SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74809; File No. SR-MIAX-2015-19)

April 24, 2015

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing of a Proposed Rule Change to Amend Exchange Rule 515

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on April 13, 2015, Miami International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Exchange Rule 515.

The text of the proposed rule change is available on the Exchange's website at http://www.miaxoptions.com/filter/wotitle/rule_filing, at MIAX's principal office, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange has identified several additional enhancements to the functionality of two order types – Customer Cross Order[3] and Qualified Contingent Cross Order[4] - that the Exchange believes should be included in the Rules prior to deployment of the Qualified Contingent Cross Order functionality. The Exchange proposes to amend Exchange Rule 515 accordingly. The Exchange notes that both order types were included in the original MIAX Rules that were approved as part of its registration as a national securities exchange. The Customer Cross Order was deployed when the Exchange deployed PRIME functionality.[5] The proposed changes would codify existing functionality for Customer Cross Orders that is not currently detailed in the Exchange's Rules. The Qualified Contingent Cross Order is currently not deployed, however, will be available after approval of this filing.

Rule 515(h)(1) provides that Customer Cross Orders are automatically executed upon entry provided that the execution (i) is at or between the best bid and offer on the Exchange; (ii) is not at the same price as a Priority Customer Order on the Exchange's Book; and (iii) will not trade at a price inferior to the NBBO. Customer Cross Orders will be automatically canceled if they cannot be executed. Customer Cross Orders may only be entered in the minimum trading increments applicable to the options class under Rule 510.[6] Rule 515(h)(2) provides that Qualified Contingent Cross Orders are automatically executed upon entry provided that the

3 See MIAX Rules 515(h)(1), 516(i).

4 See MIAX Rules 515(h)(2), 516(j). See also MIAX Rule 516, Interpretations and Policies .01.

5 See MIAX Options Regulatory Circulars, RC-2014-64 and RC-2015-05.

6 See MIAX Rule 515(h)(1).

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. Qualified Contingent Cross Orders will be automatically canceled if they cannot be executed. Qualified Contingent Cross Orders may only be entered in the minimum trading increments applicable to the options class under Rule 510.[7]

Although neither the Customer Cross Order nor the Qualified Contingent Cross Order may be executed at a price inferior to the NBBO, the Exchange notes that there are situations at the Exchange during which trading interest may exist in the Exchange's System that could be executable at prices up to the NBBO but is not automatically executed because the Exchange is either attempting to obtain additional price improvement for the order or additional liquidity to trade against the order on the Exchange. The Exchange employs a variety of timers and auctions to provide market participants with opportunity to obtain additional price improvement for their order or access additional liquidity to trade against the order on the Exchange. Specifically, during the liquidity refresh pause or managed interest process pursuant to Rule 515(c),[8] or a

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7 See MIAX Rule 515(h)(2).

8 The "liquidity refresh pause" is a process during which the System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO to be received when at the time of receipt or reevaluation of the initiating order by the System: (A) either the initiating order is a limit order whose limit price crosses the NBBO or the initiating order is a market order, and the limit order or market order could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) and the Market Maker quote was exhausted. See MIAX Rule 515(c)(2). The "managed interest process" is a process for non-routable orders during which, if the limit price locks or crosses the current opposite side NBBO, the System will display the order one MPV away from the current opposite side NBBO, and book the order at a price that will lock the current opposite side NBBO. Should the NBBO price change to an inferior price level, the order's Book price will continuously re-price to lock the new NBBO and the managed order's displayed price will continuously re-price one MPV away from the new NBBO until (i) the order has traded to and including its limit price, (ii) the order has traded to and including its price protection limit at which any remaining contracts are cancelled, (iii) the order is fully executed or (iv) the order is cancelled. See MIAX Rule 515(c)(1)(ii).

route timer pursuant to Rule 529,[9] the Exchange has trading interest that exists that may be executable up to the NBBO but is displayed at a price one minimum price increment away. In addition, during the price improvement mechanisms such as PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A,[10] the Exchange has trading interest that exists that may be executable up to the NBBO but is not displayed. The Exchange believes that the execution of a Customer Cross Order or Qualified Contingent Cross Order that arrives during a timer or auction at a potentially better price than the interest subject to the timer or auction, has the potential to cause confusion and perceived disruption to market participants that are subject to the pre-existing timers or auctions that may see executions occurring at better prices than their trading interest. In addition, the Exchange believes that the timers and auctions provide a valuable service to market participants and that the use of these mechanisms, that provide market participants with opportunities to obtain additional price improvement for their orders or access additional liquidity to trade against the orders, should be promoted on the Exchange. Therefore, the Exchange proposes to modify its Rules in order to maintain the priority of trading interest subject to timers and auctions that are initiated prior to the arrival of these specified order types.

The Exchange proposes to amend Rule 515(h)(1) and Rule 515(h)(2) to provide that the

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9 See MIAX Rule 529. The "route timer" is a process for those initiating Public Customer orders that are routable, but do not meet the additional criteria for Immediate Routing, during which the System will implement a route timer not to exceed one second, in order to allow Market Makers and other participants an opportunity to interact with the initiating order.

10 The "PRIME Auction" is a process by which a Member may electronically submit for execution ("auction") an order it represents as agent ("agency order") against principal interest, and/or an agency order against solicited interest. See MIAX Rule 515A(a). The "PRIME Solicitation Mechanism" is a process by which a Member that represents agency orders of a size of 500 contracts or more may electronically execute against solicited orders provided it submits both the agency order and solicited orders for electronic execution into the PRIME Solicitation Mechanism pursuant to Rule 515A. See MIAX Rule 515A(b).

