not be able to obtain the signature or written acknowledgement may include, but are not limited to, the associated person refuses to acknowledge such information, is on active military service or otherwise is unavailable during the period provided for filing of such amendments under Exchange Rule 1901), the Member shall

enter “Representative Refused to Sign/Acknowledge” or “Representative Not Available” or a substantially similar entry in the electronic Form U4 field for the associated person’s signature.

**.04 Filing of Amendments Involving Administrative Information.** For purposes of paragraph (c)(4) of the Rule, administrative data includes such items as the addition of state or self-regulatory organization registrations, exam scheduling, and updates to residential, business and personal history.

## Chapter XX. Trading on the Exchange Floor

### Rule 2000. Dealings on Trading Floor (Hours)

(a) Dealings upon the Exchange shall be limited to the hours during which the Exchange is open for transaction of business, and no Floor Broker or Floor Market Maker shall make any bid, offer, or transaction upon the Trading Floor before or after those hours.

(b) Transactions may only be submitted to the Exchange's System electronically.

(c) Loans of money or securities may be made after the official closing of the Exchange.

### Rule 2005. [Reserved]

### Rule 2010. Trading Floor Admittance

No employee of a Floor Participant shall be admitted to the Trading Floor unless that person is registered with and approved by the Exchange, which may in its discretion require the payment of a fee with respect to each employee so approved, and may at any time in its discretion withdraw any approval so given. In exercising Exchange discretion in withdrawing approval, the Exchange will follow applicable disciplinary rules and procedures, including the ability to appeal such Exchange determination.

### Rule 2015. Floor Broker Defined

A Floor Broker is an individual who is registered with the Exchange for the purpose, while on the Trading Floor, of accepting and handling options orders. A Floor Broker must be registered as a Floor Participant prior to registering as a Floor Broker. A Floor Broker may take into his own account, and subsequently liquidate, any position that results from an error made while attempting to execute, as Floor Broker, an order.

### Rule 2020. Registration of Floor Brokers

An applicant for registration as a Floor Broker shall file his or her application in writing with Exchange staff on such form or forms as the Exchange may prescribe. Applications shall be reviewed by the Exchange, which shall consider an applicant's ability as demonstrated by their passing a Floor Broker's examination and such other factors as the Exchange deems appropriate. After reviewing the application, the Exchange shall either approve or disapprove the applicant's registration as a Floor Broker.

### Rule 2022. Letters of Authorization

(a) **Required of Each Floor Broker.** No Floor Broker shall act as such on the Exchange unless there is in effect a Letter of Authorization that has been issued for such Floor Broker by a clearing member. Unless the Exchange determines otherwise a Floor Broker may not have more than one such letter in effect at the same time.

(b) **Terms of Letter of Authorization.** A Letter of Authorization shall provide that the issuing clearing member shall be responsible for the clearance of the Exchange transactions of the Floor Broker when the name of such clearing member is given up.

(c) **Revocation of Letter of Authorization.** A Letter of Authorization filed with the Exchange shall remain in effect until a written notice of revocation has been filed with the Exchange and processed. A written notice of revocation shall become effective as soon as the Exchange has processed the revocation. Upon the effectiveness of a revocation, the Exchange may prevent access and connectivity to the Exchange by that Floor Broker. A final revocation shall in no way relieve a clearing member of the responsibility to clear Floor Broker transactions executed prior to the effectiveness of such final revocation.

### **Rule 2025. General Responsibility of Floor Brokers**

A Floor Broker handling an order is to use due diligence to cause the order to be executed at the best price or prices available to him in accordance with the Rules of the Exchange.

### **Rule 2030. Responsibilities of Floor Brokers**

(a) **General Responsibility.** In addition to the provisions of Rule 2025 concerning due diligence, a Floor Broker shall ascertain that at least one Floor Market Maker is present in the Crowd Area prior to announcing an order for execution.

(b) **Contingency Order.** A Floor Broker handling a contingency order that is dependent upon the price of the underlying security shall be responsible for satisfying the dependency requirement on the basis of the last reported price of the underlying security in the primary market that is generally available on the Trading Floor at any given time. Unless mutually agreed by the Participants involved, an execution or non-execution that results shall not be altered by the fact that such reported price is subsequently found to have been erroneous.

(c) **Complex Orders at the opening or close.** A Floor Broker shall not be held responsible for the execution of a complex order based upon transaction prices that are established at the opening or close of trading or during any trading rotation.

(d) **Orders for Market Makers.** A Floor Broker representing an order on behalf of a Market Maker must verbally identify the order as such prior to consummating a transaction. A Floor Broker representing an order on behalf of a Market Maker must comply with Interpretations and Policies .06 and .09 of Rule 2105.

(1) A Market Maker and any orders represented by a Floor Broker on behalf of the Market Maker may not be concurrently represented on the Trading Floor.

(2) Orders on behalf of a Market Maker in a particular option series may not be concurrently represented by more than one Floor Broker. A Floor Broker may not concurrently represent, on behalf of a Market Maker, both buy and sell orders in a particular option series which are designated as “not held.”

(e) **Orders for Floor Brokers.** A Floor Broker must comply with the following requirements when representing orders on the Trading Floor, in addition to the requirements of Rule 2040.

(1) **Order Recordation.** In order to create an electronic audit trail for options orders represented by Floor Brokers on the Exchange’s Trading Floor, a Floor Broker or such Floor Broker’s employees shall, contemporaneously upon receipt of an order, including single-sided and two-sided orders, and prior to the announcement of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the Floor Broker’s order entry mechanism. The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Brokers or such Floor Broker’s employees:



- i. the order type (i.e., Priority Customer, Professional Interest, broker-dealer, and Market Maker) and order receipt time;
- ii. the option symbol;
- iii. buy, sell, cross, or cancel;
- iv. call, put, complex (i.e., spread, straddle), or contingency order;
- v. number of contracts;
- vi. limit price or market order, or in the case of a complex order, net debit or credit, if applicable;
- vii. whether the transaction is to open or close a position; and
- viii. the Options Clearing Corporation (“OCC”) clearing number of the broker-dealer that submitted the order (collectively, the “required information”).

A Floor Broker must enter complete identification for all orders entered on behalf of Market Makers. Any additional information with respect to the order shall be input contemporaneously upon receipt, which may occur after the announcement and execution of the order. In the event of a malfunction in the Exchange’s System or any other related Trading Floor systems, orders will not be allowed to execute from the Trading Floor.

(2) **Announcement.** A Floor Broker must announce an agency order that the Floor Broker is representing to the trading crowd before submitting the order to the Exchange’s System for execution. This announcement must take place whether the Floor Broker is representing a single-sided order and soliciting contra-side interest, or the Floor Broker has sufficient interest to match against the agency order already. If a Floor Broker is holding two non-Priority Customer agency orders or two Priority Customer agency orders the Floor Broker will choose which order is the agency order. If only one of the agency orders is for the account of a Priority Customer, that order must be the agency order.

#### **Interpretations and Policies:**

.01 A Floor Broker who wishes to place a limit order on the Exchange’s Electronic Book must submit such limit order electronically.

.02 Floor Brokers must make reasonable efforts to ascertain whether each order entrusted to them is for the account of a Priority Customer or a broker-dealer. If it is ascertained that the order is for the account of a broker-dealer, the responsible Floor Broker must advise the trading crowd of that fact prior to bidding/offering on behalf of the order or submitting the order for execution. The Floor Broker or his employees must make the appropriate notation in their system when it has been determined that the order is for an account of a broker-dealer.

.03 An order entrusted to a Floor Broker will be considered a Not Held Order as defined in Rule 2040(g), unless otherwise specified by a Floor Broker’s client.

.04 It shall be considered conduct inconsistent with just and equitable principles of trade for any Floor Broker or Floor Market Maker to intentionally disrupt the open outcry process.

