

SECURITIES AND EXCHANGE COMMISSION
(Release No 34-86197; File No. SR-MIAX-2019-30)

June 25, 2019

Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 515, Execution of Orders and Quotes

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 18, 2019, Miami International Securities Exchange, LLC (“MIAX Options” or the “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 Exchange Rule 515, Execution of Orders and Quotes, to add additional detail and make clarifying changes to the rule.

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings/> at MIAX Options’ 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 amend Exchange Rule 515, Execution of Orders and Quotes, to add additional detail and make clarifying changes to the rule. Specifically, the Exchange proposes to make a number of minor non-substantive edits to references to “Rule 515” or “Exchange Rule 515” throughout the rule text. Currently, there are several references in Exchange Rule 515 where the rule refers back to itself generally as “Rule 515” or “Exchange Rule 515.” The Exchange proposes to amend all general references in Exchange Rule 515 that are to “Rule 515” or “Exchange Rule 515” that do not refer to any particular section or paragraph to be replaced with “this Rule” in order to provide consistency and clarity within the rule text. The proposed changes would be to references to “Rule 515” or “Exchange Rule 515” that are currently in the following sections in Exchange Rule 515: paragraph (a); paragraph (c); subsection (c)(1)(i); subsection (c)(1)(ii)(A); subsection (c)(2)(i)(B); and Interpretation and Policy .04.

Next, the Exchange proposes to amend paragraph (c) of Exchange Rule 515, Non-Market Maker Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO³ Upon Receipt, subsection (3)(i)(C), to clarify the System’s⁴ behavior when certain conditions arise during a liquidity refresh pause. Paragraph (c) provides a definition of

³ 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. See Exchange Rule 100.

⁴ The term “System” means the automated trading system used by the Exchange for the trading of Securities. See Exchange Rule 100.

“initiating order” and “original NBBO” for the purposes of Exchange Rule 515 as follows. The term “initiating order” will be used 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 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 Exchange Rule 515.

Subsection (c)(3), Liquidity Refresh Pause for Exhausted Market Maker⁵ Quotes, provides that the System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO⁶ to be received (“liquidity refresh pause”)⁷ when at the time of receipt or reevaluation of the initiating order by the System: (A) either the initiating order is a limit order whose limit price crosses the NBBO or the initiating order is a market order, and the limit order or market order could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) and the Market Maker quote was exhausted.⁸

As described in the Exchange’s current subsection (c)(3)(i)(C), during the liquidity refresh pause, if the Exchange receives a new order or quote on the same side of the market as the initiating order’s remaining contracts, which locks or crosses the original NBBO, the liquidity refresh pause will be terminated early.⁹ The Exchange recently identified an

⁵ The term “Market Maker” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.

⁶ The term “MBBO” means the best bid or offer on the Exchange. See Exchange Rule 100.

⁷ The Exchange notes that the current setting is 20 milliseconds.

⁸ See Exchange Rule 515(c)(3).

⁹ See Exchange Rule 515(c)(3)(i)(C).

inconsistency between subsection (c)(3)(i)(C) of Exchange Rule 515 and the Exchange’s System behavior regarding the NBBO used for evaluation purposes (original versus current), which determines whether the System will terminate the liquidity refresh pause early based on the receipt of a new order or quote on the same side of the market as the initiating order’s remaining contracts. The Exchange believes that the System is operating correctly and that the rule text inadvertently described the NBBO used for evaluation purposes as the original NBBO, rather than the current NBBO. The System currently operates in the following manner. During the liquidity refresh pause, if the Exchange receives a new order or quote on the same side of the market as the initiating order’s remaining contracts, which locks or crosses the current NBBO, the liquidity refresh pause will be terminated early. Accordingly, in subsection (c)(3)(i)(C) of Exchange Rule 515, the Exchange proposes to replace the word “original” preceding NBBO with the word “current” to more accurately describe the NBBO used in the reevaluation process that occurs in this scenario. By using the current NBBO, the System ensures the proper handling of new same side interest. The System will not execute routable orders¹⁰ or non-routable orders¹¹ at prices that are inferior to the current NBBO, therefore the Exchange’s proposal improves the specificity of Exchange Rule 515.

Next, the Exchange proposes to amend subsection (c)(3) of Exchange Rule 515 to succinctly describe the conditions that must be present for the liquidity refresh pause to occur and make minor corrective changes to the numerical and alphabetical list item identifiers to properly conform to the hierarchical heading scheme used throughout the Exchange’s rulebook. In particular, the Exchange proposes to insert numerical identifiers “(1)” and “(2)” into subsection (c)(3)(A) in order to clarify that to meet the first condition for the liquidity refresh

¹⁰ See Exchange Rule 515(c)(1)(i).

