

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72492; File No. SR-MIAX-2014-30)

June 27, 2014

Self-Regulatory Organizations: Notice of Filing of a Proposed Rule Change by Miami
International Securities Exchange LLC to List and Trade Options on Shares of the iShare ETFs

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 17, 2014, Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposal to list and trade on the Exchange options on shares of the iShares MSCI Brazil Capped ETF (“EWZ”), iShares MSCI Chile Capped ETF (“ECH”), iShares MSCI Peru Capped ETF (“EPU”), and iShares MSCI Spain Capped ETF (“EWP”).

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to list for trading on the Exchange options on the shares of the iShares MSCI Brazil Capped ETF, iShares MSCI Chile Capped ETF, iShares MSCI Peru Capped ETF, and iShares MSCI Spain Capped ETF (collectively the “iShare ETFs”). MIAX Rule 402 establishes the Exchange’s initial listing standards for equity options (the “Listing Standards”). The Listing Standards permit the Exchange to list options on the shares of open-end investment companies, such as the iShare ETFs, without having to file for approval with the Commission.³ The Exchange submits that each of the iShare ETFs substantially meet all of the initial listing requirements. In particular, all of the requirements set forth in Rule 402(i) for each of the iShare ETFs are met except for the requirement concerning the existence of a comprehensive surveillance sharing agreement (“CSSA”). However, as explained below, the Exchange submits that sufficient mechanisms exist in order to provide adequate surveillance and regulatory information with respect to the portfolio securities of each of the iShare ETFs.

iShares MSCI Brazil Capped ETF (“EWZ”)

EWZ is registered pursuant to the Investment Company Act of 1940 as a management investment company designed to hold a portfolio of securities which track the MSCI Brazil 25/50 Index (“Brazil Index”).⁴ The Brazil Index consists of stocks traded primarily on

³ MIAX Rule 402(i) provides the Listing Standards for 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.

⁴ Morgan Stanley Capital International Inc. (“MSCI”) created and maintains the Brazil 25/50 Index.

BM&FBOVESPA. EWZ employs a “representative sampling” methodology to track the Brazil Index by investing in a representative sample of Brazil Index securities having a similar investment profile as the Brazil Index.⁵ BlackRock Fund Advisors (“BFA” or the “Adviser”) expects EWZ to closely track the Brazil Index so that, over time, a tracking error of 5%, or less, is exhibited. Securities selected by EWZ have aggregate investment characteristics (based on market capitalization and industry weightings), fundamental characteristics (such as return variability, earnings valuation and yield) and liquidity measures similar to those of the Brazil Index. EWZ will not concentrate its investments (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except, to the extent practicable, to reflect the concentration in the Brazil Index. EWZ will invest at least eighty percent (80%) of its assets in the securities comprising the Brazil Index and/or related American Depositary Receipts (“ADRs”). EWZ may also invest its other assets in futures contracts, options on futures contracts, other types of options and swaps related to the Brazil Index, as well as cash and cash equivalents. The Exchange believes that these requirements and policies prevent the EWZ from being excessively weighted in any single security or small group of securities and significantly reduce concerns that trading in EWZ could become a surrogate for trading in unregistered securities.

Shares of the EWZ (“EWZ Shares”) are issued and redeemed, on a continuous basis, at net asset value (“NAV”) in aggregation size of 50,000 shares, or multiples thereof (a “Creation Unit”). Following issuance, EWZ Shares are traded on an exchange like other equity securities. EWZ Shares trade in the secondary markets in amounts less than a Creation Unit and the price

⁵ As of March 20, 2014, EWZ was comprised of 78 securities. ITAU UNIBANCO HOLDING SA PREF had the greatest individual weight at 8.51%. The aggregate percentage weighting of the top 5 and 10 securities in the Fund were 33.30% and 49.78%, respectively.

per EWZ Share may differ from its NAV which is calculated once daily as of the regularly scheduled close of business of NYSE Arca.⁶

State Street Bank and Trust Company, the administrator, custodian, and transfer agent for EWZ. Detailed information on EWZ can be found at www.ishares.com.