#### **Rule 2035. Discretionary Transactions**

No Floor Broker shall execute or cause to be executed any order or orders on this Exchange with respect to which such Floor Broker is vested with discretion as to: (i) the choice of the class of options to be bought or sold; (ii) the number of contracts to be bought or sold; or (iii) whether any such transaction shall be one of purchase or sale. However, the provisions of this Rule shall not apply to any discretionary transactions executed by a Floor Market Maker for an account in which he has an interest.

**Interpretations and Policies:**

.01 No Floor Broker shall hold a Not Held Market Order to buy and a Not Held Market Order to sell (or orders which have the effect of such Not Held Market Orders to buy and to sell) the same series of options for the same account or for accounts of the same beneficial owner. Also, no Floor Broker shall leg a complex order for a Market Maker or accept opening or discretionary orders for a Market Maker who is associated with the same Participant as such Floor Broker or who is associated with another Participant which is affiliated with the same Participant as such Floor Broker. Holding or accepting such orders can be interpreted as allowing the Floor Broker discretion with respect to the purchase or sale of such options.

.02 A Floor Broker may not exercise any discretion with respect to the order of a Market Maker or the order of an options market maker registered on another exchange.

**Rule 2040. Qualified Floor Orders**

(a) After an order has been announced to the trading crowd as provided in Rule 2030(e)(2), the Floor Broker must submit the agency order as part of a two-sided order (Qualified Floor Order or “QFO”) to the Exchange’s System for execution. When a Floor Broker submits a QFO for execution, the order will be executed based on the market conditions when the order is received by the System and in accordance with Exchange Rules. A QFO sent to the System is not deemed executed until it is processed by the System. All transactions occurring from the Trading Floor must be processed by the System. Floor Brokers are responsible for handling all orders in accordance with Exchange priority and trade-through rules. QFO functionality will assist the Floor Broker in respecting the Electronic Book, consistent with Exchange priority rules, as described in paragraphs (c) and (d) of this Rule.

(1) There will be an initiating side and a contra-side of a QFO. The initiating side is the side of the order which must be filled in its entirety. The contra-side must guarantee the full size of the initiating side of the QFO and may provide a maximum surrender size as provided in paragraph (h) of this Rule. If the Floor Broker was soliciting interest from the trading crowd when the initiating side was announced or to the extent the trading crowd offers a better price, the contra-side will be the solicited interest from the trading crowd. If the Floor Broker had sufficient interest to match against the initiating side when the initiating side was announced, such Floor Broker interest will be the contra-side to the initiating side. If Floor Participants responded with interest to the initiating side where the Floor Broker provided sufficient interest to match against the initiating side, the Floor Broker will allocate the initiating side of the QFO pursuant to paragraph (d) of this Rule.

(2) QFOs will be limited solely to the Trading Floor.

(3) Only Floor Brokers may use QFOs.

(4) QFOs may be complex orders as defined in Rule 518(a) with no more than the applicable number of legs, as determined by the Exchange and communicated to Participants via Regulatory Circular, and tied to hedge orders as defined in Interpretations and Policies .02 of this Rule.

(5) A QFO will be rejected, and a reject message will be sent to the Floor Broker, if any of the components are not open for trading.

(6) A Complex QFO (or “cQFO”) will be rejected if any of the components are not open for trading.

(7) A wide market condition shall have no impact on the trading of QFOs. Such trading and processing will not be suspended and will continue during wide market conditions.

(b) All QFOs must be announced to the trading crowd, as provided in Rule 2030(e)(2), prior to the QFO being submitted to the Exchange's System. An Options Exchange Official will certify that the Floor Broker adequately announced the QFO to the trading crowd.

(c) **Submission of QFOs.** The Floor Broker must submit the QFO to the Exchange's System for processing as provided in this Rule. The QFO is not deemed executed until it is processed by the System. Once the Floor Broker submits the QFO to the System there will be no opportunity for the submitting Floor Broker, or anyone else, to alter the terms of the QFO. After announcing the QFO to the trading crowd, the Floor Broker must submit the QFO to the System without undue delay, provided that the executing Floor Broker allows adequate time for Floor Participants to participate in the transaction as provided in Interpretations and Policies .09 of this Rule.

When a Floor Broker executes a single-leg QFO, the execution price must be equal to or better than the NBBO, subject to the exceptions in Rule 1401(b). Additionally, the QFO may not (1) trade through any equal or better priced Priority Customer bids or offers on the Simple Order Book; or (2) trade through any interest on the Simple Order Book that is priced better than the proposed execution price.

When a Floor Broker executes a Complex QFO, the execution and priority rules for complex orders (including stock-option orders) contained in Rule 518(c)(2) and (c)(3) will continue to apply.

(d) **Allocation.** The following describes how the initiating side of a QFO (cQFO) is allocated.

(1) First, the initiating side of the QFO (cQFO) will match against any bids or offers on the Simple Order Book (Strategy Book) priced better than the contra-side, provided that an adequate maximum surrender size was provided by the Floor Broker pursuant to paragraph (h) of this Rule. Multiple bids or offers at the same price are matched based on time priority.

(2) Next, at the same price as the contra-side of the QFO (cQFO), if any contracts (strategies) of the initiating side remain, the initiating side of the QFO (cQFO) will match against Priority Customer Orders on the Simple Order Book (Strategy Book), along with any bids or offers of non-Priority Customers ranked ahead of such Priority Customer Orders on the Simple Order Book (Strategy Book), provided that an adequate maximum surrender size was provided by the Floor Broker pursuant to paragraph (h) of this Rule. Multiple bids or offers at the same price are matched based on time priority.

(3) Last, the remaining balance of the initiating side of the QFO (cQFO), if any, will then be matched by the System against the contra-side of the QFO (cQFO), regardless of whether the contra-side order submitted by the Floor Broker is ultimately entitled to receive an allocation pursuant to paragraph (i) or (iii) below. If no Floor Participant, other than the executing Floor Broker, is entitled to an allocation, then no further steps are necessary. If however, Floor Participants are entitled to an allocation, the remaining balance of the initiating side of the QFO (cQFO) will be allocated as described below.

(i) First, if the QFO (cQFO) satisfies the provisions of Rule 2040(f), the executing Floor Broker is entitled to 40% of the remaining quantity of the initiating side of the QFO (cQFO).

(ii) Next, Floor Participants that responded with interest when the executing Floor Broker announced the QFO (cQFO) to the trading crowd, as outlined in Rules 2030(e)(2) and 2040(b), are allocated. When multiple Floor Participants respond with interest, priority is established pursuant to Rule 2045.

(iii) Last, if interest remains after Floor Participants that responded with interest receive their allocation, the remaining quantity of the initiating side of the QFO (cQFO) will be allocated to the executing Floor Broker.

(4) After execution of the QFO (cQFO), the executing Floor Broker is responsible for providing the correct allocations of the initiating side of the QFO (cQFO) to an Options Exchange Official or his or her designee, if necessary, who will properly record the order in the Exchange's system. The executing Floor Broker must provide the correct allocations to an Options Exchange Official or his or her designee, in writing, without unreasonable delay.

(e) The QFO will not route to an away exchange and the QFO will not trade through any away exchange displaying a better price.

(f) **Guarantee.**

(1) When a Floor Broker holds an order of the eligible order size or greater, the Floor Broker is entitled to cross a certain percentage of the order with other orders that he is holding.

(2) The Exchange may determine, on an option by option basis, the eligible size for an order that may be transacted pursuant to this paragraph (f), however, the eligible order size may not be less than 50 contracts. Any changes to the eligible order size shall be communicated to Participants via circular. Orders for less than 50 contracts may be crossed pursuant to this Rule but are not subject to the guarantees described below. In determining whether an order satisfies the eligible order size requirement, any complex order must contain one leg alone which is for the eligible order size or greater.

(3) The percentage of the order which a Floor Broker is entitled to cross, after all equal or better priced Priority Customer bids or offers on the Electronic Book and any better priced interest is filled, is 40% of the remaining contracts in the order.

