

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-68645; File No. SR-MIAX-2012-05)

January 14, 2013

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 31, 2012, Miami International Securities Exchange LLC (“Exchange” or “MIAX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 the MIAX Options Fee Schedule (the “Fee Schedule”) to establish membership and system connectivity fees applicable to Members and non-Members using services provided by MIAX. While changes to the Exchange’s Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated that the proposed monthly Port Fees and the proposed monthly Member Participant Identifier Fee be implemented beginning January 1, 2013.

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

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<sup>1</sup> 15 U.S.C.78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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.

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

1. Purpose

The purpose of the proposed rule change is to establish membership and system connectivity fees applicable to Members and non-Members using services provided by MIAX.

Membership Fees:

MIAX will assess Membership fees for Applications and Trading Permits.

a. Application for MIAX Membership

A one-time application fee based upon the applicant’s status as either an Electronic Exchange Member (“EEM”) or as a Market Maker will be assessed by MIAX. Applicants for MIAX Membership as an EEM will be assessed a one-time Application Fee of \$2,500.00. Applicants for MIAX Membership as a Market Maker will be assessed a one-time Application Fee of \$3,000.00. The difference in the fee charged to EEMs and Market Makers reflects the additional review and processing effort needed for Market Maker applications. MIAX’s one-time application fees are similar to and generally lower than one time application fees in place at the Chicago Board Options Exchange, Incorporated (“CBOE”) (\$3,000 for an individual applicant and \$5,000 for an applicant organization) and at the International Securities Exchange,

LLC (“ISE”) (\$7,500 for a Primary Market Maker, \$5,500 for a Competitive Market Maker and \$3,500 for an Electronic Access Member).

Applicants for MIAX membership that apply for membership on or before January 31, 2013 will not be assessed a fee for such application. MIAX believes that this will provide incentive for potential applicants to submit early applications, which should result in maximizing potential order flow and liquidity as MIAX begins trading, all to the benefit of the investing public. Applicants for MIAX membership that apply for membership on or after February 1, 2013 will be subject to the Membership Application Fees described above.

b. Trading Permits

MIAX will issue Trading Permits that confer the ability to transact on MIAX. There is no limit on the number of Trading Permits that may be issued by MIAX; however MIAX has the authority to limit or decrease the number of Trading Permits it has determined to issue provided it complies with the provisions set forth in Rule 200(a) and Section 6(c)(4) of the Exchange Act.<sup>3</sup>

MIAX will assess monthly fees for Trading Permits depending upon the category of Member that is issued a particular trading permit. EEMs will be assessed a monthly fee of \$1,000 for a Trading Permit. Registered Market Makers (“RMMs”) will be assessed \$3,000.00 per month for a Trading Permit for an RMM assignment in up to 100 option classes, \$4,500.00 per month for a Trading Permit for an RMM assignment in up to 250 option classes, or \$6,000.00 per month for a Trading Permit for an RMM assignment in all option classes listed on MIAX.

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<sup>3</sup> For a complete description of MIAX Trading Permits, see MIAX Rule 200. See also 15 U.S.C. 78(f)(c)(4).

For the calculation of the monthly RMM Trading Permit Fees, the number of classes is defined as the greatest number of classes the RMM was assigned to quote in on any given day within the calendar month.

Primary Lead Market Makers (“PLMMs”) and Lead Market Makers (“LMMs”) will be assessed the same monthly Trading Permit fees applicable to RMMs described above. In addition to the RMM Trading Permit fees, PLMMs and LMMs will be assessed an additional \$1,000.00 per month for a Trading Permit. Thus, an LMM or PLMM will be assessed \$4,000.00 per month for a Trading Permit for an LMM or PLMM assignment in up to 100 option classes, \$5,500.00 per month for a Trading Permit for an LMM or PLMM assignment in up to 250 option classes, or \$7,000.00 per month for a Trading Permit for an LMM or PLMM assignment in all option classes listed on MIAX.