The Exchange has reviewed EWZ and determined that the EWZ Shares satisfy the initial listing standards, except for the requirement set forth in MIA Rule 402(i)(5)(ii)(A) which requires EWZ to meet the following condition:

- 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.

The Exchange currently does not have in place a surveillance agreement with BOVESPA.

The Exchange submits that the Commission, in the past, has been willing to allow a national securities exchange to rely on a memorandum of understanding entered into between regulators in the event that the exchanges themselves cannot enter into a CSSA. The Exchange notes that BM&FBOVESPA is under the regulatory oversight of the Comissao de Valores Mobiliarios (“CMV”), which has the responsibility for both Brazilian exchanges and over-the-counter markets. The Exchange further notes that the Commission executed a memorandum of understanding with the CMV dated as of July 24, 2012 (“Brazil-US MOU”), which provides a framework for mutual assistance in investigatory and regulatory issues. Based on the relationship between the SEC and CMV and the terms of the Brazil-US MOU, the Exchange submits that both the Commission and the CMV could acquire information from and provide

⁶ The regularly scheduled close of trading on NYSE Arca is normally 4:00 p.m. Eastern Time (“ET”) and 4:15 p.m. for ETFs.

information to the other similar to that which would be required in a CSSA between exchanges. Moreover, the Commission could make a request for information under the Brazil-US MOU on behalf of an SRO that needed the information for regulatory purposes. Thus, should MIAX need information on Brazilian trading in the Brazil Index component securities to investigate incidents involving trading of EWZ options, the SEC could request such information from the CMV under the Brazil-US MOU. While this arrangement certainly would be enhanced by the existence of direct exchange to exchange surveillance sharing agreements, it is nonetheless consistent with other instances where the Commission has explored alternatives when the relevant foreign exchange was unwilling or unable to enter into a CSSA.⁷

The practice of relying on surveillance agreements or MOUs between regulators when a foreign exchange was unable, or unwilling, to provide an information sharing agreement was affirmed by the Commission in the Commission's New Product Release ("New Product Release").⁸ The Commission noted in the New Product Release that if securing a CSSA is not possible, an exchange should contact the Commission prior to listing a new derivative securities product. The Commission also noted that the Commission may determine instead that it is appropriate to rely on a memorandum of understanding between the Commission and the foreign regulator.

The Exchange has recently contacted BM&FBOVESPA with a request to enter into a CSSA. Until the Exchange is able to secure a CSSA with BM&FBOVESPA, the Exchange requests that the Commission allow the listing and trading of options on EWZ without a CSSA,

⁷ See, e.g., Securities Exchange Act Release No. 36415 (October 25, 1995), 60 FR 55620 (November 1, 1995) (SR-CBOE-95-45) (Order Approving Proposed Rule Change Relating to the Listing and Trading of Options on the CBOE Mexico 30 Index).

⁸ See Securities Exchange Act Release No. 40761 (December 8, 1998), 63 FR 70952, 70959 at fn. 101 (December 22, 1998).

upon reliance of the Brazil-US MOU entered into between the Commission and the CMV. The Exchange believes this request is reasonable and notes that the Commission has provided similar relief in the past. For example, the Commission approved the Philadelphia Stock Exchange, Inc. (“PHLX”) to rely on an MOU between the Commission and the CMV instead of a direct CSSA with BM&FBOVESPA in order to list and trade options on Telebras Portfolio Certificate American Depository Receipts.⁹ Additionally, the Commission approved, on a pilot basis, proposals of competing exchanges to list and trade options on the iShares MSCI Emerging Markets Fund¹⁰ and the iShares MSCI Mexico Index Fund [sic].¹¹

The Commission’s approval of this request to list and trade options on the EWZ would otherwise render EWZ compliant with all of the applicable Listing Standards.