(4) Nothing in this Rule is intended to prohibit a Floor Broker from trading more than his percentage entitlement if the other Participants of the trading crowd do not choose to trade the remaining portion of the order.

(g) **Not Held Order.** A Not Held Order is an order marked "not held," "take time," or which bears any qualifying notation giving discretion as to the price or time at which such order is to be executed. An order entrusted to a Floor Broker will be considered a Not Held Order, unless otherwise specified by a Floor Broker's client.

(h) A Floor Broker may, but is not required to, provide a maximum surrender size. The maximum surrender size is the number of contracts, if any, of the initiating side of the QFO that the Floor Broker is willing to relinquish to orders and quotes on the Electronic Book that have priority pursuant to Rule 2040(c). If the number of contracts on the Electronic Book that have priority over the contra-side order is greater than the maximum surrender size, then the QFO will be rejected. If the number of contracts on the Electronic Book that have priority over the contra-side order is less than or equal to the maximum surrender size, then the QFO will execute.

A Floor Broker may, but is not required to, provide a maximum surrender size for Complex QFOs. The maximum surrender size is the number of strategies, if any, of the initiating side of the Complex QFO that the Floor Broker is willing to relinquish to orders and quotes on the Strategy Book that have priority pursuant to Rule 518(c)(3)(iii). If the number of strategies on the Strategy Book that have priority over the contra-side order is greater than the maximum surrender size, then the Complex QFO will be rejected. If the number of strategies on the Strategy Book that have

priority over the contra-side order is less than or equal to the maximum surrender size, then the Complex QFO will execute.

**(i) Priority on Split-Price Transactions Occurring in Open Outcry.**

(1) **Split-Price Priority.** If an order or offer (bid) for any number of contracts of a series is represented to the trading crowd, a Floor Participant that buys (sells) one or more contracts of that order or offer (bid) at one price will have priority over all other orders and quotes, except Priority Customer Orders resting on the Electronic Book, to buy (sell) up to the same number of contracts of those remaining from the same order or offer (bid) at the next lower (higher) price.

(2) **Split-Price Priority for Orders or Offers (Bids) of 100 or More Contracts.** If an order or offer (bid) of 100 or more contracts of a series is represented to the trading crowd, a Floor Participant that buys (sells) 50 or more of the contracts of that order or offer (bid) at one price will have priority over all other orders and quotes to buy (sell) up to the same number of contracts of those remaining from the same order or offer (bid) at the next lower (higher) price. The Exchange may increase the minimum qualifying size of 100 contracts, which changes the Exchange will announce via Regulatory Circular.

(3) **Split-Price Priority for Complex QFOs.** If an order or offer (bid) of a Complex QFO with at least 100 contracts on each leg of the order is represented to the trading crowd, a Floor Participant that buys (sells) 50 or more contracts of each component leg at the permissible ratio of the Complex QFO or offer (bid) at one price that complies with the priority requirements in 2040(c) will have priority over all other orders and quotes to buy (sell) up to the same number of contracts of those remaining from the same order or offer (bid) at the next lower (higher) price.

(i) If the width of the quote for a strategy is \$0.01 based on interest in the Strategy Book, and the bid or offer represent Priority Customer complex orders resting on the Strategy Book (e.g. Priority Customer bidding \$2.00 for the strategy and/or Priority Customer offering \$2.01 for the strategy), split-price priority pursuant to this Rule is not available to a Floor Participant until the Priority Customer complex orders resting on the Strategy Book on either side of the market trade or are cancelled.

(ii) If the width of the quote for the strategy is \$0.01 based on interest on the Strategy Book, and the bid or offer does not represent Priority Customer complex orders, split-price priority is available subject to Rule 2040(c).

(4) **Two or More Floor Participants Entitled to Priority.** If the bids or offers of two or more Floor Participants are both entitled to split-price priority, it will be afforded to the extent practicable on a pro-rata basis.

**(5) Conditions.** Split-price priority is subject to the following:

(i) The priority is available for open outcry transactions only (i.e., QFOs).

(ii) The Floor Participant must make its bid (offer) at the next lower (higher) price for the second (or later) transaction at the same time as the first bid (offer) or promptly following the announcement of the first (or earlier) transaction.

(iii) The second (or later) purchase (sale) must represent the opposite side of a transaction with the same order or offer (bid) as the first (or earlier) purchase (sale).

**(6) Minimum Increment Width with Priority Customer Orders Resting on the Electronic Book.** If the width of the quote for a series is the minimum increment for that series, and the bid or offer represents a Priority Customer Order(s) resting on the Electronic Book, split-price priority pursuant to this Rule is not available to a Floor Participant until the Priority Customer Order(s) resting on the Electronic Book trades.

**Interpretations and Policies:**

.01

(a) The Floor Broker must disclose all securities that are components of the Priority Customer Order which is subject to crossing before requesting bids and offers for the execution of all components of the order.

(b) Once the trading crowd has provided a quote, it will remain in effect until: (1) a reasonable amount of time has passed, or (2) there is a significant change in the price of the underlying security, or (3) the market given in response to the request has been improved. In the case of a dispute, the term "significant change" will be interpreted on a case-by-case basis by an Options Exchange Official based upon the extent of recent trading in the option and in the underlying security, and any other relevant factors.

(c) The Participants of the trading crowd who established the market will have priority over all other orders that were not announced in the trading crowd at the time that the market was established (but not over Priority Customer Orders on the Electronic Book or any non-Priority Customer Orders that have priority over such Priority Customer Orders on the Electronic Book) and will maintain priority over such orders except for orders that improve upon the market. When a Floor Broker announces an order to the trading crowd pursuant to Rule 2030(e)(2), it shall be the responsibility of the Floor Participant who established the market to alert the Floor Broker of the fact that the Floor Participant has priority.

(d) Complex orders or hedge orders on opposite sides of the market may be crossed, provided that the Floor Broker holding such orders proceeds in the manner described in Rule 2040 as appropriate. Floor Participants may not prevent a complex order from being completed by giving a competing bid or offer for one component of such order. In determining whether an order satisfies the eligible order size requirement, any complex order must contain one leg which, standing alone, is for the eligible order size or greater.

(e) A Floor Broker crossing a Priority Customer Order with an order that is not a Priority Customer Order, when providing for a reasonable opportunity for the trading crowd to participate in the transaction, shall disclose the Priority Customer Order that is subject to crossing.

.02 Nothing prohibits a Floor Broker from buying or selling a stock, security futures, or futures position following receipt of an option order, including a complex order, provided that prior to announcing such order to the trading crowd:

(a) the option order is in a class designated as eligible for "tied hedge" transactions (as described below) as determined by the Exchange and is within the designated tied hedge eligibility size parameters, which parameters shall be determined by the Exchange and may not be smaller than 500 contracts per order. Additionally, there shall be no aggregation of multiple orders to satisfy the size parameter, and for complex orders involved in a tied hedge transaction at least one leg must meet the minimum size requirement;

(b) such Floor Broker shall create an electronic record that it is engaging in a tied hedge transaction in a form and manner prescribed by the Exchange;

(c) such hedging position is:

(1) comprised of a position designated as eligible for a tied hedge transaction as determined by the Exchange and may include the same underlying stock applicable to the option order, a security future overlying the same stock applicable to the option order or, in reference to an index or Exchange-Traded Fund Shares ("ETF"), a related instrument. A "related instrument" means, in reference to an index option, securities comprising ten percent or more of the component securities in the index or a futures contract on any economically equivalent index applicable to the option order. A "related instrument" means, in reference to an ETF option, a futures contract on any economically equivalent index applicable to the ETF underlying the option order;

(2) brought without undue delay to the trading crowd and announced concurrently with the option order;

(3) offered to the trading crowd in its entirety; and

(4) offered, at the execution price received by the Floor Broker introducing the option, to any trading crowd Floor Participant who has established parity or priority for the related options.