MIAX monthly Trading Permit Fees are generally lower than monthly trading permit fees in place at CBOE and the NASDAQ OMX PHLX LLC (“PHLX”). The \$1,000 monthly Trading Permit fee assessed to EEMs is lower than the CBOE’s monthly electronic access trading permit fee (\$1,600) and the PHLX’s monthly permit fee for members (\$2,000). The Monthly Trading Permit Fees assessed to MIAX Market Makers is readily comparable to and lower than the monthly fees in place at PHLX for Remote Streaming Quote Traders (\$5,000 per month for less than 100 classes, \$8,000 per month for more than 100 classes and less than 999 classes, and \$11,000 per month for 1,000 or more classes).

Members receiving Trading Permits during the month will be assessed Trading Permit Fees according to the above schedule, except that the calculation of the Trading Permit fee for the first month in which the Trading Permit is issued will be pro-rated based on the number of

trading days occurring after the date on which the Trading Permit was in effect during that first month divided by the total number of trading days in such month multiplied by the monthly rate.

Testing and Certification Fees:

a. API Testing and Certification Fee

Members

MIAX will assess a one-time Application Programming Interface (“API”) testing and certification fee on EEMs and Market Makers. An API makes it possible for Member software to communicate with MIAX software applications, and is subject to Member testing with, and certification by, MIAX. API testing and certification includes for EEMs testing all available order types, new order entry, order management, order throughput and mass order cancellation. For Market Makers, API testing and certification also includes testing of all available quote types, quote throughput, quote management and cancellation, Aggregate Risk Manager settings and triggers, and confirmation of quotes within the trading engines.

The one-time MIAX API Testing and Certification fees are based upon the category of Member being tested and certified. EEMs will be assessed a one-time API Testing and Certification fee of \$1,000.00. Market Makers will be assessed a one-time API Testing and Certification fee of \$2,500.00. The fee represents costs incurred by the Exchange as it works with each Member while testing and certifying that the Member’s software systems communicate properly with MIAX. MIAX has set a one-time fee rather than an hourly rate used by some of the other exchanges so MIAX Members will know the full cost for the service prior to beginning to use such services. Until recently, PHLX charged hourly fees for use of its testing facility—a fee of \$285 per hour for active connection testing during normal operating hours and

\$333 per hour for testing after normal hours.<sup>4</sup> MIAX's one-time fees are comparable and more cost effective to the Members than hourly rates at other exchanges.

In order to provide an incentive to prospective Members to apply early for membership and to engage in API testing and certification such that they will be able to trade options on MIAX as soon as possible, API Testing and Certification fees will be waived for all EEMs and Market Makers that apply for MIAX membership and complete API testing and certification on or before January 31, 2013. EEMs and Market Makers that apply for MIAX membership or complete API testing and certification on or after February 1, 2013 are subject to the Member API Testing and Certification Fees as described above.

#### Non-Members

MIAX will assess a one-time API Testing and Certification fee of \$5,000.00 on third party vendors<sup>5</sup> and Service Bureaus<sup>6</sup> whose software interfaces with MIAX software. As with Members, an API makes it possible for third party vendors' and Service Bureaus' software to communicate with MIAX software applications, and is subject to testing with, and certification by, MIAX. The higher fee charged to such non-Members reflects the greater amount of time spent by MIAX employees testing and certifying non-Members. It has been MIAX's experience

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<sup>4</sup> See Securities Exchange Act Release No. 63257 (November 5, 2010) 75 FR 69493 (November 12, 2010) (SR-PHLX 2010-155) Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Fees Assessed for Use of the Testing Facility.

<sup>5</sup> Third party vendors are subscribers of MIAX's market and other data feeds, which they in turn use for redistribution purposes. Third party vendors do not provide connectivity and therefore are not subject to Network testing and certification.

<sup>6</sup> A Service Bureau is a technology provider that offers and supplies technology and technology services to a trading firm that does not have its own proprietary system. The technology and technology services supplied by Service Bureaus includes both software applications and connectivity, thus Service Bureaus are subject to both API testing and certification and Network testing and certification.

that Member testing takes less time than non-Member testing because Members have more experience testing these systems with exchanges; generally fewer questions and issues arise during the testing and certification process. Also, because third party vendors and Service Bureaus are redistributing data and reselling services to other Members and market participants the number and types of scenarios that need to be tested are more numerous and complex than those tested and certified for a single Member.