The Exchange shall continue to use its best efforts to obtain a CSSA with BM&FBOVESPA, which shall reflect the following: (1) express language addressing market trading activity, clearing activity, and customer identity; (2) BM&FBOVESPA’s reasonable ability to obtain access to and produce requested information; and (3) based on the CSSA and other information provided by the BM&FBOVESPA, the absence of existing rules, law or practices that would impede the Exchange from obtaining foreign information relating to market

⁹ See Securities Exchange Act Release No. 40298 (August 3, 1998), 63 FR 43435 (August 13, 1998) (SR-Phlx-1998-33).

¹⁰ See Securities Exchange Act Release Nos. 53824 (May 17, 2006), 71 FR 30003 (May 24, 2006) (SR-Amex-2006-43); 54081 (June 30, 2006), 71 FR 38911 (July 10, 2006) (SR-Amex-2006-60); 54553 (September 29, 2006), 71 FR 59561 (October 10, 2006) (SR-Amex-2006-91); 55040 (January 3, 2007), 72 FR 1348 (January 11, 2007) (SR-Amex-2007-01); and 55955 (June 25, 2007), 72 FR 36079 (July 2, 2007) (SR-Amex-2007-57); 56324 (August 27, 2007), 72 FR 50426 (August 31, 2007) (SR-ISE-2007-72).

¹¹ See Securities Exchange Act Release Nos. 72213 (May 21, 2014), [sic] FR 30699 (May 28, 2014) (SR-MIAX-2014-19); 56778 (November 9, 2007), 72 FR 65113 (November 19, 2007) (SR-Amex-2007-100); 57013 (December 20, 2007), 72 FR 73923 (December 28, 2007) (SR-CBOE-2007-140); 57014 (December 20, 2007), 72 FR 73934 (December 28, 2007) (SR-ISE-2007-111).

activity, clearing activity, or customer identity, or in the event such rules, laws, or practices exist, they would not materially impede the production of customer or other information.

iShares MSCI Chile Capped ETF (“ECH”)

ECH is registered pursuant to the Investment Company Act of 1940 as a management investment company designed to hold a portfolio of securities which track the MSCI Chile Investable Market Index (IMI) 25/50 (“Chile Index”).¹² The Chile Index consists of stocks traded primarily on the Santiago Stock Exchange (“SSE”). ECH employs a “representative sampling” methodology to track the Chile Index by investing in a representative sample of Chile Index securities having a similar investment profile as the Chile Index.¹³ BFA, ECH’s Adviser expects ECH to closely track the Chile Index so that, over time, a tracking error of 5%, or less, is exhibited. Securities selected by ECH have aggregate investment characteristics (based on market capitalization and industry weightings), fundamental characteristics (such as return variability, earnings valuation and yield) and liquidity measures similar to those of the Chile Index. ECH will not concentrate its investments (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except, to the extent practicable, to reflect the concentration in the Chile Index. ECH will invest at least ninety percent (90%) of its assets in the securities comprising the Chile Index and/or related ADRs. ECH may also invest its other assets in futures contracts, options on futures contracts, other types of options and swaps related to the Chile Index, as well as cash and cash equivalents. The Exchange believes that these requirements and policies prevent the ECH from being excessively weighted in any single

¹² Morgan Stanley Capital International Inc. (“MSCI”) created and maintains the MSCI Chile Investable Market Index (IMI) 25/50.

¹³ As of March 21, 2014, ECH was comprised of 41 securities. S.A.C.I. FALABELLA had the greatest individual weight at 9.25%. The aggregate percentage weighting of the top 5 and 10 securities in the Fund were 39.92% and 62.57%, respectively.

security or small group of securities and significantly reduce concerns that trading in ECH could become a surrogate for trading in unregistered securities.

Shares of the ECH (“ECH Shares”) are issued and redeemed, on a continuous basis, at NAV in aggregation size of 50,000 shares, or multiples thereof (a “Creation Unit”). Following issuance, ECH Shares are traded on an exchange like other equity securities. ECH Shares trade in the secondary markets in amounts less than a Creation Unit and the price per ECH Share may differ from its NAV which is calculated once daily as of the regularly scheduled close of business of NYSE Arca.¹⁴

State Street Bank and Trust Company, the administrator, custodian, and transfer agent for ECH. Detailed information on ECH can be found at www.ishares.com.

