



DATE: February 19, 2019

TO: MIAX Options Members

FROM: MIAX Options Regulatory Department

RE: Implementation of Liquidity Exposure Process (LEP) for Over-Sized Orders in Proprietary Products

This Regulatory Circular is to inform MIAX Options Members of the implementation of a new Liquidity Exposure Process (LEP) for over-sized orders in Proprietary Products on the Exchange beginning February 19, 2019.

Interest in Proprietary Products that would be posted, managed, or that would trade at a price more aggressive than the order's protected price will be subject to the LEP for over-sized orders. To begin the LEP, the System will broadcast a liquidity exposure message to all subscribers of the Exchange's data feeds which will include the symbol, side of the market, quantity of matched contracts, the imbalance quantity, "must fill" quantity, and price. Additionally, the System will start a Liquidity Exposure Process timer, which is currently set to three seconds.

All market participants can respond to the liquidity exposure broadcast message. The System will evaluate interest received during the Liquidity Exposure Process based on price and the side of the market relative to the side of the market of the initiating order. During the Liquidity Exposure Process if the Exchange receives interest on the opposite side of the market from the initiating order that locks or crosses the Book price of the interest subject to the LEP, the interest will trade, with resting liquidity executed prior to joining liquidity. If the Exchange receives interest on the same side of the market as the initiating order during the Liquidity Exposure Process that is priced more aggressively than the Book price of the interest subject to the LEP that also locks or crosses the opposite side NBBO, the System will immediately terminate the timer.

Complete details regarding the LEP can be found in the Exchange's rule filing ([SR-MIAX-2018-35](#)).

Please contact MIAX Trading Operations at TradingOperations@MIAXOptions.com or (609) 897-7302 with any questions about stock-option complex order functionality.

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