b. Member Network Testing and Certification Fee

As described below under Connectivity Fees, MIAX will establish electronic communication connections with Members and will assess Members a one-time Testing and Certification Fee of \$1,000.00 per Member for a one Gigabit connection, and \$4,000.00 per Member for a ten Gigabit connection. Members will not be charged a Testing and Certification Fee for any additional connections they obtain since the additional connections will be from the same source and will have the same internal technology.

c. Non-Member Network Testing and Certification Fee

MIAX will establish electronic connections with and will assess Service Bureaus and Extranet Providers<sup>7</sup> a one-time Testing and Certification Fee of \$2,000.00 for the initial one Gigabit connection and \$1,000 for each additional one Gigabit connection. In addition, MIAX will assess Service Bureaus and Extranet Providers a Testing and Certification Fee of \$6,000.00 for the initial ten Gigabit connection and \$4,000.00 for each additional ten Gigabit connection.

The Member and non-Member Network Testing and Certification fees represent installation and support costs incurred by the Exchange as it works with each Member and non-

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<sup>7</sup> An Extranet Provider is a technology provider that connects with MIAX systems and in turn provides such connectivity to MIAX participants that do not connect directly with MIAX. Extranet Providers do not provide software interfaces with MIAX software applications, thus Extranet Providers are not subject to API testing and certification.

Member to make sure there are appropriate electronic connections with MIAX. MIAX has set a one-time fee for testing so MIAX Members and non-Members will know the full cost for the service prior to beginning to use such services. The higher fee charged to non-Members reflects the greater amount of time spent by MIAX employees testing and certifying non-Members. It has been MIAX's experience that Member network connectivity testing takes less time than non-Member network connectivity testing because Members have more experience testing these systems with exchanges; generally fewer questions and issues arise during the testing and certification process. In addition, non-Members are charged a discounted Network Testing and Certification Fee for additional connections because each connection will be used by different customers of the non-Member Service Bureaus and Extranet Providers and will need to be individually tested requiring more Exchange resources for testing and certification.

Connectivity Fees:

MIAX will assess fees to Members, Service Bureaus, and Extranet Providers for electronic connections<sup>8</sup> between those entities and MIAX. The Connectivity fees are based upon the amount of bandwidth that will be used by the Member, Service Bureau, or Extranet Provider. MIAX currently offers connectivity with one (1) Gigabit, which connects the Member, Service Bureau, or Extranet Provider to MIAX using a copper cable, and ten (10) Gigabits, using fiber optic connections.

a. Member Network Connectivity Fee

MIAX will assess a monthly Member Network Connectivity fee of \$1,000 for a one Gigabit connection, and \$5,000 for a ten Gigabit connection. MIAX charges a higher fee for a

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<sup>8</sup> For purposes of this proposed rule change, the terms "connectivity" and "connections" refer to the physical connections between Member and non-Member electronic networks and the MIAX systems.

ten Gigabit connection due the higher costs of the fiber optic connection. MIAX's monthly Member Network Connectivity fee is comparable to monthly fees charged for similar connectivity at CBOE (\$1,250 for a one Gigabit connection and \$4,500 for a ten Gigabit connection) and PHLX (\$2,100 for a one Gigabit connection and \$5,000 for a ten Gigabit connection).

The first monthly Member Network Connectivity fee for all Members will be assessed on a pro-rata basis, which is the number of trading days remaining in the month divided by the total number of trading days in the first month in which the fee was in effect multiplied by the monthly rate. Thereafter, the Member Network Connectivity fee will be pro-rated for new Members based on the number of trading days on which the Member used the connectivity in its first month of trading on MIAX, divided by the total number of trading days in such month multiplied by the monthly rate.

b. Non-Member Network Connectivity Fee

MIAX will assess a monthly non-Member Network Connectivity fee to Service Bureaus and Extranet Providers of \$2,000.00 for a one Gigabit connection, and \$10,000.00 for a ten Gigabit connection. MIAX's monthly Non-Member Network Connectivity fee is comparable to monthly fees charged for similar connectivity at CBOE (\$2,500 for a one Gigabit connection and \$7,500 for a ten Gigabit connection). MIAX assesses a higher fee to Service Bureaus and Extranet Providers than to Members to reflect the fact that Service Bureaus and Extranet Providers serve as conduits to MIAX Members and non-Members that do not have their own proprietary systems or do not directly connect to MIAX. The Service Bureaus and Extranet Providers recover the cost of the MIAX Network Connectivity fee from their customers,

resulting in a lower overall fee to Members and non-Members using the services of such third party providers.