The Exchange has reviewed ECH and determined that the ECH Shares satisfy the initial listing standards, except for the requirement set forth in MIAX Rule 402(i)(5)(ii)(A) which requires ECH to meet the following condition:

- 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.

The Exchange currently does not have in place a surveillance agreement with SSE.

The Exchange submits that the Commission, in the past, has been willing to allow a national securities exchange to rely on a memorandum of understanding entered into between regulators in the event that the exchanges themselves cannot enter into a CSSA. The Exchange notes that SSE is under the regulatory oversight of the Superintendencia de Valores y Seguros de Chile (“SVS”), which has the responsibility for Chilean securities markets. The Exchange

¹⁴ See supra note 6.

further notes that the Commission executed a memorandum of understanding with the SVS dated as of June 3, 1993 (“Chile-US MOU”), which provides a framework for mutual assistance in investigatory and regulatory issues. Based on the relationship between the SEC and SVS and the terms of the Chile-US MOU, the Exchange submits that both the Commission and the SVS could acquire information from and provide information to the other similar to that which would be required in a CSSA between exchanges. Moreover, the Commission could make a request for information under the Chile-US MOU on behalf of an SRO that needed the information for regulatory purposes. Thus, should MIAX need information on Chilean trading in the Chile Index component securities to investigate incidents involving trading of ECH options, the SEC could request such information from the SVS under the Chile-US MOU. While this arrangement certainly would be enhanced by the existence of direct exchange to exchange surveillance sharing agreements, it is nonetheless consistent with other instances where the Commission has explored alternatives when the relevant foreign exchange was unwilling or unable to enter into a CSSA.¹⁵

The practice of relying on surveillance agreements or MOUs between regulators when a foreign exchange was unable, or unwilling, to provide an information sharing agreement was affirmed by the Commission in the Commission’s New Product Release.¹⁶ The Commission noted in the New Product Release that if securing a CSSA is not possible, an exchange should contact the Commission prior to listing a new derivative securities product. The Commission also noted that the Commission may determine instead that it is appropriate to rely on a memorandum of understanding between the Commission and the foreign regulator.

¹⁵ See supra note 7.

¹⁶ See supra note 8.

The Exchange has recently contacted SSE with a request to enter into a CSSA. Until the Exchange is able to secure a CSSA with SSE, the Exchange requests that the Commission allow the listing and trading of options on ECH without a CSSA, upon reliance of the MOU entered into between the Commission and the SVS. The Exchange believes this request is reasonable and notes that the Commission has provided similar relief in the past. For example, the Commission approved, on a pilot basis, proposals of competing exchanges to list and trade options on the iShares MSCI Emerging Markets Fund¹⁷ and the iShares MSCI Mexico Index Fund.¹⁸

The Commission's approval of this request to list and trade options on the ECH would otherwise render ECH compliant with all of the applicable Listing Standards.

The Exchange shall continue to use its best efforts to obtain a CSSA with SSE, which shall reflect the following: (1) express language addressing market trading activity, clearing activity, and customer identity; (2) SSE's reasonable ability to obtain access to and produce requested information; and (3) based on the CSSA and other information provided by SSE, the absence of existing rules, law or practices that would impede the Exchange from obtaining foreign information relating to market activity, clearing activity, or customer identity, or in the event such rules, laws, or practices exist, they would not materially impede the production of customer or other information.

iShares MSCI Peru Capped ETF ("EPU")

EPU is registered pursuant to the Investment Company Act of 1940 as a management investment company designed to hold a portfolio of securities which track the MSCI All Peru

¹⁷ See supra note 10.

¹⁸ See supra note 11.