¹¹ See Exchange Rule 515(c)(1)(ii)(A).

pause to occur, the initiating order must be a limit order or market order, whose limit price must cross the NBBO and could only be partially executed. The Exchange proposes to delete redundant rule text in the first clause of subsection (c)(3)(A) in order to clarify the conditions for the liquidity refresh pause to occur. Accordingly, with the proposed changes, subsection (c)(3) will provide as follows:

The System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO to be received (“liquidity refresh pause”) when at the time of receipt or reevaluation of the initiating order by the System: (A) the initiating order is a limit order or market order whose (1) limit price crosses the NBBO and (2) could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) the Market Maker quote was exhausted.

Next, the Exchange proposes to amend paragraph (d) of Exchange Rule 515 to harmonize the rule text to the Exchange’s affiliate, MIAX Emerald, LLC (“MIAX Emerald”), and to make corrective changes to the numerical and alphabetical list item identifiers to properly conform to the hierarchical heading scheme used throughout the Exchange’s rulebook. The Exchange proposes to separate paragraph (d) into several subsections. In particular, the Exchange proposes to adopt subsection (d)(1) of Exchange Rule 515, which would state as follows:

If a Market Maker order or quote could not be executed or could not be executed in full upon receipt, the System will continue to execute the Market Maker’s order or quote at multiple prices until (i) the Market Maker’s quote has been exhausted or its order has been completely filled; (ii) the executions have reached the Market Maker’s limit price; or (iii) further executions will trade at a price inferior to the ABBO, whichever occurs first.

This new subsection (d)(1) would not contain any substantive change or add or delete any rule text already in place. The Exchange also proposes to adopt new subsection (d)(2) of Exchange Rule 515, which would state as follows:

For a Market Maker order or quote that locks or crosses the opposite side ABBO and the MBBO is inferior to the ABBO, the System will manage such order or

quote in accordance with the following. Once the System can no longer execute the Market Maker's order or quote, the System will display the order or quote one MPV away from the current opposite side ABBO and book the order or quote at a price that will lock the current opposite side ABBO. Should the ABBO price change to an inferior price level, the Market Maker order or quote's Book price will continuously re-price to lock the new ABBO and the Market Maker order or quote's displayed price will continuously re-price one MPV away from the new ABBO, until the Market Maker order or quote reaches its original limit price, is fully executed or cancelled.

This new subsection (d)(2) of Exchange Rule 515 does not contain any substantive change to the rule text already in place and harmonizes the rule text to the Exchange's affiliate, MIAX Emerald, by replacing references from "NBBO" to "ABBO."¹² The Exchange also proposes to delete the word "internally" in subsection (d)(2) to harmonize the rule text to the Exchange's affiliate, MIAX Emerald.¹³

The Exchange also proposes to adopt new subsection (d)(3)(i) of Exchange Rule 515, which would state as follows:

If the Exchange receives a new order or quote on the opposite side of the market from the Market Maker order or quote that can be executed, the System will immediately execute the remaining contracts from the Market Maker order or quote to the extent possible at the Market Maker order or quote's current Book bid or offer price, provided that the execution price does not violate the current NBBO.

The Exchange also proposes to adopt new subsection (d)(3)(ii) of Exchange Rule 515, which would state as follows:

If unexecuted contracts remain from the Market Maker's order or quote, the order or quote size will be revised and the MBBO disseminated to reflect the order or quote's remaining contracts.

The new subsections (d)(3)(i) and (d)(3)(ii) of Exchange Rule 515 do not contain any substantive change or add or delete any rule text already in place.

¹² See MIAX Emerald Rule 515(d)(ii).

¹³ See id.

Next, the Exchange proposes to amend Exchange Rule 515(h) to consolidate subsections (h)(1)(A) and (h)(1)(C) into paragraph (h)(1) to conform Exchange Rule 515(h) to the Exchange's affiliate, MIAX Emerald.¹⁴ The Exchange also proposes to delete the rule text for subsection (h)(1)(B) as that subsection is redundant rule text and the Exchange believes that it is not necessary to specify the minimum trading increments applicable to that particular order type since minimum trading increments are covered in Exchange Rule 510. Accordingly, with the proposed changes, subsection (h)(1) of Exchange Rule 515 would state as follows:

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 Book; and (iii) will not trade at a price inferior to the NBBO. If trading interest exists on the MIAX Book that is subject to the liquidity refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A 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.

