



DATE: July 21, 2017

TO: MIAX Options Members

FROM: MIAX Options Regulatory Department

RE: Complex PRIME, Complex Customer-to-Customer Cross, and Complex QCC Orders
SR-MIAX-2017-19 and SR-MIAX-2017-34

MIAX Options filed proposed rule changes to permit the entry and execution of Complex PRIME (“cPRIME”), Complex Customer-to-Customer Cross (“cC2C”), and Complex Qualified Contingent Cross (“cQCC”) Orders. The rule changes have been approved and have become effective, and will be implemented according to a roll-out schedule commencing at the opening of trading on **August 4, 2017**. The roll-out schedule is set forth in [MIAX Options Regulatory Circular 2017-38](#). Below is a summary of the rule changes:

- Rule 518(b) is amended to adopt definitions for these new order types:
 - A cPRIME Order is a complex order (“Agency Order”) that is submitted for participation in a cPRIME Auction. The Agency Order is paired/submitted with the Member’s contra-side order, which can be either principal or solicited interest.
 - A cC2C Order is comprised of one Priority Customer complex order to buy and one Priority Customer complex order to sell at the same price and for the same quantity.
 - A cQCC Order is comprised of an originating complex order to buy or sell where each component is at least 1,000 contracts that is identified as being part of a qualified contingent trade, coupled with a contra-side complex order or orders totaling an equal number of contracts.

- Rule 515A has been amended to adopt provisions for the entry and execution of cPRIME Orders:
 - cPRIME Orders will be processed and executed in the Exchange’s PRIME mechanism, the same mechanism that the Exchange uses to process and execute simple PRIME orders, pursuant to Exchange Rule 515A.
 - The System executes cPRIME orders at a net price. The initiating price for the Agency Order must be better than (inside) the icMBBO for the strategy and any other complex orders on the Strategy Book. Members may respond to the Agency Order by submitting RFR responses. The System will reject RFR responses submitted with a price that is not equal to or better than the initiating price.
 - At the conclusion of the cPRIME Auction, the cPRIME Order will be allocated in the same manner as a simple PRIME order in the simple PRIME auction, at the best price(s) and as set forth in Rule 515A, except that the “last priority” allocation option is not available for cPRIME Orders.

- The System will reject a cPRIME Order if (i) the strategy is subject to a cPRIME Auction or to a Complex Auction; (ii) any component of the strategy is subject to a SMAT Event; or (iii) any component of the strategy is subject to the managed interest process.
- The early termination events for a cPRIME Auction are contained in Rule 518, Interpretations and Policies .12, sub-section (d). These early termination events are separate and distinct from the early termination events for simple PRIME auctions.
- Rule 515(h) has been amended to adopt provisions for the entry and execution of cC2C Orders and cQCC Orders.
 - cC2C Orders are automatically executed upon entry provided that the execution is at least \$0.01 better than (inside) the icMBBO price or the best net price of a complex order on the Strategy Book, whichever is more aggressive. The System will reject a cC2C Order if: (i) the strategy is subject to a cPRIME Auction or to a Complex Auction; or (ii) any component of the strategy is subject to a SMAT Event.
 - cQCC Orders are automatically executed upon entry provided that, with respect to each option leg of the cQCC Order, the execution (i) is not at the same price as a Priority Customer Order on the Exchange's Book; and (ii) is at or between the NBBO. The System will reject a cQCC Order if: (i) the strategy is subject to a cPRIME Auction or to a Complex Auction; or (ii) any component of the strategy is subject to a SMAT Event.
- Rule 518, Interpretations and Policies .05 and .06, is amended to provide the following with respect to cPRIME, cC2C, and cQCC Orders:
 - The Implied Away Best Bid or Offer ("ixABBO") price protection feature and the MIAX Order Monitor for Complex Orders ("cMOM") price protection feature are not available.
 - A wide market condition has no impact on the trading of such orders.
- Rule 519A, Risk Protection Monitor ("RPM"), Interpretations and Policies .02 is amended to provide the following with respect to cPRIME, cC2C, and cQCC Orders:
 - All such order types are included in the counting program, and each such order is counted as two orders.
 - Once engaged, the RPM will not cancel cPRIME Orders – such orders will remain in the System and available for trading when the RPM is engaged.
 - Members are reminded to be mindful of their obligations to seek best execution of orders handled on an agency basis; RPM parameter settings must be consistent with this duty.

For a more complete description of the rule changes, please see [SR-MIAX-2017-19](#) and [SR-MIAX-2017-34](#). Again, these changes will be implemented according to a roll-out schedule commencing at the opening of trading on **August 4, 2017**.

For questions, please contact Trading Operations at TradingOperations@MIAXOptions.com or (609) 897-7302.

Regulatory inquiries should be directed to Regulatory@MIAXOptions.com or (609) 897-7309.