(d) the hedging position does not exceed the option order on a delta basis;

(e) all tied hedge transactions (regardless of whether the option order is a simple or complex order) are treated the same as complex orders for purposes of the Exchange's open outcry allocation and reporting procedures. Tied hedge transactions are subject to the existing NBBO trade-through requirements for options and stock, as applicable, and may qualify for various exceptions; however, when the option order is a simple order, the execution of the option leg of a tied hedge transaction does not qualify for the NBBO trade-through exception for a Complex Trade defined in Rule 1401(b);

(f) Trading crowd Floor Participants that participate in the option transaction must also participate in the hedging position and may not prevent the option transaction from occurring by giving a competing bid or offer for one component of such order;

(g) in the event the conditions in the non-options market prevents the execution of the non-option leg(s) at the agreed prices, the trade representing the options leg(s) may be cancelled; and

(h) prior to entering tied hedge orders on behalf of customers, the Floor Broker must deliver to the customer a written notification informing the customer that his order may be executed using the Exchange's tied hedge procedures. The written notification must disclose the terms and conditions contained in this Policy and must be in a form approved by the Exchange.

A combination option and hedging position offered in reliance on these Interpretations and Policies shall be referred to as "tied hedge" orders.

.03 It shall be considered conduct inconsistent with just and equitable principles of trade for any Floor Broker to use the maximum surrender size for the purpose of violating the Floor Broker's duties and obligations.

.04 Floor Brokers may bring unmatched orders (i.e., the initiating side of a QFO) to the Trading Floor in order to seek a contra-side. Once a contra-side is sourced pursuant to Rule 2030(e)(2) and 2040(b), the Floor Broker shall submit the two-sided QFO to the Exchange's System.

.05 A Participant shall not utilize the Trading Floor to effect any transaction for its own account, the account of an associated person, or an account with respect to which it or an associated person thereof exercises investment discretion by relying on an exemption under Section 11(a)(1)(G) of the Exchange Act.

.06 Floor Brokers are able to achieve split-price priority in accordance with Rule 2040(i). Provided, however, that a Floor Broker who bids (offers) on behalf of a non-Market Maker MIAX Participant broker-dealer (“MIAX Participant BD”) must ensure that the MIAX Participant BD qualifies for an exemption from Section 11(a)(1) of the Exchange Act or the transaction satisfies the requirements of Exchange Act Rule 11a2-2(T).

.07 **Split-Price Rounding.** In situations where the allocation of contracts pursuant to Rule 2040(i) would result in a fractional contract amount, the number of contracts allocated shall be rounded to the advantage of the initiating side.

.08 **Manner of Bidding and Offering on the Trading Floor.** Bids and offers on the Trading Floor, to be effective, must be made by public outcry on the Trading Floor. All bids and offers shall be general ones and shall not be specified for acceptance by particular Floor Participants.

.09 **Public Outcry.** Bids and offers must be made in an audible tone of voice. A Floor Market Maker shall be considered “out” on a bid or offer if he does not affirmatively respond to the Floor Broker who is announcing the order, provided that a Floor Broker must give a Floor Participant a reasonable amount of time to respond. A “reasonable amount of time” will be interpreted on a case-by-case basis by an Options Exchange Official based on the current market conditions and trading activity on the Trading Floor. A Floor Participant bidding and offering in immediate and rapid succession shall be deemed “in” until he shall say “out” on either bid or offer. Once the trading crowd has provided a quote, it will remain in effect until: (i) a reasonable amount of time has passed, or (ii) there is a significant change in the price of the underlying security, or (iii) the market given in response to the request has been improved. In the case of a dispute, the term “significant change” will be interpreted on a case-by-case basis by an Options Exchange Official based upon the extent of recent trading in the option and, in the case of equity and index options, in the underlying security, and any other relevant factors. A Floor Participant must verbalize that he is “in” after a Floor Broker announces an order, even if a valid quote has been provided by the Floor Participant prior to the announcement of the order by a Floor Broker.

### **Rule 2045. Priority in the Trading Crowd**

The following rules of priority shall be observed when determining priority of bids and offers from Floor Participants in the trading crowd.

(a) **Priority of bids.** The highest bid shall have priority, but where two or more bids for the same option contract (or the same strategy) represent the highest price, priority shall be afforded to such bids in the sequence in which they are made.

(b) **Priority of offers.** The lowest offers shall have priority, but where two or more offers for the same option contract (or the same strategy) represent the lowest price, priority shall be afforded to such offers in the sequence in which they are made.

(c) **Simultaneous bids and offers.** Except as otherwise provided, if the bids (or offers) of two or more Floor Participants are made simultaneously, or if it is impossible to determine clearly the order of time in which they are made, such bids (or offers) will be deemed to be on parity and priority will be afforded to them, insofar as practicable, on an equal basis.



**(d) Determination of Time Priority Sequence.**

(1) A Floor Broker is responsible for determining the sequence in which bids or offers are vocalized on the Trading Floor in response to the Floor Broker's bid, offer, or call for a market. A Floor Participant that established priority pursuant to Interpretation and Policy .01(c) of Rule 2040 must inform the Floor Broker of such priority when the Floor Broker announces the order. Any disputes regarding a Floor Broker's determination of time priority sequence will be resolved by the Options Exchange Official. An Options Exchange Official may nullify a transaction or adjust its terms if they determine the transaction to have been in violation of Exchange's Rules.

(2) When a Floor Broker's bid or offer has been accepted by more than one Floor Participant, that Floor Broker must designate that Floor Participant who was first, second, third, and so forth. Except as provided below, the Floor Participant with first priority is entitled to buy or sell as many contracts (or strategies) as the Floor Broker may have available to trade. If there are any contracts (or strategies) remaining, the Floor Participant with second priority will be entitled to buy or sell as many contracts (or strategies) as there are remaining in the Floor Broker's order, and so on, until the Floor Broker's order has been filled entirely.

(3) **Options Exchange Officials.** An Options Exchange Official is responsible for determining the sequence in which bids and offers are vocalized on the Trading Floor in response to the Options Exchange Official's bid, offer, or call for a market. The order allocation procedures for Options Exchange Officials, including the determination of time priority sequence, are the same as those for Floor Brokers.

(4) **Parity Due to Simultaneous Bidding or Offering.** If the bids or offers of more than one Floor Participant are made simultaneously, such bids or offers will be deemed to be on parity and priority will be afforded to them, insofar as practicable, on an equal basis. Accordingly, efforts will be made to assure that each Floor Participant on parity receives an equal number of contracts, to the extent mathematically possible.

(5) **Size Pro Rata Allocations.** If the Floor Participants provide a collective response to a Floor Broker's request for a market in order to fill a large order, then:

(i) if the size of the trading crowd's market, in the aggregate, is less than or equal to the size of the order to be filled, the Floor Participants will each receive a share of the order that is equal to the size of their respective bids or offers; and

(ii) if the size of the trading crowd's market exceeds the size of the order to be filled, that order will be allocated on a size pro rata basis, with the Floor Participants of the trading crowd each receiving, to the extent practicable, the percentage of the order that is the ratio of the size of their respective bids or offers to the total size of all bids or offers. Specifically, in such circumstances, the size of the order to be allocated is multiplied by the size of an individual Floor Participant's quote divided by the aggregate size of all Floor Participants' quotes. For example, assume there are 200 contracts to be allocated, Floor Market Maker #1 is bidding for 100, Floor Market Maker #2 is bidding for 200 and Floor Market Maker #3 is bidding for 500. Under the "size pro rata" allocation formula, Floor Market Maker #1 will be allocated 25 contracts ( $200 \times 100 \div 800$ ); Floor Market Maker #2 will be allocated 50 contracts ( $200 \times 200 \div 800$ ); and Floor Market Maker #3 will be allocated 125 contracts ( $200 \times 500 \div 800$ ).

**Rule 2050. Reserved**

## Rule 2055. Clerks

(a) **General.** The term “Clerk” means any registered on-Floor person employed by or associated with a Floor Broker or Floor Market Maker and who is not eligible to effect transactions on the Trading Floor as a Floor Market Maker or Floor Broker.