Capped Index (“Peru Index”).¹⁹ The Peru Index consists of stocks traded primarily on Bolsa de Valores de Lima (“BVL”). EPU employs a “representative sampling” methodology to track the Peru Index by investing in a representative sample of Peru Index securities having a similar investment profile as the Peru Index.²⁰ BFA expects EPU to closely track the Peru Index so that, over time, a tracking error of 5%, or less, is exhibited. Securities selected by EPU have aggregate investment characteristics (based on market capitalization and industry weightings), fundamental characteristics (such as return variability, earnings valuation and yield) and liquidity measures similar to those of the Peru Index. EPU will not concentrate its investments (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except, to the extent practicable, to reflect the concentration in the Peru Index. EPU will invest at least eighty percent (80%) of its assets in the securities comprising the Peru Index and/or related ADRs. EPU may also invest its other assets in futures contracts, options on futures contracts, other types of options and swaps related to the Peru Index, as well as cash and cash equivalents. The Exchange believes that these requirements and policies prevent the EPU from being excessively weighted in any single security or small group of securities and significantly reduce concerns that trading in EPU could become a surrogate for trading in unregistered securities.

Shares of the EPU (“EPU Shares”) are issued and redeemed, on a continuous basis, at NAV in aggregation size of 50,000 shares, or multiples thereof (a “Creation Unit”). Following issuance, EPU Shares are traded on an exchange like other equity securities. EPU Shares trade

¹⁹ Morgan Stanley Capital International Inc. (“MSCI”) created and maintains the All Peru Capped Index.

²⁰ As of March 20, 2014, EPU was comprised of 25 securities. CREDICORP LTD had the greatest individual weight at 26.72%. The aggregate percentage weighting of the top 5 and 10 securities in the Fund were 55.60% and 73.11%, respectively.

in the secondary markets in amounts less than a Creation Unit and the price per EPU Share may differ from its NAV which is calculated once daily as of the regularly scheduled close of business of NYSE Arca.²¹

State Street Bank and Trust Company, the administrator, custodian, and transfer agent for EPU. Detailed information on EPU can be found at www.ishares.com.

The Exchange has reviewed EPU and determined that the EPU Shares satisfy the initial listing standards, except for the requirement set forth in MIAX Rule 402(i)(5)(ii)(A) which requires EPU to meet the following condition:

- 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.

The Exchange currently does not have in place a surveillance agreement with BVL.

The Exchange submits that the Commission, in the past, has been willing to allow a national securities exchange to rely on a memorandum of understanding entered into between regulators in the event that the exchanges themselves cannot enter into a CSSA. The Exchange notes that BVL is under the regulatory oversight of the Superintendencia del Mercado de Valores (“SMV”), which has the responsibility for Peruvian stock exchanges. The Exchange further notes that both the Commission and SMV are signatories to the International Organization of Securities Commissions (“IOSCO”) Multilateral Memorandum of Understanding (“MMOU”), which provides a framework for mutual assistance in investigatory and regulatory issues. Based on the relationship between the SEC and SMV and the terms of the MMOU, the Exchange submits that both the Commission and the SMV could acquire information from and provide

²¹ See supra note 6.

information to the other similar to that which would be required in a CSSA between exchanges. Moreover, the Commission could make a request for information under the MMOU on behalf of an SRO that needed the information for regulatory purposes. Thus, should MIAX need information on Peruvian trading in the Peru Index component securities to investigate incidents involving trading of EPU options, the SEC could request such information from the SMV under the MMOU. While this arrangement certainly would be enhanced by the existence of direct exchange to exchange surveillance sharing agreements, it is nonetheless consistent with other instances where the Commission has explored alternatives when the relevant foreign exchange was unwilling or unable to enter into a CSSA.²²

The practice of relying on surveillance agreements or MOUs between regulators when a foreign exchange was unable, or unwilling, to provide an information sharing agreement was affirmed by the Commission in the New Product Release.²³ The Commission noted in the New Product Release that if securing a CSSA is not possible, an exchange should contact the Commission prior to listing a new derivative securities product. The Commission also noted that the Commission may determine instead that it is appropriate to rely on a memorandum of understanding between the Commission and the foreign regulator.