The Exchange proposes to amend Exchange Rule 515(h) to consolidate subsection (h)(2)(A) into subsection (h)(2) to conform Exchange Rule 515(h) to the Exchange's affiliate, MIAX Emerald. The Exchange also proposes to delete the rule text for subsection (h)(2)(B) of Exchange Rule 515 as that subsection is redundant rule text and the Exchange believes that it is not necessary to specify the minimum trading increments applicable to that particular order type since minimum trading increments are covered in Exchange Rule 510. Accordingly, with the proposed changes, subsection (h)(2) of Exchange Rule 515 would state as follows:

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

¹⁴ See MIAX Emerald Rule 515(h).

Priority Customer Order on the Exchange's Book; and (ii) is at or between the NBBO. If trading interest exists on the MIAX Book that is subject to the liquidity refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Qualified Contingent Cross Order, the System will reject the Qualified Contingent Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A 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.

Next, the Exchange proposes to amend subsections (h)(3) and (h)(4) of Exchange Rule 515 to amend references in those subsections from the plural "Interpretations and Policies" to the singular "Interpretation and Policy" when referring to one specific Interpretation and Policy. Accordingly, the Exchange proposes to amend subsection (h)(3) of Exchange Rule 515, which references "Interpretations and Policies .12" to now read "Interpretation and Policy .12." The Exchange proposes to amend subsection (h)(3)(C) of Exchange Rule 515, which references "Interpretations and Policies .01" to now read "Interpretation and Policy .01." The Exchange proposes to amend subsection (h)(4) of Exchange Rule 515, which references "Interpretations and Policies .12" to now read "Interpretation and Policy .12." The purpose of these changes is to provide consistency and clarity within the rule text and harmonize the rule text to the Exchange's affiliate, MIAX Emerald.

Additionally, the Exchange proposes to amend Exchange Rule 515, Execution of Orders and Quotes, Interpretation and Policy .02, to adopt new rule text clarifying the treatment of interest being managed by the System during the limited scenario when the ABBO¹⁵ transitions from a crossed state to an uncrossed state. Currently, Exchange Rule 515 provides two separate

¹⁵ 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(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA. See Exchange Rule 100.

processes for handling orders that could not be executed or that could not be executed in full upon receipt; subsection (c), Non-Market Maker Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO Upon Receipt, and subsection (d) Handling of Market Maker Orders and Quotes. Exchange Rule 515(c)(1)(ii) discusses the Managed Interest Process for Non-Routable Orders. If the limit price locks or crosses the current opposite side NBBO, the System will display the order one MPV¹⁶ 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 NBBO and the managed order's display price will continuously re-price one MPV away from the new NBBO.¹⁷ Similarly, current Exchange Rule 515(d) discusses the handling of Market Maker orders or quotes that could not be executed or could not be executed in full upon receipt. Specifically, for a Market Maker order or quote that locks or crosses the ABBO, the System will manage such order or quote in accordance with the following. Once the System can no longer execute the Market Maker's order or quote, the System will display the order or quote one MPV away from the current opposite side NBBO and book the order or quote at a price that will internally lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the Market Maker order or quote's Book price will continuously re-price to lock the new NBBO and the Market Maker order or quote's displayed price will continuously re-price one MPV away from the new NBBO.¹⁸

¹⁶ An "MPV" is the Minimum Price Variation for options traded on the Exchange. See Exchange Rule 510, Minimum Price Variations and Minimum Trading Increments.

¹⁷ See Exchange Rule 515(c)(1)(ii)(A).

¹⁸ See Exchange Rule 515(d).

Currently, Interpretation and Policy .02 of Exchange Rule 515 discusses the Managed Interest Process for Non-Routable Orders as provided in subparagraph (c)(1)(ii) if managed interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state, the midpoint of the MBBO, rounded up to the nearest MPV if necessary, will be used for the initial trade price. However, the current rule does not discuss how Market Maker orders or quotes that are being managed by the System are handled if the ABBO transitions from a crossed state to an uncrossed state.