(b) **Badges.** While on the Trading Floor, Clerks shall display prominently at all times the badge(s) supplied to them by the Exchange.

(c) **Conduct on the Trading Floor.** Clerks shall be primarily located at a workstation assigned to his or her employer or assigned to his or her employer’s clearing firm unless such Clerk is:

(1) entering or leaving the Trading Floor;

(2) transmitting, correcting, or checking the status of an order or reporting or correcting an executed trade;

(3) supervising other Clerks if he is identified as a supervisor on the registration form submitted to the Exchange’s Membership Department.

(d) **Registration Requirements.** A Floor Broker who employs a Clerk that performs any function other than a solely clerical or ministerial function shall, prior to the time such Clerk performs any function as a Clerk: (i) comply with the registration requirement(s) set forth by the Exchange; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) submit to the Exchange written supervisory procedures in relation to such Clerk’s activities.

(e) **Clerks’ Use of Order-Entry Devices.** A Clerk may enter an order under the direction of a Floor Broker by way of any order handling entry device.

(f) **Floor Market Maker Clerks.** A Floor Market Maker Clerk is any on-Floor Clerk employed by or associated with a Floor Market Maker.

(1) **Registration Requirements.** Any Floor Market Maker that employs a Floor Market Maker Clerk shall register such Floor Market Maker Clerk with the Exchange’s Membership Department. A Floor Market Maker Clerk that performs any function other than a solely clerical or ministerial function shall, prior to performing any function as a Floor Market Maker Clerk: (i) comply with the registration requirement(s) set forth by the Exchange; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) submit to the Exchange written supervisory procedures relating to such Floor Market Maker Clerk’s activities.

(2) **Conduct on the Trading Floor.** A Floor Market Maker Clerk is permitted to communicate verbal market information (i.e., bid, offer, and size) in response to requests for such information, provided that such information is communicated under the direct supervision of his or her Floor Market Maker employer. A Floor Market Maker Clerk may consummate electronic transactions under the express direction of his or her Floor Market Maker employer by matching bids and offers. Such bids and offers and transactions effected under the supervision of a Floor Market Maker are binding as if made by the Floor Market Maker employer.

## **Rule 2060. Disputes on the Trading Floor**

(a) Disputes occurring on and relating to the Trading Floor, if not settled by agreement between the Floor Participants interested, shall be settled by an Options Exchange Official.

(b) In issuing decisions for the resolution of trading disputes, an Options Exchange Official shall institute the course of action deemed to be most fair to all parties under the circumstances at the time. An Options Exchange Official may direct the execution of an order, or adjust the transaction terms of Participants to an executed order. An Options Exchange Official may nullify a transaction if the Options Exchange Official determines the transaction to have been in violation of Exchange Rules. Options transactions that are the result of an Obvious Error or Catastrophic Error shall be subject to the provisions and procedures set forth in Rule 521.

(c) All rulings rendered by an Options Exchange Official are effective immediately and must be complied with promptly. Failure to promptly comply with an initial Options Exchange Official ruling may result in an additional violation.

(d) **Review of Options Exchange Official Rulings (Trading Disputes).** All Options Exchange Official rulings are reviewable by the CRO or his or her designee.

(1) Regulatory staff must be advised within 15 minutes of an Options Exchange Official's ruling that a party to such ruling has determined to appeal from such ruling to the CRO or his or her designee. The Exchange may establish the procedures for the submission of a request for a review of an Options Exchange Official ruling. Options Exchange Official rulings (including those concerning the nullification or adjustment of transactions) may be sustained, overturned, or modified by the CRO or his or her designee. In making a determination, the CRO or his or her designee may consider facts and circumstances not available to the ruling Options Exchange Official as well as action taken by the parties in reliance on the Options Exchange Official's ruling (e.g., cover, hedge, and related trading activity).

(2) All decisions made by the CRO or his or her designee in connection with initial rulings on requests for relief and with the review of an Options Exchange Official ruling pursuant to this paragraph (d) shall be documented in writing and maintained by the Exchange in accordance with the record keeping requirements set forth in the Securities Exchange Act of 1934, as amended, and the rules thereunder.

(3) A Floor Participant seeking review of an Options Exchange Official ruling shall be assessed a fee of \$250.00 for each Options Exchange Official ruling to be reviewed that is sustained and not overturned or modified by the CRO or his or her designee. In addition, in instances where the Exchange, on behalf of a Floor Participant, requests a review by another options exchange, the Exchange will pass any resulting charges through to the relevant Floor Participant.

(4) Decisions of the CRO or his or her designee shall be final and may not be appealed to the Exchange's Board of Directors.

(5) All decisions of the CRO or his or her designee are effective immediately and must be complied with promptly. Failure to promptly comply with a decision of the Exchange may result in an additional violation.

### **Interpretations and Policies:**

.01 The Exchange may determine that an Options Exchange Official is ineligible to participate in a particular ruling where it appears that such Options Exchange Official has a conflict of interest. For purposes of this Rule, and without

limitation, a conflict of interest exists where an Options Exchange Official: (a) is directly or indirectly affiliated with a party seeking an Options Exchange Official ruling; (b) is a participant or is directly or indirectly affiliated with a participant in a transaction that is the subject of an Option Exchange Official ruling; (c) is a debtor or creditor of a party seeking an Options Exchange Official ruling; or (d) is an immediate family member of a party seeking an Options Exchange Official ruling. Exchange staff may consider other circumstances, on a case-by-case basis, in determining the eligibility or ineligibility of a particular Options Exchange Official to participate in a particular ruling due to a conflict of interest.

### **Rule 2065. Trading for Joint Account**

(a) No Floor Participant, while on the Trading Floor, shall, without the prior approval of the Exchange, initiate the purchase or sale on the Exchange of any security for any account in which he, his Floor Participant organization, or a participant therein, is directly or indirectly interested with any person other than such Floor Participant or participant therein.

(b) The provisions of this section shall not apply to any purchase or sale by any Floor Participant for any joint account maintained solely for effecting bona fide domestic or foreign arbitrage transactions.

### **Rule 2070. Communication and Equipment**

(a) No Floor Participant shall establish or maintain any communication device between the Exchange Trading Floor and a non-Floor Participant without application to and approval by the Exchange. Every such means of communication shall be registered with the Exchange. Notice of the discontinuance of any such means of communication shall be promptly given to the Exchange.

(b) No Floor Participant or person associated with a Floor Participant shall establish or maintain any communication device between the Trading Floor and any other location, or between locations on the Trading Floor, without the prior written approval of the Exchange.

(c) No Floor Participant or person associated with a Floor Participant shall operate any other equipment on the Trading Floor that creates radio frequency (RF) or other interference with the systems of the Exchange or other Floor Participants.

(d) The Exchange may remove any communication device that has not received written approval under subsection (b) from any Exchange facility. The Exchange may deny, limit or revoke the use of any communication device whenever it determines that use of such communication device: (i) interferes with normal operation of the Exchange's own systems or facilities or with the Exchange's regulatory duties, (ii) is inconsistent with the public interest, the protection of investors or just and equitable principles of trade, or (iii) interferes with the obligations of a Floor Participant to fulfill its duties under, or is used to facilitate any violation of, the Securities Exchange Act or rules thereunder, or Exchange Rules.

(e) The Exchange may remove any communication device that violates any applicable provisions of this Rule 2070 from any Exchange facility.

(f) **Registration.** Floor Participants must register, prior to use, any new communication device to be used for business purposes on the Trading Floor. Each device registered with the Exchange must be registered by category of user. If there is a change in the category of any user, the device must be re-registered with the Exchange. At the time of registration, Floor Participant representatives must sign a statement that they are aware of and understand the rules and procedures governing the use of communication devices on the Trading Floor. No Floor Participant, or employee

thereof, may employ any alternative communication device on the Trading Floor without the prior approval of the Exchange.