The non-Member Network Connectivity fee for the first month of trading on MIAX will be assessed on a pro-rata basis in the same manner as the Member Network Connectivity fee described above.

c. Pass-through of External Connectivity Fees

MIAX will assess External Connectivity fees to Members and non-Members that establish connections with MIAX through a third-party. Fees charged to MIAX by third-party external vendors on behalf of a Member or non-Member connecting to MIAX (including cross-connects),<sup>9</sup> will be passed through to the Member or non-Member. External Connectivity fees include one-time set-up fees and monthly charges charged to MIAX by a third-party.

The purpose of the External Connectivity fee is to recoup costs incurred by MIAX in establishing connectivity with external vendors acting on behalf of a Member or non-Member. MIAX will only pass-through the actual costs it is charged by the third-party external vendors.

d. Port Fees

Once network connectivity is established, MIAX will assess fees for access and services used by Members, Service Bureaus and Extranet Providers. Known as “Ports”, MIAX provides two types: a Financial Information Exchange (“FIX”) Port<sup>10</sup>, which allows Members to electronically send orders in all products traded on the Exchange and the MIAX Express

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<sup>9</sup> A “cross-connect” occurs when the affected third-party system is sited at the same data center where MIAX systems are sited, and the third-party connects to MIAX through the data center, rather than connecting directly to MIAX outside of the data center.

<sup>10</sup> A FIX Port is an interface with MIAX systems that enables the Port user (typically an EEM or a Market Maker) to submit orders electronically to MIAX.

Interface (“MEI”)<sup>11</sup> Port, which allows Market Makers to submit electronic quotes to the Exchange. MIAX will assess monthly MEI Port fees on Market Makers based upon the number of MIAX matching engines<sup>12</sup> used by the Market Maker. Each Market Maker will be allocated two MEI quoting ports for each matching engine they use. For example, a Market Maker that wishes to make markets in just one symbol would require the two MEI quoting ports in a single matching engine; a Market Maker wishing to make markets in all symbols traded on MIAX would require the two MEI quoting ports in each of the Exchange’s matching engines. The FIX Port and the MEI Port each include access to MIAX’s primary and secondary data centers and its disaster recovery center. The proposed monthly Port Fees described below are scheduled to be implemented beginning January 1, 2013.

#### FIX Port Fees

MIAX will assess monthly FIX Port fees on Members based upon the number of FIX Ports used by the Member submitting orders to MIAX. Although one FIX Port gives access to all products traded on MIAX, some Members may choose to use more than one FIX Port. MIAX will assess a monthly FIX Port fee of \$250.00 for the first FIX Port provided to the user, \$150.00 per FIX Port for the second through fifth FIX Port provided to the user (if applicable), and \$50.00 per FIX Port for the sixth FIX Port and any additional FIX Ports provided to the user (if applicable). MIAX’s monthly FIX Port fees are comparable to the Order Entry Port Fee

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<sup>11</sup> MIAX Express Interface is a connection to MIAX systems that enables Market Makers to submit electronic quotes to MIAX.

<sup>12</sup> A “matching engine” is a part of the MIAX electronic system that processes options quotes and trades on a symbol-by-symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one single matching engine that is dedicated only to SPY options). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines.

charged by PHLX (\$500 per month per mnemonic with no discount for multiple Ports), which includes a fee for assigning and maintaining mnemonics. MIAX charges a separate fee for assigning and maintaining mnemonics (known as Member Participant Identifier or “MPID”). Taken together, the MIAX monthly FIX Port and the MPID fees are less than the PHLX’s monthly Order Entry Port Fee.

#### MEI Port Fees

MIAX will assess a monthly MEI Port fee of \$1,000.00 for the first matching engine on which the Market Maker has the two ports, \$500.00 each for the second through fifth matching engines on which the Market Maker has the two ports (if applicable), and \$250.00 each for the sixth matching engine and any additional matching engines on which the Market Maker has the two ports (if applicable).

