DATE: **June 1, 2016**

TO: **MIAX Members**

FROM: **MIAX Regulatory Department**

RE: **Professional Interest and Priority Customer Order Counting Methodology**

Pursuant to an industry–wide initiative to harmonize the methodology for counting of orders in listed options for designation as "Professional Interest" order or order for the account of a "Priority Customer," the Exchange has filed SR-MIAX-2016-11.

The standards shall become operative as of July 1, 2016 and shall be implemented commencing for Q2 2016. Accordingly, MIAX Members are expected to conduct their firm's review of Q2 2016 activity compliant with the requirements outlined in SR-MIAX-2016-11 and the definition of "Priority Customer" per MIAX Rule 100 (Definitions). Any changes to Priority Customer designations should be made within five days after the review period, but no later than **July 8, 2016**.

The Exchange notes the following key order counting standards highlighted below:

Each order of any type (other than FLEX options and except as otherwise noted in the Rule), regardless of the options exchange on which entered or to which routed, shall be counted as 1 order.

Complex Orders[1]
• Complex orders comprised of **8 legs or fewer** shall count as a single order
• For complex orders comprised of **9 legs or more**, each option leg shall count as a separate order

Parent and Child Orders
• A "parent" order placed for the beneficial account(s) of a person or entity not a broker or dealer that is broken into multiple subordinate "child" orders on the same side (buy/sell) and series as the parent order, by a broker or dealer or an algorithm housed at a broker or dealer or licensed from a broker dealer but housed with the customer, shall count as 1 order, even if routed away
• A "parent" order (including a strategy order) that is broken into multiple subordinate "child" orders on both sides (buy/sell) of a series and/or multiple series shall count as multiple orders, with each child order counted as a new and separate order per side and series

Cancel and Replace Orders
• An order that cancels and replaces a prior order shall count as a second order (or multiple new orders in the case of a complex order comprised of 9 legs or more), including "single-strike algorithms"
• A series of cancel and replace orders in an individual strike, which track the MBBO or NBBO, shall count as separate new orders

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[1] Please note that the Exchange does not currently accept complex orders.

• An order that cancels and replaces a subordinate "child" order on the same side and series as the "parent" order shall not count as a new order
• An order that cancels and replaces a subordinate "child" order and results in multiple sides/series shall count as a new order per side and series
• An order that cancels and replaces a subordinate "child" order pegged to the MBBO or NBBO, shall count as a new order each time a cancel/replace is used to follow the MBBO or NBBO

For a complete description of this rule filing, please see SR-MIAX-2016-11.

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