(g) **Capacity and Functionality.** No person on the Trading Floor may use any device for the purpose of maintaining an open line of continuous communication whereby a person not located in the Crowd Area may continuously monitor the activities in the Crowd Area. This prohibition covers, but is not limited to, intercoms, walkie-talkies and any similar devices, and open mic and web-based communication applications. Speed-dialing features are permitted on any Floor Participant telephone. Wireless telephone and other communication devices used on the Trading Floor must comply with the requirements and restrictions provided in the applicable Floor policies. No person on the Trading Floor may use any device for a purpose in violation of the applicable Floor policies.

(h) **Floor Market Makers.** Floor Market Makers may use their own cellular and cordless phones to place calls to any person at any location (whether on or off the Trading Floor). Floor Market Makers located off the Trading Floor may place an order by calling a Floor Broker who is present on the Trading Floor.

(i) **Floor Brokers.** Any communication device may be used on the Trading Floor of the Exchange and in the Crowd Area to receive orders, provided that audit trail and record retention requirements of the Exchange are met; however, no person in the Crowd Area or on the Trading Floor may use any communication device for the purpose of recording activities on the Trading Floor or maintaining an open line of continuous communication whereby a non-associated person not located in the Crowd Area may continuously monitor the activities in the Crowd Area. Headsets are permitted for Floor Brokers, but if the Exchange determines that a Floor Broker is maintaining a continuous open line through the use of a headset, the Floor Broker will be prohibited from future use of any headset for a length of time to be determined by the Exchange. Floor Brokers may receive telephonic orders while in the Crowd Area.

(j) **Clerks.** Floor Broker Clerks are subject to the same terms and conditions regarding communication device use as Floor Brokers. The Exchange reserves the right to prohibit Clerks from using communication devices on the Trading Floor at any time that it is necessary due to electronic interference problems or capacity problems resulting from the number of such phones then in use on the Trading Floor.

(k) **Records.** Floor Participants must maintain records of the use of telephones and all other registered communication devices, including, but not limited to, logs of calls, emails, and chats, for a period of not less than three years, the first two in an easily accessible place. The Exchange reserves the right to inspect and/or examine such records.

(l) **Exchange Liability.** The Exchange assumes no liability to Floor Participants due to conflicts between communication devices in use on the Trading Floor or due to electronic interference problems resulting from the use of communication devices on the Trading Floor.

#### **Interpretations and Policies:**

.01 The Exchange has established a Communication Devices policy. Violations of the Communication Devices policy may result in disciplinary action by the Exchange.

.02 This Rule and any relevant Exchange policy are intended to apply to all communication and other electronic devices on the Trading Floor of the Exchange, including, but not limited to, wireless, wired, tethered, voice, and data.

.03 The Exchange may deny, limit or revoke the use of any communication device whenever it determines that use of such communication device: (1) interferes with the normal operation of the Exchange's own systems or facilities or with the Exchange's regulatory duties, (2) is inconsistent with the public interest, the protection of investors or just

and equitable principles of trade, or (3) interferes with the obligations of a Floor Participant to fulfill its duties under, or is used to facilitate any violation of, the Securities Exchange Act or rules thereunder, or Exchange Rules.

### **Rule 2075. Reserved**

### **Rule 2080. Trading Conduct and Order & Decorum on the Trading Floor**

(a) Upon the determination of an Options Exchange Official that a Floor Participant's conduct on the Trading Floor of the Exchange is such that it violates the provisions of (b) through (d) below, impairs the maintenance of a fair and orderly market, or impairs public confidence in the operations of the Exchange, a Floor Participant of the Exchange may be fined pursuant to the Bylaws and Rules of the Exchange. This shall also apply to a Floor Participant's failure to adequately supervise an employee to ensure his compliance with this Rule. A Floor Participant adversely affected by a determination made under this Section may obtain a review thereof in accordance with the provisions of Chapter X of the Exchange Rules. Fines imposed by an Options Exchange Official hereunder shall not preclude further disciplinary action by the Exchange pursuant to the Bylaws and Rules of the Exchange.

(b) **Standards of Dress and Conduct.** All Floor Participants are required to act in a manner consistent with a fair and orderly market and with the maintenance of public confidence in the Exchange. Accordingly, appropriate standards pertaining to dress and conduct on the Trading Floor, including, but not limited to, the following standards shall be observed:

(1) **Standards of Dress.** All persons on the Trading Floor, whether Floor Participants, employees of Floor Participants or visitors, shall at all times, whether prior to, during or after trading sessions, be dressed in a manner appropriate for business purposes and in accordance with good taste and professional standards. The term "good taste" shall be interpreted in a conservative manner. The Exchange may impose additional standards of dress or otherwise modify these standards of dress by means of a written policy that will be distributed to Floor Participants.

#### **(2) Standard of Conduct**

(A) All persons on the Trading Floor are required to conduct themselves in accordance with a seemly and professional standard of behavior. No person while on the Trading Floor shall

(i) engage in any act or practice that may be detrimental to the interest or welfare of the Exchange; or

(ii) engage in any act or practice that may serve to disrupt or hinder the ordinary and efficient conduct of business; or

(iii) engage in any act or practice that may serve to jeopardize the safety or welfare of any other individual; or

(iv) act in a disorderly manner, which includes, but is not limited to, the use of abusive or indecorous language.

(B) The entry of food or drink may be permitted at the discretion of the Exchange. Alcoholic beverages may not be consumed on the Trading Floor at any time.

(C) Smoking in any form, any kind of tobacco use, or any expectorating on the Trading Floor, is prohibited. This prohibition shall apply at all times whether or not the Trading Floor is in session.

(D) Running on the Trading Floor, which shall mean any movement at a degree of speed which may disrupt other occupants of the Trading Floor, is prohibited.

(E) Standing on chairs, furniture, booths, ladders, stools and similar items is prohibited.

(F) No object of any kind may be placed in the Pit if it could obstruct the flow of people in or out of the Pit. This includes all chairs, stools or other furniture.

**(c) Trading Floor Badges.**

(1) **Admission by Badge Only.** Admission to the Trading Floor will be by badge only except in the case of certain designated Options Exchange Officials. While on the Trading Floor, all persons must at all times display appropriate badges. All Trading Floor employees seeking admission to the Trading Floor without a badge must be identified by the Options Exchange Official or representative thereof and supplied with a temporary badge. Non-Floor Participant employees of Floor Participants seeking admission without a badge must be identified by a Floor Participant and supplied with a temporary badge, and the Floor Participant may be subject to a fine in the event of continual failure of its employees to have appropriate badges.

(2) **Withdrawal of Trading Floor Badges.** In the event that any Floor Participant's Letter of Guarantee is revoked by a Clearing Participant in accordance with the procedures stated in Rule 608, such Floor Participant will not be entitled to enter into transactions on the Trading Floor until and unless a new Letter of Guarantee has been issued to such Floor Participant by a Clearing Participant. Accordingly, the Exchange will withdraw promptly the Trading Floor badge of any Floor Participant whose Letter of Guarantee has been properly revoked, and will retain such badge under its control until the Floor Participant is subsequently covered by a Letter of Guarantee. A Floor Participant whose badge has been withdrawn under this Rule may, so long as his Floor Participant status continues, gain access to the Trading Floor by means of his Floor Participant identification pass, but may not enter into any transactions thereon.

**(d) Visitors on the Trading Floor.** The following provisions on visitors to the Trading Floor will apply at all times:

(1) Visitors must be the invited guests of a Floor Participant or of certain designated members of the Exchange staff. Other non-Floor Participant employees are not permitted to invite visitors to the Trading Floor.

(2) Visitors must be signed in by the inviting Floor Participant or staff personnel, and wear a visitors badge at all times when on the Trading Floor. The inviting Floor Participant will be responsible for the visitor's conduct on the Trading Floor and for the return of badges and must accompany such visitors at all times while they are on the Trading Floor.

(3) Visitors may not enter a Crowd Area, block passageways, or otherwise disrupt or impair activity on the Trading Floor.