The Exchange now proposes to amend Interpretation and Policy .02 of Exchange Rule 515 to adopt a definition for the term “Handled Interest” which will include both Non-Routable Orders as defined in subparagraph (c)(1)(ii) and Market Maker orders and quotes as defined in subparagraph (d). Additionally, the Exchange proposes to adopt new rule text regarding the handling of Handled Interest when the ABBO transitions from a crossed state to an uncrossed state. Specifically, the Exchange proposes to amend Interpretation and Policy .02 to replace the term “order” with the newly defined term “Handled Interest” where necessary, to more accurately describe the current functionality of the System during this specific scenario as Market Maker orders and quotes that are being managed are handled in a similar fashion. The purpose of these changes is to provide consistency and clarity within the rule text and harmonize the rule text to the Exchange’s affiliate, MIAX Emerald.¹⁹ Accordingly, with the proposed changes to Interpretation and Policy .02, the Exchange would adopt new paragraphs “(a)” through “(c),” and Interpretation and Policy .02 would be newly titled “Uncrossing of Orders and Quotes.” The proposed changes to Interpretation and Policy .02 would be as follows:

(a) In the course of the Managed Interest Process for Non-Routable Orders as provided in subparagraph (c)(1)(ii) or the management of a Market Maker order

¹⁹ See MIAX Emerald Rule 515, Interpretation and Policy .02.

or quote as provided in subparagraph (d) (such Non-Routable Orders and Market Maker orders and quotes, “Handled Interest”), if Handled Interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state, the midpoint of the MBBO, rounded up to the nearest MPV if necessary, will be used for the initial trade price for the Handled Interest. If locking or crossing interest remains, the next trade occurs at the Book price of the interest with lesser size.

(b) Trades included in the Handled Interest will continue to occur until (i) all locking or crossing interest has been satisfied, (ii) the ABBO is reached at which time the interest will be managed according to subparagraph (c)(1)(ii) or subparagraph (d), as applicable, (iii) the Handled Interest’s limit price is reached at which time any remaining contracts will be booked, or (iv) the Handled Interest’s price protection limit is reached at which time any remaining contracts will be canceled.

(c) Trades included in the Handled Interest will then be handled as follows: (i) if the order or quote would lock or cross the current opposite side MBBO where the MBBO is the NBBO, the order or quote will be handled pursuant to the Managed Interest Process under 515(c)(1)(ii) and Rule 515(d).

The proposed changes are designed to clarify existing Exchange functionality in the Exchange’s rules. The Exchange believes the proposed changes will also help eliminate potential confusion on behalf of market participants by clearly stating that any interest being managed is handled similarly by the System in this limited situation.

2. Statutory Basis

The Exchange believes that its proposed rule change are consistent with Section 6(b) of the Act²⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act²¹ in particular, in that they are 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions

²⁰ 15 U.S.C. 78f(b).

²¹ 15 U.S.C. 78f(b)(5).

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.

The Exchange believes that the proposed changes to Exchange Rule 515(c)(3)(i)(C) to replace the word “original” preceding NBBO with the word “current” to more accurately describe the NBBO used in the reevaluation process promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and removes impediments to and perfects the mechanisms of a free and open market. This is because the proposal provides clarity and additional detail to Members, investors, and the public regarding the operation of the Exchange’s System in the limited circumstance when a new order or quote is received on the same side of the market as an initiating order’s remaining contracts during a liquidity refresh pause. The Exchange believes that the System is operating correctly and that the rule text inadvertently described the NBBO used for evaluation purposes as the original NBBO, rather than the current NBBO. By using the current NBBO, the System ensures the proper handling of new same side interest. The System will not execute routable orders or non-routable orders at prices that are inferior to the current NBBO, therefore the Exchange’s proposal improves the specificity of Exchange Rule 515. Further, the Exchange believes it is in the interest of investors and the public to accurately describe the behavior of the Exchange’s System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Accordingly, the Exchange proposes to replace the word “original” preceding NBBO with the word “current” to more accurately describe the NBBO used in the reevaluation process that occurs during a liquidity refresh pause under Exchange Rule 515(c)(3)(i)(C) to correct this inconsistency between the rule text and the System’s behavior.

Transparency and clarity are consistent with the Act because it removes impediments to and helps perfect the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest by accurately describing the behavior of the Exchange's System.