MEI Port fees will be capped at \$1,000 per month per Market Maker until the first full calendar month during which MIAX lists and trades options overlying at least 100 underlying securities. Once MIAX begins listing and trading options overlying at least 100 underlying securities, MIAX will assess MEI Port fees as described above. MEI Port fees will be assessed for the entire month during which MIAX begins trading, regardless of the number of trading days that have already occurred during such month prior to the commencement of trading on MIAX. MEI Port fees will be assessed on a month-by-month basis.

#### e. MPID Fees

MIAX will assess monthly Member Participant Identifier (“MPID”)<sup>13</sup> fees on EEMs, based upon the number of MPIDs assigned to a particular EEM in a given month. EEMs will be

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<sup>13</sup> An MPID is a code used in the MIAX system to identify the participant to MIAX and to the participant’s Clearing Member respecting trades executed on MIAX. Participants may use more than one MPID.

assessed a monthly MPID fee of \$200.00 for the first MPID assigned, \$100.00 each for the second through fifth MPID assigned, and \$50.00 each for the sixth MPID and any additional MPIDs assigned. MIAX assess MPID fees to cover the administrative costs it incurs in assigning and managing these identifiers for each EEM. As discussed above, MIAX's monthly MPID fee together with its FIX Port fee are similar to and lower than the PHLX's monthly Order Entry Port fee. The proposed monthly MPID Fees described above are scheduled to be implemented beginning January 1, 2013.

## 2. Statutory Basis

MIAX believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act<sup>14</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act<sup>15</sup> in particular, in that it is an equitable allocation of reasonable fees and other charges.

The Exchange believes its one-time Membership Application fees are reasonable, equitable and not unfairly discriminatory. As described in the Purpose section, the one-time application fees are comparable to application fees in place at other options exchanges and are designed to recover costs associated with the processing of such applications. Market Maker applicants are charged slightly more than EEM applicants because of the additional work involved in processing a Market Maker's application. MIAX believes it is reasonable and equitable to waive the fee to applicants who apply for membership on or before January 31, 2013. The waiver of such fees provides incentives to interested applicants to apply early for MIAX membership, which provides MIAX with potential order flow and liquidity providers as it begins operations. The waiver will apply equally to all applicants.

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<sup>14</sup> 15 U.S.C. 78f(b).

<sup>15</sup> 15 U.S.C. 78f(b)(4) and 78f(b)(5).

The Exchange believes its Trading Permit fees are reasonable, equitable and not unfairly discriminatory. The Trading Permit fees are lower than comparable fees at other exchanges as described in the Purpose section above. The differentiation between Trading Permit fees charged to EEMs and Market Makers reflects the additional Exchange access provided to Market Makers and the additional technical, regulatory and administrative costs associated with Market Makers' use of the Exchange and its services.

MIAX believes its API and Network Testing and Certification fees are a reasonable allocation of its costs and expenses among its Members and other persons using its facilities since it is recovering the costs associated with providing such infrastructure testing and certification services. MIAX believes it is reasonable, equitable and not unfairly discriminatory to assess different API and Network Testing and Certification fees to EEMs and Market Makers. The interface between Market Maker quoting software and MIAX systems is assessed higher API and Network Testing and Certification fees because the Market Maker software interface is more complex and has more functionality to validate than the EEM's software interface requiring an increased level of support and expertise. MIAX therefore believes that the higher Member API and Network Testing and Certification fees applicable to Market Makers are not unfairly discriminatory.

Additionally, MIAX believes it is reasonable, equitable and not unfairly discriminatory to assess different API and Network Testing and Certification fees to Members and non-Members. The higher fee charged to non-Members reflects the greater amount of time spent by MIAX employees testing and certifying non-Members. It has been MIAX's experience that Member testing takes less time than non-Member testing because Members have more experience testing these systems with exchanges; generally fewer questions and issues arise during the testing and

certification process. Also, with respect to API testing and certification because third party vendors and Service Bureaus are redistributing data and reselling services to other Members and market participants the number and types of scenarios that need to be tested are more numerous and complex than those tested and certified for Members. In addition, MIAX believes it is reasonable, equitable and not unfairly discriminatory to assess non-Members a discounted Network Testing and Certification Fee for additional connections because each connection will be used by different customers of the non-Member Service Bureaus and Extranet Providers and will need to be individually tested requiring more Exchange resources for testing and certification. Members will not be charged for additional connections because additional network testing and certification will generally not be necessary since the additional connections will be from the same source and will have the same internal technology.

