Rule 404. Series of Option Contracts Open for Trading

(a)-(g) (No changes.)

Interpretations and Policies:

.01-.10 (No changes.)

.11 SPIKES Index Options. Notwithstanding any other provision of this Rule 404, the minimum trading increment for options on the SPIKES Index shall be as follows: (1) if the options series is trading at less than $3.00, five (5) cents; and (2) if the options series is trading at $3.00 or higher, ten (10) cents.

Rule 503. Openings on the Exchange

(a)-(e) (No changes.)

(f) Opening Process

(1) If there are no quotes or orders that lock or cross each other, the System will open by disseminating the Exchange’s best bid and offer among quotes and orders that exist in the System at that time. In such a circumstance, non-routable orders then in the System that cross the ABBO will be cancelled and are not included in the Managed Interest Process, as described in Rule 515(c)(1)(ii)(B).

(2) If there are quotes or orders that lock or cross each other, the System will open by following the Opening Process detailed below.

(i)-(vi) (No changes.)

(vii) Imbalance Process. If all opening marketable size cannot be completely executed at or within the EQR without trading at a price inferior to the ABBO, or cannot trade at or within the quality opening market range in the absence of a valid width NBBO, the System will automatically institute the following imbalance process:
(A) (No changes.)

(B) If at the conclusion of the Timer, quotes and orders submitted during the Imbalance Timer, or other changes to the ABBO, would not allow the entire imbalance amount to trade at the Exchange at or within the EQR without trading at a price inferior to the ABBO, the System will:

1.-4. (No changes.)

5. Except as set forth in subsection a. below, [I]f after that number of times the System still cannot route and/or trade the entire imbalance amount, the System will open as many contracts as possible by routing to other markets with prices better than the Exchange opening price for their disseminated size, trade available contracts on the Exchange at the opening price and route to other markets at prices equal to the Exchange opening price for their disseminated size. In this situation, the System will price any contracts routed to other markets at the away market price. If there is an opening transaction, any unexecuted contracts from the imbalance not traded or routed will be cancelled back to the entering Member if the price for those contracts crosses the opening price, unless the Member that submitted the original order has instructed the Exchange in writing to re-enter the remaining size, in which case the remaining size will be automatically submitted as a new order. However, in a series where the EQR has been calculated to be zero on the bid side and market order sell interest has a quantity greater than all of the buy interest, the System will treat the market order(s) like a limit order(s) to sell at the lowest Minimum Trading Increment and the Opening Process will be satisfied with an opening price at the lowest Minimum Increment with any remaining balance of the sell order(s) being placed on the Book in time priority and made available for execution following the Opening Process.

a. If the option is being used in the calculation of a final settlement price of an Index pursuant to Chapter XVIII of Exchange Rules on expiration date, then, if after that number of times the System still cannot trade the entire imbalance amount, the System will instead conduct a further imbalance process to trade the entire imbalance amount, as described in Exchange Rule 1809.

(C) (No changes.)

(viii) (No changes.)

Interpretation and Policies (No changes.)

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Rule 1801. Definitions

(a)-(p) (No changes.)
Interpretations and Policies

.01 The reporting authorities designated by the Exchange in respect of each index underlying an index options contract traded on the Exchange are as provided in the chart below.

<table>
<thead>
<tr>
<th>Underlying Index</th>
<th>Reporting Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPIKES Index</td>
<td>Miami International Securities Exchange, LLC</td>
</tr>
<tr>
<td>[To be Specified]</td>
<td>[To be Specified]</td>
</tr>
</tbody>
</table>

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Rule 1804. Position Limits for Broad-Based Index Options

(a) Rule 307 generally shall govern position limits for broad-based index options, as modified by this Rule 1804. There may be no position limit for certain Specified (as provided in Rule 1800) broad-based index options contracts. Except as otherwise indicated below, the position limit for a broad-based index option shall be 25,000 contracts on the same side of the market. Reduced-value options on broad-based security indexes for which full-value options have no position and exercise limits will similarly have no position and exercise limits. All other broad-based index options contracts shall be subject to a contract limitation fixed by the Exchange, which shall not be larger than the limits provided in the chart below.

<table>
<thead>
<tr>
<th>Broad-Based Underlying Index</th>
<th>Standard Limit (on the same side of the market)</th>
<th>Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPIKES Index</td>
<td>None.</td>
<td>None.</td>
</tr>
<tr>
<td>[To be Specified]</td>
<td>[To be Specified]</td>
<td>[To be Specified]</td>
</tr>
</tbody>
</table>

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Rule 1809. Terms of Index Options Contracts

(a) General.