The Exchange has recently contacted BVL with a request to enter into a CSSA. Until the Exchange is able to secure a CSSA with BVL, the Exchange requests that the Commission allow the listing and trading of options on EPU without a CSSA, upon reliance of the MMOU entered into between the Commission and the SMV. The Exchange believes this request is reasonable and notes that the Commission has provided similar relief in the past. Additionally, the Commission approved, on a pilot basis, proposals of competing exchanges to list and trade

²² See supra, note 7.

²³ See supra, note 8.

options on the iShares MSCI Emerging Markets Fund²⁴ and the iShares MSCI Mexico Index Fund.²⁵

The Commission's approval of this request to list and trade options on the EPU would otherwise render EPU compliant with all of the applicable Listing Standards.

The Exchange shall continue to use its best efforts to obtain a CSSA with BVL, which shall reflect the following: (1) express language addressing market trading activity, clearing activity, and customer identity; (2) BVL's reasonable ability to obtain access to and produce requested information; and (3) based on the CSSA and other information provided by the BVL, the absence of existing rules, law or practices that would impede the Exchange from obtaining foreign information relating to market activity, clearing activity, or customer identity, or in the event such rules, laws, or practices exist, they would not materially impede the production of customer or other information.

iShares MSCI Spain Capped ETF ("EWP")

EWP is registered pursuant to the Investment Company Act of 1940 as a management investment company designed to hold a portfolio of securities which track the MSCI Spain 25/50 Index ("Spain Index").²⁶ The Spain Index consists of stocks traded primarily on Bolsa de Madrid ("BME"). EWP employs a "representative sampling" methodology to track the Spain Index by investing in a representative sample of Spain Index securities having a similar investment profile as the Spain Index.²⁷ BFA expects EWP to closely track the Spain Index so

²⁴ See supra note 10.

²⁵ See supra note 11.

²⁶ Morgan Stanley Capital International Inc. ("MSCI") created and maintains the Spain 25/50 Index.

²⁷ As of March 28, 2014, EWP was comprised of 24 securities. BANCO SANTANDER SA had the greatest individual weight at 22.37%. The aggregate percentage weighting of the top 5 and 10 securities in the Fund were 56.88% and 74.52%, respectively.

that, over time, a tracking error of 5%, or less, is exhibited. Securities selected by EWP have aggregate investment characteristics (based on market capitalization and industry weightings), fundamental characteristics (such as return variability, earnings valuation and yield) and liquidity measures similar to those of the Spain Index. EWP will not concentrate its investments (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except, to the extent practicable, to reflect the concentration in the Spain Index. EWP will invest at least eighty percent (80%) of its assets in the securities comprising the Spain Index and/or related ADRs. EWP may also invest its other assets in futures contracts, options on futures contracts, other types of options and swaps related to the Spain Index, as well as cash and cash equivalents. The Exchange believes that these requirements and policies prevent the EWP from being excessively weighted in any single security or small group of securities and significantly reduce concerns that trading in EWP could become a surrogate for trading in unregistered securities.

Shares of the EWP (“EWP Shares”) are issued and redeemed, on a continuous basis, at NAV in aggregation size of 75,000 shares, or multiples thereof (a “Creation Unit”). Following issuance, EWP Shares are traded on an exchange like other equity securities. EWP Shares trade in the secondary markets in amounts less than a Creation Unit and the price per EWP Share may differ from its NAV which is calculated once daily as of the regularly scheduled close of business of NYSE Arca.²⁸

State Street Bank and Trust Company, the administrator, custodian, and transfer agent for EWP. Detailed information on EWP can be found at www.ishares.com.

²⁸ See supra note 6.

The Exchange has reviewed EWP and determined that the EWP Shares satisfy the initial listing standards, except for the requirement set forth in MIAX Rule 402(i)(5)(ii)(A) which requires EWP to meet the following condition:

- 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.

The Exchange currently does not have in place a surveillance agreement with BME.