The Exchange believes that the proposed Connectivity Fees in general constitute an equitable allocation of fees, and are not unfairly discriminatory, because they allow the Exchange to recover costs associated with offering access through the network connections and access and services through the Ports, responding to customer requests, configuring MIAX systems, programming API user specifications and administering the various services. Access to MIAX market will be offered on fair and non-discriminatory terms. The proposed Connectivity Fees are also expected to offset the costs MIAX incurs in maintaining, and implementing ongoing improvements to the trading systems, including connectivity costs, costs incurred on gateway software and hardware enhancements and resources dedicated to gateway development, quality assurance, and technology support. The Exchange believes that its proposed fees are reasonable in that they are competitive with those charged by other exchanges. MIAX assesses a higher fee to Service Bureaus and Extranet Providers than to Members to reflect the fact that

Service Bureaus and Extranet Providers serve as conduits to MIAX Members and/or non-Members that do not have their own proprietary systems or do not directly connect to MIAX. For the one monthly Network Connectivity Fee charged by MIAX, Service Bureaus and Extranet Provider may in turn provide connectivity to a number of Members and/or non-Members. The Service Bureaus and Extranet Providers recover the cost of the MIAX Network Connectivity Fee, plus a premium, from their customers, which can still result in a lower overall fee to each Member and/or non-Member using the services of such third party providers. In allocating its costs among Members and users of its services, MIAX believes it is equitable to seek to recover a greater portion of those costs from Service Bureaus and Extranet Providers who profit from the reselling of those Network Connectivity services.

MIAX believes it is reasonable, equitable and not unfairly discriminatory to pass-through External Connectivity fees to Members and non-Members that establish connections with MIAX through a third-party. MIAX will only pass-through the actual costs it is charged by third-party external vendors. MIAX believes it is reasonable and equitable to recover costs charged it on behalf of a Member or non-Member that establishes connections with MIAX through a third party.

MIAX believes it is reasonable, equitable and not unfairly discriminatory to assess FIX and MEI Port Fees on Members who use such services—the FIX Port enables Members to submit orders electronically to the Exchange for processing and the MEI Port enables Market Makers to submit quotes to the Exchange for processing. The amount charged for the MEI Port is higher because it is more complex and has more functionality than the FIX Port. Therefore, MIAX believes the higher fee for the MEI Port is not unfairly discriminatory. The Exchange

believes that its proposed fees are reasonable in that they are competitive with those charged by other exchanges.

The Exchange believes its fees for MPIDs are reasonable, equitable and not unfairly discriminatory in that they apply to all EEMs assigned MPID equally and allow the Exchange to recover operational and administrative costs in assigning and maintaining such services. The Exchange believes that its proposed fees are reasonable in that they are competitive with those charged by other exchanges.

The Exchange believes that it is appropriate to include in this fee filing fees being assessed on non-Members such as the Connectivity fees and the API and Network Testing and Certification fees described above. Recent amendments to paragraph (A) of Section 19(b)(3)<sup>16</sup> of the Exchange Act now allow all self-regulatory organization rule proposals establishing or changing dues, fees or other charges to become immediately effective upon filing regardless of whether such dues, fees or other charges are imposed on members of the self-regulatory organization, non-members, or both.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must establish fees that are competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed amendments to the MIAX Options Fee Schedule appropriately reflect this competitive environment.

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. Unilateral

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<sup>16</sup> 15 U.S.C. 78s(b)(3)(A).

action by MIAX in establishing fees for services provided to its Members and others using its facilities will not have an impact on competition. As a new entrant in the already highly competitive environment for equity options trading, MIAX does not have the market power necessary to set prices for services that are unreasonable or unfairly discriminatory in violation of the Exchange Act. MIAX's proposed fees for Membership and Systems Connectivity, as described herein, are comparable to and generally lower than fees charged by other options exchanges for the same or similar services.

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

Written comments were neither solicited or 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.<sup>17</sup> 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:

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2012-05 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 SR-MIAX-2012-05. 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 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 publicly available. All submissions should refer

to File Number SR-MIAX-2012-05 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.<sup>18</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).