(4) Persons associated with Floor Participants may visit the Trading Floor only upon an invitation under the terms of subsection (1), above.

(5) The Exchange may restrict visiting on the Trading Floor in any manner at any time, when the Exchange deems that the presence of some or all visitors may interfere with orderly Trading Floor procedures.

**(e) Exclusion from the Trading Floor.**

(1) An Options Exchange Official or an officer of the Exchange may exclude a Participant and any associated person of the Participant from the Trading Floor for breaches of regulations that relate to administration of order, decorum, health, safety and welfare on the Exchange that occurred on the Trading Floor or on the premises immediately adjacent to the Trading Floor. Specifically, Participants shall be excluded if they pose an immediate threat to the safety of persons or property, are seriously disrupting Exchange operations, or are in possession of a firearm. Participants so excluded may be excluded for a period of up to five business days.

(2) If a Participant shall be excluded for a period exceeding forty-eight (48) hours, an expedited hearing (“Expedited Hearing”) will be held before the Chair of the Hearing Committee or his or her designee (“Expedited Hearing Officer”) within forty-eight (48) business hours after the Participant’s exclusion from the Trading Floor. Written notice will be provided to the Participant of the date, time and place of the hearing. The Participant may be represented by counsel. The Expedited Hearing Officer shall conduct an Expedited Hearing. The Expedited Hearing Officer shall allow both the Participant or his or her representative and Exchange staff to present arguments. The Expedited Hearing Officer shall make a determination of whether to continue the Participant’s exclusion from the Trading Floor for a period of up to five (5) business days. The determination shall be based on the severity of the threat posed to persons on the Trading Floor, the disruptiveness caused by the actor and the safety and welfare of persons on the Trading Floor. The Expedited Hearing Officer shall make a ruling at the time of the hearing and a written decision will be provided to the Participant following the hearing. Participants shall not be excluded from electronic trading, but will be not be permitted to be physically present on the Trading Floor for the duration of any exclusion.

(3) Exclusion from the Trading Floor may not be the exclusive sanction for breaches of this Rule and the regulations thereunder. In addition to exclusion, a Participant may also be subject to a fine or the matter may be referred to the Hearing Committee where it shall proceed in accordance with Chapter X.

(4) The procedure to be followed when a Participant is to be excluded from the Trading Floor is as follows:

(i) **No Further Right of Appeal.** The determination that a Participant shall be excluded is final. There is no appeal from such determination.

(ii) **Report to the SEC.** A report in appropriate form shall be made to the SEC. However, no report shall be made in a case where a clerical employee is excluded for a breach of regulations relating to order, decorum, health, safety and welfare or administration of the Exchange.

**Interpretations and Policies:**

.01 **Presiding Exchange Officials.** The President of the Exchange and his or her designated staff shall be responsible for monitoring: (i) dealings of Floor Participants and their associated persons on the Trading Floor, and of the premises of the Exchange immediately adjacent thereto; (ii) the activities of Floor Participants and their associated persons and shall establish standards and procedures for the training and qualification of Floor Participants and their associated persons active on the Trading Floor; (iii) all Trading Floor employees of Floor Brokers and Floor Market Makers, and shall make and enforce such rules with respect to such employees as may be deemed necessary; (iv) all connections or means of communications with the Trading Floor and may require the discontinuance of any such connection or means of communication when, in the opinion of the President or his or her designee, it is contrary to the welfare or interest of the Exchange; and (v) the location of equipment and the assignment and use of space on the Trading Floor; and (vi) relations with other options exchanges.



.02 **Options Exchange Official.** Any Exchange employee or official designated as an Options Exchange Official will from time to time as provided in these Rules have the ability to recommend and enforce rules and regulations relating to trading access, order, decorum, health, safety and welfare on the Exchange.

.03 The Exchange has determined that, in order to ensure that trading occurs in an open and public manner, all communications on the Floor among Floor Participants, their clerks, and others authorized to enter transactions on the Trading Floor, shall be conducted in the English language.

### **Rule 2085. Resolution of Uncompared Trade**

(a) When a disagreement between Floor Participants arising from an uncompared Exchange options transaction cannot be resolved by mutual agreement prior to 10:00 a.m. on the first business day following the trade date, the parties shall promptly, but not later than 3:30 p.m. on such day (unless otherwise excused by the Exchange) close out the transaction in the following manner. The Floor Participant representing the purchaser in the uncompared Exchange options transaction shall promptly enter into a new Exchange options transaction on the Floor of the Exchange to purchase the option contract that was the subject of the uncompared Exchange options transaction. The Floor Participant representing the writer in the uncompared Exchange options transaction shall promptly enter into a new Exchange options transaction on the Floor of the Exchange to sell (write) the option contract that was the subject of the uncompared Exchange options transaction. Any claims for damages resulting from such transactions must be made promptly for the accounts of the Floor Participants involved and not for the accounts of their respective customers. Notwithstanding the foregoing, if either Floor Participant is acting for a firm account in an uncompared Exchange options transaction and not for the account of a Priority Customer, such Floor Participant need not enter into a new transaction, in which event money differences will be based solely on the closing transaction of the other party to the uncompared transaction.

(b) In the event an uncompared transaction involves an option contract of a series in which trading has been terminated or suspended before a new Exchange options transaction can be effected to establish the amount of any loss, the Floor Participant not at fault may claim damages against the other Floor Participant involved in the transaction based on the terms of such transaction. All such claims for damages shall be made promptly.

## Chapter XXI. Floor Market Makers

### Rule 2100. Floor Market Maker

(a) No Participant shall act as a Floor Market Maker in any option unless such Participant is already registered as a Floor Market Maker in such option by the Exchange pursuant to Rule 600 and such registration may be revoked or suspended at any time by the Exchange.

(b) The registration of any Floor Participant as a Floor Market Maker may be suspended or terminated by the Exchange upon a determination that such Floor Participant has failed to properly perform as a Floor Market Maker.

(c) A Floor Market Maker shall not effect on the Exchange purchases or sales of any option in which such Floor Market Maker is registered, for any account in which he or his Floor Participant is directly or indirectly interested, unless such dealings are reasonably necessary to permit such Floor Market Maker to maintain a fair and orderly market.

(d) In connection with the function of a Floor Market Maker in relation to assisting in the maintenance, insofar as reasonably practicable, of a fair and orderly market in the options in which he is registered, it is ordinarily expected that a Floor Market Maker will engage, to a reasonable degree under the existing circumstances, in dealings for his own account in options when lack of price continuity or lack of depth in the options market or temporary disparity between supply and demand in the options market exists or is reasonably to be anticipated. Transactions on the Exchange for his own account effected by a Floor Market Maker in the options in which he is registered are to constitute a course of dealings reasonably calculated to contribute to the maintenance of price continuity with reasonable depth, and to the minimizing of the effects of temporary disparity between supply and demand, immediate or reasonably to be anticipated. Transactions in such options not part of such a course of dealings are not to be effected by a Floor Market Maker for his own account.

### Rule 2105. Obligations and Restrictions Applicable to Floor Market Makers

(a) **General.** Transactions of a Floor Market Maker should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and those Floor Participants should not enter into transactions or make bids or offers that are inconsistent with such a course of dealings.

(b) **Floor Market Maker.** A Floor Market Maker is a Floor Participant of the Exchange located on the Trading Floor who has received permission from the Exchange to trade in options for his own account.

(c) **Floor Market Maker Obligation.**

(1) **Open Outcry Quoting Obligation.** In response to any request for quote by a Floor Broker or Options Exchange Official, Floor Market Makers must provide a two-sided market complying with the quote spread parameter requirements contained in Rule 2105(d)(1). Such Floor Market Makers shall provide such quotations with a size of not less than 10 contracts.