(1)-(2) (No changes.)

(3) Expiration Months. Index options contracts, including option contracts on a Foreign Currency Index, may expire at three (3)-month intervals, or in consecutive months, or in consecutive weeks (as specified by class herein). The Exchange may list up to six (6) standard monthly expirations [months] at any one time in a class, but will not list index options that expire more than twelve (12) months out. Notwithstanding the preceding restriction, the Exchange may list up to twelve (12) standard monthly expirations in
SPIKES options [seven expiration months at any one time for any broad-based security index option contracts upon which any exchange calculates a constant three-month volatility index].

(4) “European-Style Exercise.” The following European-style index options, some of which may be A.M.-settled as provided in paragraph (a)(5), are approved for trading on the Exchange:

   (i) SPIKES Index. [To be Specified]

(5) A.M.-Settled Index Options. The last day of trading for A.M.-settled index options shall be the business day preceding the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the business day preceding the last day of trading in the underlying securities prior to the expiration date. The current index value at the expiration of an A.M.-settled index option shall be determined, for all purposes under these Rules and the Rules of the Clearing Corporation, on the last day of trading in the underlying securities prior to expiration, by reference to the reported level of such index as derived from first reported sale (opening) prices of the underlying securities on such day, except that:

   (i) In the event that the primary market for an underlying security does not open for trading on that day, the price of that security shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Rule 1808(g), unless the current index value at expiration is fixed in accordance with the Rules and By-Laws of the Clearing Corporation; and

   (ii) In the event that the primary market for an underlying security is open for trading on that day, but that particular security does not open for trading on that day, the price of that security, for the purposes of calculating the current index value at expiration, shall be the last reported sale price of the security.

The following A.M.-settled index options are approved for trading on the Exchange:

   (A) SPIKES Index. [To be Specified]

(b) (No changes.)

(c) Procedures for Adding and Deleting Strike Prices. The procedures for adding and deleting strike prices for index options are provided in Rule 404, as amended by the following:

   (1)-(4) (No changes.)

(5) Notwithstanding Rule 1809(c)(1), (c)(3) and (c)(4), the interval between strike prices for options on the SPIKES Index will be $0.50 where the strike price is less than $15, $1 or greater where the strike price is between $15 and $200, and $5 or greater where the strike price is greater than $200.
(d)-(e) (No changes.)

(f) **SPIKES Index Options Settlement.**

(1) **Exercise Settlement Value Date:** The exercise settlement value of a SPIKES Index option for all purposes under these Rules and the Rules of the Clearing Corporation shall be calculated on the specific date (usually a Wednesday) identified in the option symbol for the series. If that Wednesday or the Friday that is 30 days following that Wednesday is an Exchange holiday, the exercise settlement value shall be calculated on the business day immediately preceding that Wednesday.

(2) **Final Settlement Price Calculation.** The final settlement price calculation will occur on the morning of SPIKES Index options expiration. A Settlement Reference Price (“SRP”) will be calculated for each SPY option that is included in the Index, using the SPIKES Special Settlement Auction, described in Interpretations and Policies .06.

(3) **Expiration Date and Last Day of Trading.** The expiration date of a SPIKES Index option shall be the same day that the final settlement price calculation is performed. The last trading day for a SPIKES Index option shall be the business day immediately preceding the expiration date of the SPIKES Index option. When the last trading day is moved because of an Exchange holiday, the last trading day for an expiring SPIKES Index option contract will be the day immediately preceding the last regularly scheduled business day.

**Interpretations and Policies:**

.01-.05 (No changes.)

.06 **SPIKES Special Settlement Auction.**

(a) All provisions set forth in Exchange Rule 503, Openings on the Exchange, remain in effect unless superseded or modified by this Interpretation and Policy .06. On the dates on which the exercise and final settlement values are calculated for SPIKES Index options, the Exchange utilizes a modification to its Opening Process described below for all SPY options that expire 30 days after the SPIKES settlement, used to calculate the exercise/final settlement value of the SPIKES Index for expiring options contracts. The modification is referred to as the Special Settlement Imbalance Process (“SSIP”), and is used to account for situations where there remains an order imbalance that must be filled at the opening price after the requisite number of iterations of the imbalance process takes place under Exchange Rule 503. Any interest priced through the opening price is deemed “must fill.”

