



DATE: October 14, 2016
TO: MIAX Members
FROM: MIAX Regulatory Department
RE: Trading of Complex Orders on MIAX

On October 7, 2016, the Securities and Exchange Commission **approved** rules that permit the trading of complex orders on MIAX (See [SR-MIAX-2016-26](#)). New MIAX Rule 518 is the principle rule that governs the trading of complex orders. The launch date for the trading of complex orders is **October 24, 2016**, beginning with options overlying the **iShares Russell 2000 ETF (IWM)**. MIAX will notify Members via Regulatory Circular when additional option symbols are rolled out.

The trading of complex orders on the MIAX System will include the following features:

- Support for up to 8 option legs
- Complex Auction-on-Arrival (cAOA) designation provides qualifying orders with the ability to initiate a liquidity seeking auction upon receipt
- Marketable orders not designated cAOA will immediately execute against resting complex interest on the MIAX Strategy Book (MIAX's complex order book) and/or leg into the MIAX simple market. Legging provides complex orders access to additional liquidity by interacting with the MIAX Simple Order Book
- Booked orders are continuously evaluated by the MIAX System for trading and re-auction opportunities
- Simultaneous execution of all components of a complex strategy

Functionality and Order Types

- Orders and executions in pennies regardless of the minimum price increments of the individual leg
- Complex order minimum ratio 1:3, maximum ratio 3:1
- Limit Orders Only
- Accepted Times in Force: IOC, GTC, or Day orders (GTC and Day orders may also be specified as cAOA)
- Complex Auction-or-Cancel (cAOC) orders - active only for the life of auction and match only with complex orders within the event

Risk Protections

- **MIAX Order Monitor for Complex Orders (cMoM)** – defines a limit based on the opposite side complex NBBO through which a complex limit order will not be accepted by the MIAX System
- **Implied Away Best Bid or Offer Price Protection (ixABBO)** - this optional functionality ensures that a specified order will not trade through the best price available in the simple order market at any single exchange at the time of execution and is set on an order by order basis

- **Order Protections**

- **MAX Order Size Protection** - rejects any complex order from execution or being placed on the Strategy Book if the size of the complex order exceeds the protection limit, as set by the Member
 - **MAX Open Order Protection** - rejects any complex orders that exceed the maximum number of open complex orders held in the MIAX System, as set by the Member
 - **MAX Open Complex Contract Protection** - rejects any complex orders that exceed the maximum number of open complex contracts represented by complex orders held in the MIAX System, as set by the Member
- **MIAX Risk Protection Monitor (RPM) Protections expanded to cover complex orders** – complex orders are included in the calculation of metrics to block new orders and, if designed by the Member, mass cancel all open Day orders
 - **MIAX Aggregate Risk Manager (ARM)**. Legging order limit set to two option legs to enhance **ARM** Simple Order Book protection

Real - Time Data Feeds

- **AIS** - MIAX Administrative Information Subscriber Feed for auction notifications
- **MOR** - MIAX Order Feed for Complex Order Book dissemination
- **cToM** – “New” MIAX Complex Top of Market Feed for Complex Trade and Top of Market dissemination

For additional information, please contact Sales@MIAXOptions.com or call (609) 897-8177. For testing, please contact TradingOperations@MIAXOptions.com or call (609) 897-7302.

Please direct regulatory questions to Regulatory@MIAXOptions.com or call (609) 897-7309.