(d) **In Classes of Option Contracts to Which Assigned—Affirmative Obligations.** With respect to classes of option contracts to which his assignment extends, whenever a Floor Market Maker is called upon by an Options Exchange Official or a Floor Broker to make a market, the Floor Market Maker is expected to engage, to a reasonable degree under the existing circumstances, in dealing for his own account when there exists, or it is reasonably

anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Floor Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market:

(1) **Quote Spread Parameters (Bid/Ask Differentials).** Options on equities and index options bidding and/or offering so as to create differences of no more than \$0.25 between the bid and offer for each option contract for which the prevailing bid is less than \$2; no more than \$0.40 where the prevailing bid is \$2 or more but less than \$5; no more than \$0.50 where the prevailing bid is \$5 or more but less than \$10; no more than \$0.80 where the prevailing bid is \$10 or more but less than \$20; and no more than \$1 where the prevailing bid is \$20 or more, provided that, in the case of equity options, the bid/ask differentials stated above shall not apply to in-the-money series where the market for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the quotation for the underlying security on the primary market, or its decimal equivalent rounded up to the nearest minimum increment. The Exchange may establish differences other than the above for one or more series of classes of options. Quotations provided in open outcry must comply with the legal bid/ask differential requirements described in this subparagraph.

(2) **Maximum Option Price Change.** Bidding no more than \$1 lower and/or offering no more than \$1 higher than the last preceding transaction price for the particular option contract. However, this standard shall not ordinarily apply if the price per share of the underlying stock or Exchange-Traded Fund Share has changed by more than \$1 since the last preceding transaction for the particular option contract.

(e) **In Classes of Option Contracts Other Than Those to Which Appointed.** With respect to classes of option contracts other than those to which his appointment extends, a Floor Market Maker, whenever he enters the trading crowd or is called upon by an Options Exchange Official or a Floor Broker to make a market, shall undertake the obligations specified in paragraph (d) of this Rule. Further a Floor Market Maker should not:

(1) Individually or as a group, intentionally or unintentionally, dominate the market in option contracts of a particular class; or

(2) Effect purchases or sales on the Trading Floor except in a reasonable and orderly manner.

(3) Be conspicuous in the general market or in the market in a particular option.

(f) Except in accordance with paragraphs (c), (d), and (e) no Floor Market Maker shall:

(1) Initiate an Exchange options transaction while on the Trading Floor for any account in which he has an interest and execute as Floor Broker an off-Floor order in options on the same underlying interest during the same trading session; or

(2) Retain priority over an off-Floor order while establishing or increasing a position for an account in which he has an interest while on the Trading Floor of the Exchange.

(g) The provisions of the foregoing paragraph (f) of this Rule shall not apply to:

(1) Any transaction by a registered Floor Market Maker in an option in which he is so registered; or

(2) Any transaction, other than a transaction for an account in which a Floor Market Maker has an interest, made with the prior approval of an Options Exchange Official to permit a Participant to contribute to the maintenance of a fair and orderly market in an option, or any purchase or sale to reverse any such transaction; or

(3) Any transaction to offset a transaction made in error.

**(h) Option Priority and Parity.**

(1) Exchange Rule 2045 directs Floor Participants in the establishment of priority of orders on the Trading Floor.

(2) **Rounding.** In situations where the allocation of contracts pursuant to this Rule result in fractional amounts of contracts to be allocated to Floor Participants, the number of contracts to be allocated shall be rounded in a fair and equitable manner.

(3) **Just and Equitable Principles of Trade.** It shall be considered conduct inconsistent with just and equitable principles of trade for: (a) a Floor Broker to allocate orders other than in accordance with the Exchange's priority rules applicable to Floor trades; (b) a Floor Participant to enter into any agreement with another Floor Participant concerning allocation of trades; or (c) a Floor Participant to harass, intimidate, or coerce another Floor Participant to make or refrain from making any complaint or appeal.

(i) In order to facilitate timely tape reporting of trades, all orders announced in open outcry must be submitted for execution to the Exchange's System.

**Interpretations and Policies:**

.01 The obligations of a Floor Market Maker with respect to those classes of options to which he is assigned shall take precedence over his other activities.

**.02 Non-Electronic Orders**

(a) The Floor Market Makers participating in a trading crowd may, in response to a verbal request for a market by a Floor Broker, state a bid or offer that is different than their electronically submitted bid or offer, provided that such stated bid or offer is not inferior to such electronically submitted bid or offer.

(b) For purposes of this Rule, a Floor Market Maker shall be deemed to be participating in the Crowd if such Floor Market Maker is, at the time an order is announced in the Crowd, physically located in the specific Crowd Area. A Floor Market Maker who is physically present in such Crowd Area may engage in options transactions in assigned issues as a Crowd Participant, provided that such Floor Market Maker fulfills the requirements set forth in this Rule 2105.

**.03 On the Floor**

(a) The term "on the Floor" or "on-Floor" means the Trading Floor of the Exchange.

(b) The provisions of this Rule do not apply to transactions initiated by a Floor Market Maker for an account in which he has an interest unless such transactions are either initiated by a Floor Market Maker while on the Floor or unless such transactions, although originated off the Floor, are deemed on-Floor transactions under the provisions of these Rules.

.04 An off-Floor order for an account in which a Participant has an interest is to be treated as an on-Floor order if it is executed by the Participant who initiated it. In addition to transactions on the Trading Floor by a Floor Market Maker for an account in which he has an interest, the following transactions are considered on-Floor trading:

(a) Any transaction for an account in which a Floor Market Maker has an interest if such transaction is initiated off the Trading Floor by such Floor Market Maker after he has been on the Trading Floor during the same day.

(b) Any transaction for a Participant for an account in which it has an interest:

(1) which results from an order entered off the Floor following a conversation relating thereto with a Floor Participant on the Floor who is a partner of or stockholder in such Participant; or

(2) which results from an order entered off the Floor following the unsolicited submission from the Floor Participant in a stock or Exchange-Traded Fund Share and the size of the market by a Participant on the Floor who is a partner of, or stockholder in, such Participant; or

(3) which results from an order entered off the Floor which is executed by a Participant on the Floor who is a partner of or stockholder in such Participant and who had handled the order on a "not-held" basis; provided, however, that the following are not on-Floor orders and such restrictions shall not apply to an order:

(i) to sell an option for an account in which the Participant is directly or indirectly interested if, in facilitating the sale of a large block of stock or Exchange-Traded Fund Shares, the Participant acquired its position because the demand on the Floor was not sufficient to absorb the block at a particular price or prices; or

(ii) to purchase or sell an option for an account in which the Participant is directly or indirectly interested if the Participant was invited to participate on the opposite side of a block transaction by another Participant or a partner or stockholder therein because the market on the Floor could not readily absorb the block at a particular price or prices; or

(iii) to purchase or sell an option for an account in which the Participant is directly or indirectly interested if the transaction is on the opposite side of a block order being executed by the Participant for the account of its customer and the transaction is made to facilitate the execution of such order.

(4) which results from an order entered off the Floor which is executed by a Participant on the Floor who is a partner of or stockholder in such Participant and who has changed the terms of the order.

.05 Orders given out by a Floor Market Maker to commission brokers – An on-Floor order given by a Floor Market Maker to a commission broker, for an account in which the Floor Market Maker has an interest, is subject to all the Rules restricting Floor Market Makers. When a Floor Market Maker gives out such an order on the Floor to another Floor Participant, the order must be so marked as to indicate that it is for an account in which the Floor Market Maker has an interest, unless it is exempt from this Rule, in order that the other Floor Participant may know whether it may be entitled to priority or parity.

.06 The number of Floor Market Makers in the trading crowd who are establishing or increasing a position may temporarily be limited when, in the judgment of an Options Exchange Official, the interests of a fair and orderly market are served by such limitation.

.07 In the interest of fair and orderly markets, the Exchange may adopt policies affecting the location of Floor Participants on the Trading Floor.

.08 A Floor Market Maker who wishes to place a limit order on the Exchange's Electronic Book must submit such limit order electronically.

.09 **Pair-offs before Opening.** A Floor Market Maker cannot acquire a "long" position by pairing off with a sell order before the opening, unless all off-Floor bids at that price are filled.