The Exchange submits that the Commission, in the past, has been willing to allow a national securities exchange to rely on a memorandum of understanding entered into between regulators in the event that the exchanges themselves cannot enter into a CSSA. The Exchange notes that BME is under the regulatory oversight of the Comision Nacional del Mercado de Valores (“CNMV”), which has the responsibility for Spanish stock exchanges. The Exchange further notes that the Commission executed a memorandum of understanding with the CNMV dated as of July 22, 2013 (“Spain-US MOU”), which provides a framework for mutual assistance in investigatory and regulatory issues. Based on the relationship between the SEC and CNMV and the terms of the Spain-US MOU, the Exchange submits that both the Commission and the CNMV could acquire information from and provide information to the other similar to that which would be required in a CSSA between exchanges. Moreover, the Commission could make a request for information under the Spain-US MOU on behalf of an SRO that needed the information for regulatory purposes. Thus, should MIAX need information on Spanish trading in the Spain Index component securities to investigate incidents involving trading of EWP options, the SEC could request such information from the CNMV under the Spain-US MOU. While this arrangement certainly would be enhanced by the existence of direct exchange to

exchange surveillance sharing agreements, it is nonetheless consistent with other instances where the Commission has explored alternatives when the relevant foreign exchange was unwilling or unable to enter into a CSSA.²⁹

The practice of relying on surveillance agreements or MOUs between regulators when a foreign exchange was unable, or unwilling, to provide an information sharing agreement was affirmed by the Commission in the New Product Release.³⁰ The Commission noted in the New Product Release that if securing a CSSA is not possible, an exchange should contact the Commission prior to listing a new derivative securities product. The Commission also noted that the Commission may determine instead that it is appropriate to rely on a memorandum of understanding between the Commission and the foreign regulator.

The Exchange has recently contacted BME with a request to enter into a CSSA. Until the Exchange is able to secure a CSSA with BME, the Exchange requests that the Commission allow the listing and trading of options on EWP without a CSSA, upon reliance of the Spain-US MOU entered into between the Commission and the CNMV. The Exchange believes this request is reasonable and notes that the Commission has provided similar relief in the past. Additionally, the Commission approved, on a pilot basis, proposals of competing exchanges to list and trade options on the iShares MSCI Emerging Markets Fund³¹ and the iShares MSCI Mexico Index Fund.³²

The Commission's approval of this request to list and trade options on the EWP would otherwise render EWP compliant with all of the applicable Listing Standards.

²⁹ See supra, note 7.

³⁰ See supra, note 8.

³¹ See supra note 10.

³² See supra note 11.

The Exchange shall continue to use its best efforts to obtain a CSSA with BME, which shall reflect the following: (1) express language addressing market trading activity, clearing activity, and customer identity; (2) BME's reasonable ability to obtain access to and produce requested information; and (3) based on the CSSA and other information provided by the BME, the absence of existing rules, law or practices that would impede the Exchange from obtaining foreign information relating to market activity, clearing activity, or customer identity, or in the event such rules, laws, or practices exist, they would not materially impede the production of customer or other information.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act³³ in general, and furthers the objectives of Section 6(b)(5) of the Act³⁴ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. In particular, the Exchange believes listing and trading of options on the iShare ETFs will benefit investors by providing them with valuable risk management tools.

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

The Exchange believes this proposed rule change will benefit investors by providing additional methods to trade options on the iShares ETFs, and by providing them with valuable risk management tools. Specifically, the Exchange believes that market participants on MIAX would benefit from the introduction and availability of options on the iShares ETFs in a manner

³³ 15 U.S.C. 78f(b).

³⁴ 15 U.S.C. 78f(b)(5).

that is similar to other exchanges and will provide investors with yet another venue on which to trade these products. The Exchange notes that the rule change is being proposed as a competitive response to other competing options exchanges that already list and trade options on the iShare ETFs and believes this proposed rule change is necessary to permit fair competition among the options exchanges. For all the reasons stated above, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

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

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MIAX-2014-30 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-MIAX-2014-30. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer

to File Number SR-MIAX-2014-30 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁵

Kevin M. O'Neill
Deputy Secretary

³⁵ 17 CFR 200.30-3(a)(12).