Customer Cross Order and Qualified Contingent Cross Order will be rejected if there is a timer or price improvement auction in progress when either of these orders are received. Specifically, the Exchange proposes to amend Rule 515(h)(1) to provide that if trading interest exists on the MIAX Book that is subject to the liquidity refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A when the Exchange receives a Customer Cross Order, the System will reject the Customer Cross Order. In addition, the Exchange proposes to amend Rule 515(h)(2) to provide that if trading interest exists on the MIAX Book that is subject to the liquidity refresh pause or managed interest process pursuant to Rule 515(c), or a route timer pursuant to Rule 529 when the Exchange receives a Qualified Contingent Cross Order, the System will reject the Qualified Contingent Cross Order. If trading interest exists that is subject to a PRIME Auction or PRIME Solicitation Auction pursuant to Rule 515A when the Exchange receives a Qualified Contingent Cross Order, the System will reject the Qualified Contingent Cross Order. The Exchange notes that the Exchange proposes no changes to the Customer Cross Order and the Qualified Contingent Cross Order order types themselves; both order types will continue to be subject to the same requirements as before.[11]

The Exchange proposes to make these enhancements to ensure that both the Customer Cross Order and the Qualified Contingent Cross Order will work seamlessly with the Exchange's timers and auctions in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes that initiated a timer or auction prior to the receipt of a Customer

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[11] See supra notes 3 and 4.

Cross Order or Qualified Contingent Cross Order on the Exchange. The Exchange believes that by using such additional reasons for rejecting these two order types during a timer or auction will improve the interaction between the timers and auctions and the Exchange's Book and the national market system. Without such proposed changes, the Exchange believes that the deployment of the Customer Cross Order and Qualified Contingent Cross Order functionality would reduce the benefits of its timer and auction functionality that currently provides market participants with opportunities to obtain additional price improvement for their orders or access additional liquidity to trade against the order on the Exchange. While rejecting Customer Cross Orders and Qualified Contingent Cross Orders received during timers and auctions may cause a disruption to market participants sending such orders in such situations, the Exchange believes the benefits to market participants participating in timers and auctions and to the national market system, as a whole, outweigh the temporary opportunity costs of a Customer Cross Orders and Qualified Contingent Cross Orders rejection. The Exchange notes Customer Cross Orders and Qualified Contingent Cross Orders are readily available on other competing exchanges;[12] if rejected by the Exchange's System, market participants can either choose to route their Customer Cross Orders and Qualified Contingent Cross Orders to those competing venues or simply just resubmit their orders to the Exchange. The Exchange believes that the proposed changes to its Rules will provide clear notice to market participants that their Customer Cross Orders and Qualified Contingent Cross Orders may be rejected during auctions and timers.

The Exchange notes that the proposed changes detailed above will likely result in fewer executions of Customer Cross Orders and Qualified Contingent Cross Orders on the Exchange. However, the Exchange notes that rejecting these orders may likely result in better opportunities

[12] See e.g., ISE Rule 715(i),(j); NYSE Arca Options Rules 6.47(e) and 6.62(bb).

for market participants with orders subject to timers and auctions for price improvement on the Exchange as more liquidity may be available to trade against trading interest in the timers and auctions. The Exchange believes that the proposed changes will reduce the potential of confusion and perceived disruption to market participants when a Customer Cross Order or Qualified Contingent Cross Order arrives during a timer or auction, potentially executing at a better price than their trading interest that subject to the timer or auction. The Exchange believes that the benefits to market participants (including those participating in timers/auctions and outside of timers/auctions) as a result of the new proposed enhancements to make both the Customer Cross Order and Qualified Contingent Cross Order more integrated with the Exchange's Book and the national market system, exceed any potential loss of opportunity for executions caused by the proposed changes.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act[13] in general, and furthers the objectives of Section 6(b)(5) of the Act[14] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The proposal to reject the Customer Cross Order and Qualified Contingent Cross Order if there is a timer or price improvement auction at the time of receipt of these order types is designed to facilitate transactions, to remove impediments to and perfect the mechanism of a free

13 15 U.S.C. 78f(b).

14 15 U.S.C. 78f(b)(5).

and open market to the benefit of market participants by promoting the use of timer and auction functionality on the Exchange which provide market participants with opportunities to obtain additional price improvement for their orders or access additional liquidity to trade against the orders. The proposed enhancements to the Rules are designed to further ensure that the Customer Cross Order and Qualified Contingent Cross Order types will work seamlessly with the auctions and timers on the Exchange in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes subject to timers and auctions on the Exchange.

The Exchange believes that the proposed changes to its Rules will provide clear notice to market participants that their Customer Cross Orders and Qualified Contingent Cross Orders may be rejected during auctions and timers in a manner that is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed enhancements to reject Customer Cross Orders and Qualified Contingent Cross Orders during timers and price improvement auctions are designed to increase competition for order flow on the Exchange by promoting the use of timer and auction functionality on the Exchange which provide market participants with opportunities to obtain additional price improvement for their orders or access additional liquidity to trade against the orders in a manner intended to be beneficial to investors seeking to effect option orders with an opportunity to access additional liquidity and receive price improvement. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. The Exchange believes that the proposed changes to the order types are pro-competitive by providing market participants with functionality that would ensure a fair and orderly market by maintaining priority of orders and quotes that initiated a timer or auction prior to the receipt of a Customer Cross Order or Qualified Contingent Cross Order on the Exchange.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MIAX-2015-19 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2015-19. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MIAX-2015-19 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Brent J. Fields
Secretary

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[15] 17 CFR 200.30-3(a)(12).