(b) On the day of the SPIKES Special Settlement Auction, in addition to any other order types that may be accepted by the Exchange, the Exchange will also accept Settlement Auction Only Orders (“SAO Orders”) and Settlement Auction Only eQuotes (“SAO eQuotes”) (SAO Orders and SAO eQuotes are collectively referred to as “SAOs”) at any time after the opening of the Live Order Window (“LOW”) and the Live Quote Window (“LQW”), respectively. SAOs are
specific order types that allow a Member to voluntarily tag such order as a SPIKES strategy order, defined in subsection (c) below.

(c) All orders for participation in the SPIKES Special Settlement Auction that are related to positions in, or a trading strategy involving, SPIKES Index options (“SPIKES strategy orders”), and any change to or cancellation of any such order:

(i) must be received prior to the applicable SPIKES strategy order cut-off time for the constituent option series, as determined by the Exchange, which may be no earlier than the opening of the LOQ or the LQW, and no later than the opening of trading in the series. The Exchange will announce all determinations regarding changes to the applicable SPIKES strategy order cut-off time via Regulatory Circular at least one day prior to implementation; and

(ii) may not be cancelled or modified after the applicable SPIKES strategy order cut-off time, unless the SPIKES strategy order is not executed in the SPIKES Special Settlement Auction and the cancellation or modification is submitted after the SPIKES Special Settlement Auction is concluded (provided that any such SPIKES strategy order may be modified or cancelled after the applicable SPIKES strategy order cut-off time and prior to the applicable non-SPIKES strategy order cut-off time in order to correct a legitimate error, in which case the Member submitting the change or cancellation will prepare and maintain a memorandum setting forth the circumstances that resulted in the change or cancellation and will file a copy of the memorandum with the Exchange no later than the next business day in a form and manner prescribed by the Exchange). In general, the Exchange will consider orders to be SPIKES strategy orders for purposes of this Interpretation and Policy .06, if the orders possess the following three characteristics: (A) are for options with the expiration that will be used to calculate the exercise or final settlement value of the applicable volatility index option contract; (B) are for options spanning the full range of strike prices for the appropriate expiration for options that will be used to calculate the exercise or final settlement value of the applicable volatility index option contract, but not necessarily every available strike price; and (C) are for put options with strike prices less than the “at-the-money” strike price and for call options with strike prices greater than the “at-the-money” strike price. They may also be for put and call options with “at-the-money” strike prices.

Whether certain orders are SPIKES strategy orders for purposes of this Interpretation and Policy .06 depends upon specific facts and circumstances. The Exchange may also deem order types other than those provided above as SPIKES strategy orders if the Exchange determines that to be the case based upon the applicable facts and circumstances.

(d) All other orders for participation in the SPIKES Special Settlement Auction (“non-SPIKES strategy orders”), and any cancellation or modification of any such order, must be received prior to the applicable cut-off time, as determined by the Exchange, in order to participate at the opening price for the applicable series, which may be no earlier than the opening of the LOW or the LQW and no later than the opening of trading in the option series. The Exchange will announce all determinations regarding changes to the applicable non-SPIKES strategy order cut-off time at least one day prior to implementation.
(e) If any must-fill interest cannot be filled during the Exchange’s imbalance process performed pursuant to Exchange Rule 503, the SSIP will be commenced to satisfy such must-fill interest, as follows:

(i) The System will broadcast a system imbalance broadcast message to all subscribers of the Exchange’s relevant data feed and begin an SSIP Imbalance Timer, the duration of which shall be determined by the Exchange and announced via Regulatory Circular, however it shall not to exceed ten seconds.

(ii) The System will evaluate the must-fill imbalance and adjust the EQR by a defined amount by appending to the EQR (adding to offers or subtracting from bids) the EQR value, which value shall be defined in a table to be determined by the Exchange and announced via Regulatory Circular.

(iii) If the must-fill imbalance cannot be satisfied, steps (i) and (ii) described above will be repeated until there is no remaining must-fill imbalance.

(iv) During the SSIP, the allowable EQR will be increased by an additional \(0.5 \times \) the base of the EQR value for each full cycle through the SSIP.

(v) Once there is no remaining must-fill imbalance, all remaining orders submitted for participation in the SPIKES Special Settlement Auction, including SAO Orders, SAO eQuotes, AOC Orders, AOC eQuotes, OPG Orders, and OPG eQuotes, will be cancelled. Any unfilled Day Limit Orders and Good ‘Til Cancelled Orders that are priced at the Opening Price will be placed on the Book and managed by the System.

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