

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75408; File No. SR-MIAX-2015-45)

July 9, 2015

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Its Fee Schedule

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 7, 2015, 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 the Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

The Exchange proposes to amend the Fee Schedule to modify the transaction fees for Members that participate in the price improvement auction ("PRIME Auction" or "PRIME") pursuant to Rule 515A.³ Specifically, the Exchange proposes: (i) increase the fee for a PRIME AOC Response from \$0.45 per contract to \$0.49 per contract for standard options in Penny Pilot classes; (ii) increase the fee for a PRIME AOC Response from \$0.90 per contract to \$0.94 per contract for standard options in non-Penny Pilot classes; and (iii) provide for additional incentives for achieving certain Priority Customer Rebate Program volume tiers.

Currently, the Exchange assesses PRIME AOC Responses \$0.45 per contract for standard options in Penny Pilot classes and \$0.90 per contract in non-Penny Pilot classes. The Exchange now proposes to modify these fees that apply to PRIME AOC Responses. Specifically, the Exchange proposes: (i) increase the fee for a PRIME AOC Response from \$0.45 per contract to \$0.49 per contract for standard options in Penny Pilot classes; and (ii) increase the fee for a PRIME AOC Response from \$0.90 per contract to \$0.94 per contract for standard options in non-Penny Pilot classes. The Exchange will continue to assess the standard transaction fees to a PRIME AOC Response if they execute against unrelated orders.

The Exchange proposes to offer Members that submit PRIME AOC Responses the opportunity to reduce transaction fees by \$0.04 per contract in standard options if the Member or its affiliates of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A, qualifies in a given month for Priority Customer Rebate Program volume

³ See Exchange Rule 515A. See also Securities Exchange Act Release No. 72943 (August 28, 2014), 79 FR 52785 (September 4, 2014) (SR-MIAX-2014-45); MIAX Options Fee Schedule, Section 1)a)iv).

tiers 3, 4, or 5 in the Fee Schedule. Specifically, any Member or its affiliates of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A, that qualifies for Priority Customer Rebate Program volume tiers 3, 4, or 5 will be assessed a PRIME AOC Response fee of \$0.45 per contract for standard options in Penny Pilot classes. In addition, any Member or its affiliates of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A, that qualifies for Priority Customer Rebate Program volume tiers 3, 4, or 5 will be assessed a PRIME AOC Response fee of \$0.90 per contract for standard options in non-Penny Pilot classes. The Exchange believes that these incentives will encourage Members to transact a greater number of contracts on the Exchange. The Exchange notes that these incentives will operate identically to the Priority Customer Rebate Program incentives that apply to any Member or its affiliates of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A, that qualifies for Priority Customer Rebate Program volume tiers 3, 4, or 5 in other types of transaction fees.⁴

The Exchange proposes to implement the proposed changes beginning July 1, 2015.

2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act⁵ in general, and furthers the objectives of Section 6(b)(4) of the Act⁶ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange's proposal to increase the transaction fees for Members that submit PRIME AOC Responses is reasonable because the Exchange's fees will remain competitive with

⁴ See MIAX Options Fee Schedule.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

fees at other options exchanges.⁷ The Exchange's proposal to increase the transaction fees for Members that submit PRIME AOC Responses is equitable and not unfairly discriminatory because the increase applies equally to all such market participants. The Exchange believes that the transaction fees for responding to the auction will not deter market participants from providing price improvement. In addition, the Exchange believes that it is reasonable to continue to assess lower transaction fees in penny option classes than non-penny option classes in a manner similar to the current fees.⁸

The Exchange's proposal to offer Members or its affiliates of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A, that qualifies for Priority Customer Rebate Program volume tiers 3, 4, or 5, that submit PRIME AOC Responses the opportunity to reduce transaction fees by \$0.04 per contract in standard options, provided certain criteria are met, is reasonable because the Exchange desires to offer all such market participants an opportunity to lower their transaction fees. The Exchange's proposal to offer Members or its affiliates of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A, that qualifies for Priority Customer Rebate Program volume tiers 3, 4, or 5, that submit PRIME AOC Responses the opportunity to reduce transaction fees by \$0.04 per contract in standard options, provided certain criteria are met, is equitable and not unfairly discriminatory because the Exchange will offer all market participants a means to reduce transaction fees by qualifying for volume tiers in the Priority Customer Rebate Program. The Exchange believes that offering all such market participants the opportunity to lower transaction fees by incentivizing them to transact Priority Customer order flow in turn benefits all market

⁷ See e.g., NYSE Amex Options Fee Schedule; International Securities Exchange LLC Schedule of Fees; BOX Options Exchange Fee Schedule.

⁸ See Securities Exchange Act Release No. 72989 (September 4, 2014), 79 FR 53792 (September 10, 2014) (SR-MIAX-2014-47).

participants. To the extent that there is higher transaction fees assessed on market participants without Priority Customer order flow, the Exchange believes that this is appropriate because the proposal should incent Members to direct additional order flow to the Exchange and thus provide additional liquidity that enhances the quality of its markets and increases the volume of contracts traded here. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity. Enhanced market quality and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange.

The Exchange believes that the proposal to allow the aggregation of trading activity of separate Members or its affiliates for purposes of the fee reduction is fair, equitable and not unreasonably discriminatory. The Exchange believes the proposed rule change is reasonable because it would allow aggregation of the trading activity of separate Members or its affiliates for purposes of the fee reduction only in very narrow circumstances, namely, where the firm is an affiliate, as defined herein. Furthermore, other exchanges, as well as MIAX, have rules that permit the aggregation of the trading activity of affiliated entities for the purposes of calculating and assessing certain fees. The Exchange believes that offering all such market participants the opportunity to lower transaction fees by incentivizing them to transact Priority Customer order flow in turn benefits all market participants.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed change will enhance the competitiveness of the Exchange relative to other exchanges that offer their own electronic crossing mechanism. The Exchange

believes that the proposed fees are not going to have an impact on intra-market competition based on the total cost for participants to transact as respondents to the Auction as compared to the cost for participants to engage in non-Auction electronic transactions on the Exchange. As noted above, the Exchange believes that the proposed pricing for the PRIME Auction is comparable to that of other exchanges offering similar electronic price improvement mechanisms, and the Exchange believes that market participants understand that the price-improving benefits, based on their experience with electronic price improvement crossing mechanisms on other markets, offered by the Auction justify and offset the transaction costs associated with Auction. To the extent that there is a difference between non-Auction transactions fees and Auction transactions fees, the Exchange does not believe this difference will cause participants to refrain from responding to Auctions. In addition, the Exchange does not believe that the proposed transaction fees and credits burden competition by creating a disparity of transaction fees between the PRIME Order and the transaction fees that a responder pays would result in certain participants being unable to compete with the Contra-side Order. The Exchange expects to see robust competition within the PRIME Auction, despite the apparent differences in non-Auction fees versus Auction response fees.

To the extent that there is additional competitive burden on market participants without Priority Customer order flow, the Exchange believes that this is appropriate because the proposal should incent Members to direct additional order flow to the Exchange and thus provide additional liquidity that enhances the quality of its markets and increases the volume of contracts traded here. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity. Enhanced market quality and increased

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

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. The Exchange believes that the proposed rule change reflects this competitive environment because it establishes a fee structure in a manner that encourages market participants to direct their order flow, to provide liquidity, and to attract additional transaction volume to the Exchange.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.⁹ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2015-45 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MIAX-2015-45. 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, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such 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-2015-45, 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.¹⁰

Brent J. Fields
Secretary

¹⁰ 17 CFR 200.30-3(a)(12).