Currently, Exchange Rule 515 discusses the treatment of Non-Routable Orders that are being managed by the System as the ABBO transitions from a crossed to an uncrossed state. The Exchange believes that adopting a new definition of "Handled Interest" in Interpretation and Policy .02(a) to include Market Maker orders and quotes and amending the rule text to replace the term order with the newly defined term "Handled Interest" more accurately describes the operation of Exchange functionality during the limited circumstance when interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state. The Exchange believes that its proposal contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest by providing additional detail to clarify how orders that are being managed are handled in the limited circumstance when the ABBO transitions from a crossed state to an uncrossed state. The Exchange believes these changes provide consistency and clarity within the rule text regarding how Market Maker orders and quotes are handled and harmonize the rule text to the Exchange's affiliate, MIAX Emerald.²² The Exchange also believes that its proposal to add the term "Handled Interest" to describe the System's functionality when interest becomes tradable at multiple price points on MIAX due to the ABBO transitioning from a crossed state to an uncrossed state contributes to the operation of a fair and orderly market, and in general, protects

²² See MIAX Emerald Rule 515, Interpretation and Policy .02.

investors and the public interest because this proposed change will facilitate executions on the Exchange.

The Exchange believes the proposed changes to consolidate Exchange Rule 515 subsections (h)(1)(A) and (h)(1)(C) into paragraph (h)(1) and delete redundant rule text in subsections (h)(1)(B) promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes clarify the Exchange's rule text. In particular, the Exchange believes that deleting the rule text for subsection (h)(1)(B) will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market because that subsection is redundant rule text. The Exchange believes it is not necessary to specify the minimum trading increments applicable to Customer Cross Orders since minimum trading increments are covered in Exchange Rule 510 and applicable to all options traded on the Exchange.²³ Accordingly, the reference to minimum trading increments in subsection (h)(1)(B) is redundant, which the Exchange believes will cause confusion. The Exchange believes it is in the interest of investors and the public to accurately describe the Exchange's rules as this information is used by investors to make decisions concerning the submission of their orders on the Exchange.

Likewise, the Exchange believes the proposed changes to consolidate subsection (h)(2)(A) into subsection (h)(2) promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes clarify the Exchange's rule text and conform Exchange

²³ See Exchange Rule 510(a).

Rule 515(h) to the Exchange's affiliate, MIAX Emerald.²⁴ Further, the Exchange believes that deleting the rule text for subsection (h)(2)(B) will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market because that subsection is redundant rule text. The Exchange believes it is not necessary to specify the minimum trading increments applicable to Qualified Contingent Cross Orders as minimum trading increments are covered in Exchange Rule 510 and applicable to all options traded on the Exchange.²⁵ Accordingly, the reference to minimum trading increments in subsection (h)(2)(B) is redundant, which the Exchange believes will cause confusion. The Exchange believes it is in the interest of investors and the public to accurately describe the Exchange's rules as this information is used by investors to make decisions concerning the submission of their orders on the Exchange.

The Exchange believes the proposed changes to amend paragraph (d) to harmonize the rule text to the Exchange's affiliate, MIAX Emerald, by replacing references from "NBBO" to "ABBO" and to make corrective changes to the numerical and alphabetical list item identifiers promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes clarify the Exchange's rule text and conform Exchange Rule 515(d) to the Exchange's affiliate, MIAX Emerald.²⁶ The Exchange also believes that its proposal to replace references from "NBBO" to "ABBO" in subsection (d)(2) contributes to the operation of a fair and orderly market, and in general, protects investors and the public interest because it is more accurate to use the term "ABBO" as the System is not considering MIAX's market at this point. Further, the

²⁴ See MIAX Emerald Rule 515(h).

²⁵ See Exchange Rule 510(a).

²⁶ See MIAX Emerald Rule 515(d)(ii).

Exchange's proposal to delete the word "internally" in subsection (d)(2) harmonizes the rule text to the Exchange's affiliate, MIAX Emerald.²⁷

The Exchange believes the proposed changes promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes provide additional detail and make clarifying changes to the rule text of Exchange Rule 515, and correct errors in the hierarchical heading scheme to provide uniformity in the Exchange's rulebook. The Exchange believes that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's rules and that it is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition as there is no functional change to the Exchange's System and because the rules of the Exchange apply to all MIAX participants equally. The proposed rule changes will have no impact on competition as they are not designed to address any competitive issues but rather are designed to add additional clarity to existing Exchange Rule 515 and to remedy minor non-substantive issues in the rule text. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal does not address any competitive issues and is intended to protect investors by providing further transparency regarding the Exchange's functionality.

²⁷ See MIAX Emerald Rule 515(d)(ii).

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act²⁸ and Rule 19b-4(f)(6)²⁹ 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:

²⁸ 15 U.S.C. 78s(b)(3)(A).

²⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2019-30 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-2019-30. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-MIAX-2019-30, 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.³⁰

Eduardo A. Aleman
Deputy Secretary

³⁰ 17 CFR 200.30-3(a)(12).