

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-76392; File No. SR-MIAX-2015-62)

November 9, 2015

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend MIAX Rule 521

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 November 4, 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 Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors, to modify the amount to be charged to Members that appeal an Official ruling when the ruling is sustained and not overturned or modified, and to pass through other market center charges associated with obvious error determinations.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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.

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

1. Purpose

On May 7, 2015 the Exchange filed a proposed rule change to replace Exchange Rule 521 entitled "Obvious and Catastrophic Errors" with new Exchange Rule 521 entitled "Nullification and Adjustment of Options Transactions Including Obvious Errors." Rule 521 became operative on May 8, 2015.³ Rule 521 was amended in conjunction with amendments made by all U.S. options exchanges in order to harmonize their respective rules related to the adjustment and nullification of erroneous options transactions. The Exchange believes that Rule 521, together with comparable harmonized rules of the other U.S. options exchanges,⁴ provides transparency and finality with respect to the adjustment and nullification of erroneous options transactions, achieving consistent results for participants across the options exchanges while maintaining a fair and orderly market, protecting investors and protecting the public interest.

The purpose of the proposed rule change is to further harmonize Rule 521 with the rules of other exchanges by modifying the amount to be charged to Members that appeal an Official ruling under Rule 521 if such ruling is sustained and not overturned or modified, and to permit the Exchange to pass along charges assessed by another market center in connection with

³ See Securities Exchange Act Release No. 74918 (May 8, 2015), 80 FR 27781 (May 14, 2015) (SR-MIAX-2015-35).

⁴ See, e.g., NASDAQ OMX PHLX LLC ("PHLX") Rule 1092(l) and BATS Exchange, Inc. ("BATS") Rule 20.6. See also, e.g., Securities Exchange Act Release Nos. 74556 (March 20, 2015), 80 FR 16031 (March 26, 2015)(SR-BATS-2014-067), and 75488 (July 20, 2015), 80 FR 44164 (July 24, 2015)(SR-Phlx-2015-65).

Obvious Error and Catastrophic Error determination requests presented to that market center by the Exchange on a Member's behalf.

The Exchange proposes to amend Section (1)(2) of the Rule to charge \$500.00 to MIAX Members that appeal an Official ruling when such ruling is sustained and not overturned or modified, and to add new language to permit the Exchange to pass along charges assessed by another market center in connection with Obvious Error and Catastrophic Error determination requests presented to that market center by the Exchange on a Member's behalf. Currently, the Exchange charges Members \$250.00 in this circumstance. The Exchange proposes to increase this charge from \$250.00 to \$500.00.

2. Statutory Basis

The Exchange believes that its proposal to amend Rule 521 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 provides for an equitable allocation of reasonable fees and other charges among Exchange members.

The \$500.00 charge and the provision to pass through charges from other market centers proposed herein is just and equitable and not unfairly discriminatory because it would apply equally to all MIAX Members seeking review on appeal of Official rulings pursuant to Rule 521(l), and will not be assessed if the ruling giving rise to the appeal is modified or reversed. The \$500.00 charge is consistent with the amount charged by other U.S. options exchanges for unsuccessful appeals under their obvious error rules.⁷

The provision to pass through charges from other market centers proposed herein is just

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

⁷ See supra note 4.

and equitable and not unfairly discriminatory because it would apply equally to all MIAX Members requesting Obvious Error or Catastrophic Error determinations from other market centers through the Exchange. The pass through charge is also consistent with pass through charges charged by other U.S. options exchanges under their obvious error rules.⁸ The Exchange believes that it will prevent fraudulent and manipulative practices, promote just and equitable principles of trade, and remove impediments to and perfect the mechanisms of a free and open market and a national market system by discouraging frivolous appeals of Official rulings made under Rule 521. Further, it will allow the Exchange to recoup its administrative costs associated with Rule 521 appeals, and provide additional resources to the Exchange to administer its regulatory functions, including appeals of Official rulings under Rule 521(l).

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposal will have any impact on competition in that the \$500.00 charge and the provision of pass through charges from other market centers proposed herein will apply equally to all MIAX Members submitting appeals pursuant to Rule 521(l).

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

⁸ See supra note 4.

Act,⁹ and Rule 19b-4(f)(2)¹⁰ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MIAX-2015-62 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-2015-62. 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

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁰ 17 CFR 240.19b-4(f)(2).

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-2015-62, 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.¹¹

Robert W. Errett
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).