

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67660; File No. 10-207)

August 15, 2012

Miami International Securities Exchange, LLC; Notice of Filing of Application for Registration as a National Securities Exchange under Section 6 of the Securities Exchange Act of 1934

On April 26, 2012, Miami International Securities Exchange, LLC (“MIAX”) submitted to the Securities and Exchange Commission (“Commission”) a Form 1 application under the Securities Exchange Act of 1934 (“Exchange Act”), seeking registration as a national securities exchange under Section 6 of the Exchange Act. MIAX’s Form 1 application provides detailed information on how it proposes to satisfy the requirements of the Exchange Act.

The Commission is publishing this notice to solicit comments on MIAX’s Form 1 application. The Commission will take any comments it receives into consideration in making its determination about whether to grant MIAX’s request to be registered as a national securities exchange. The Commission will grant the registration if it finds that the requirements of the Exchange Act and the rules and regulations thereunder with respect to MIAX are satisfied.¹

MIAX would be wholly owned by its parent company, Miami International Holdings, Inc. (“Miami Holdings”). If approved, MIAX would commence operation of a fully automated electronic trading platform for the trading of standardized options with a continuous, automated matching function. MIAX would not have a physical trading floor. Liquidity would be derived from orders to buy and orders to sell submitted to MIAX electronically by its registered broker-dealer members, as well as from quotes submitted electronically by market makers.

A description of the manner of operation of MIAX’s proposed system can be found in Exhibit E to MIAX’s Form 1 application. The proposed rulebook for the proposed MIAX

¹ 15 U.S.C. 78s(a).

exchange can be found in Exhibit B to MIAX's Form 1 application, and the governing documents for both MIAX and Miami Holdings can be found in Exhibit A. A listing of the officers and directors of MIAX can be found in Exhibit J to MIAX's Form 1 application. MIAX's Form 1 application, including all of the Exhibits referenced above, is available online at www.sec.gov/rules/other.shtml as well as at the Commission's Public Reference Room.

With respect to MIAX's proposed trading rules, some of the notable features proposed by MIAX are highlighted below. For example, in certain circumstances where MIAX could not fully execute an incoming Priority Customer order,² it has proposed to use mechanisms and route timers that would expose the incoming order to the MIAX market for up to one second before routing the order to away markets or otherwise handling the order in accordance with its proposed trading rules.³ In addition, in limited circumstances, certain orders that are eligible for routing could be routed immediately, at least in part, without being subject to a one second route timer, if they meet a number of criteria.⁴

MIAX has proposed three different classes of market makers that would operate on MIAX: Primary Lead Market Makers; Lead Market Makers; and Registered Market Makers. The different classes of market makers would be subject to varying levels of affirmative and negative market making obligations.

² See proposed MIAX Rule 100 (defining "Priority Customer" as a person or entity that is not a broker or dealer in securities and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts).

³ See proposed MIAX Rules 515 and 529. See also Exhibit E to MIAX's Form 1 submission, at 5-7.

⁴ See proposed MIAX Rule 529. In short, an order would be eligible for immediate routing if (1) it is a customer order significantly greater in size than the size of the NBBO posted at away markets, and (2) it arrives at a time when MIAX has significant interest posted at one minimum price variation inferior to the NBBO at away markets.

Notably, MIAX would allow market makers to use a variety of quote types, some of which would have a specific time in force and would be analogous to orders (MIAX refers to such order types as “eQuotes,” and market makers would be able to enter these orders through their quotation infrastructure).⁵ Specifically, MIAX has proposed rules to allow market makers to submit any of the following “quote” types: Standard quote; Day eQuote; Immediate or Cancel eQuote; Fill or Kill eQuote; Intermarket Sweep eQuote; Auction or Cancel eQuote; and Opening Only eQuote.⁶ While market makers could only have one Standard quote active at any one time, they would be permitted to have multiple types of eQuotes active in a single series.⁷

MIAX’s proposed rules also provide for the categorization of certain market maker quotes as “priority” quotes and “non-priority” quotes.⁸ Use of priority quotes, which need to meet certain bid/ask differential requirements, would entitle market makers to precedence over all other professional interest (*i.e.*, non-Priority Customer orders and market maker orders and non-priority quotes) on MIAX at the same price.⁹

Interested persons are invited to submit written data, views, and arguments concerning MIAX’s Form 1, including whether the application is consistent with the Exchange Act.

Comments may be submitted by any of the following methods:

⁵ See Exhibit E to MIAX’s Form 1 submission, at 3.

⁶ See proposed MIAX Rule 517.

⁷ If its application ultimately is approved by the Commission, MIAX does not expect to make Day eQuotes available for use upon first commencing operations. See Exhibit E to MIAX’s Form 1 submission.

⁸ See proposed MIAX Rule 517.

⁹ See id.

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 10-207 on the subject line.

Paper comments:

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

All submissions should refer to File Number 10-207. 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/other.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to MIAX's Form 1 filed with the Commission, and all written communications relating to the application 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. 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 publicly

available. All submissions should refer to File Number 10-207 and should be submitted on or before [insert date 45 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Elizabeth M. Murphy
Secretary

¹⁰ 17 CFR 200.30-3(a)(71)(i).