

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 27 SECURITIES AND EXCHANGE COMMISSION File No.* SR -2016 - * 03
 WASHINGTON, D.C. 20549
 Form 19b-4 Amendment No (req for Amendments *)

Filing by Miami International Securities Exchange, LLC.
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed rule change relating to the handling of non-routable orders

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Richard Last Name * Rudolph
 Title * Vice President and Senior Counsel
 E-mail * rrudolph@miami-holdings.com
 Telephone * (609) 897-1484 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,
 has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)
 Vice President and Senior Counsel

Date 01/20/2016
 By Richard S. Rudolph
 (Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Persona Not Validated - 1427205277040,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Miami International Securities Exchange, LLC (“MIAX” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend Exchange Rules 503, Openings on the Exchange, and 515, Execution of Orders and Quotes.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Board of Directors on December 11, 2014. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Richard S. Rudolph, Vice President and Senior Counsel at (609) 897-1484.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The purpose of the proposal is to adopt new rule text and provide additional clarity to MIAX participants regarding the manner in which non-routable, or Do Not Route (“DNR”),³ orders that are not executed during the opening on the Exchange are handled.

First, the Exchange proposes to amend Rule 503(f), Opening Process, to clarify the process that occurs when (i) the MIAX System⁴ has completed the opening imbalance process and there are unexecuted contracts remaining following an opening transaction, or (ii) if there is no opening transaction and the Exchange opens by disseminating the Exchange’s best bid and offer among quotes and orders that exist in the System at that time as described in current Rule 503(f)(1).⁵ In the latter situation, non-routable orders then in the System that cross the Away Best Bid or Offer (“ABBO”) will be cancelled and are not included in the Managed Interest Process, as described in proposed Rule 515(c)(1)(ii)(B).

Additionally, the Exchange proposes to amend current Exchange Rule 515(c)(1)(ii) to explicitly state that, when the MIAX System opens without an opening transaction, and instead opens by disseminating the Exchange’s best bid and offer among quotes and orders that exist in

³ A Do Not Route or “DNR” order is an order that will never be routed outside of the Exchange regardless of the prices displayed by away markets. A DNR order may execute on the Exchange at a price equal to or better than, but not inferior to, the best away market price but, if that best away market remains, the DNR order will be handled in accordance with the managed interest process described in Rule 515(c)(1)(ii). See Exchange Rule 516(g).

⁴ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁵ If there are no quotes or orders that lock or cross each other, the System will open by disseminating the Exchange’s best bid and offer among quotes and orders that exist in the System at that time. See Exchange Rule 503(f)(1).

the System at that time as described in Rule 503(f)(1), non-routable orders then in the System that cross the ABBO will be cancelled and are not included in the Managed Interest Process described below.

DNR Orders at the Opening

Exchange Rule 503(f) describes the Opening Process on the Exchange, in which the System goes through a number of processes seeking an opening price at which the greatest number of contracts will trade. The Opening Process also includes the routing of orders to away markets in situations where the Exchange cannot execute all contracts at its opening price.⁶ If the System opens with an opening transaction after conducting the Imbalance Process as set forth in Exchange Rule 503(f)(2)(vii), any unexecuted contracts from the imbalance not traded or routed will be cancelled back to the entering Member if the price for those contracts crosses the opening price, unless the Member that submitted the original order has instructed the Exchange in writing to re-enter the remaining size, in which case the remaining size will be automatically submitted as a new order.⁷

If, however, there is no opening transaction and instead the Exchange opens by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time,⁸ non-routable orders then in the System that cross the ABBO will be cancelled and therefore, because they are cancelled, are not included in the Managed Interest Process.

Currently, the System executes orders at the opening that have contingencies, including non-routable orders (DNR Orders) to the extent possible. Non-routable orders are handled after

⁶ See Exchange Rule 503(f)(2)(vii)(B).

⁷ Id.

⁸ See supra note 5.

the opening in accordance with Rule 515.⁹ Specifically, such orders are submitted into the Managed Interest Process, as described below, except when the Exchange opens by disseminating quotations rather than executing contracts. In this limited circumstance, non-routable orders (DNR Orders) that cross the ABBO are not submitted to the Managed Interest Process, and instead are cancelled.

Managed Interest Process

The proposed amendment to Exchange Rule 515(c)(1)(ii) is intended to codify existing functionality concerning the Exchange's Managed Interest Process. The Managed Interest Process is a process for non-routable orders during which, if the limit price locks or crosses the current opposite side National Best Bid or Offer ("NBBO"), the System will display the order one Minimum Price Variation ("MPV") away from the current opposite side NBBO, and book the order at an undisplayed price that locks the current opposite side NBBO. Should the NBBO price change to an inferior price level, the order's undisplayed price will re-price to lock the new NBBO and the managed order's displayed price will continue to 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.¹⁰

The Proposal

The proposed rule change to Exchange Rule 503 concerning the Opening Process is related to the Managed Interest Process in Exchange Rule 515 because non-routable orders that

⁹ The System will execute orders at the opening that have contingencies and nonroutable orders, such as a "Do Not Route" or "DNR" Orders to the extent possible. DNR orders together with other nonroutable orders will be handled after the opening in accordance with Rule 515. See Exchange Rule 503(f)(2)(vii)(B)(6).

¹⁰ See Exchange Rule 515(c)(1)(ii).

are not executed at the opening under certain circumstances are not included in the Managed Interest Process and are instead cancelled by the System. Specifically, the proposed rule change to Exchange Rule 503(f)(1) is intended to clarify that, when the Exchange opens by disseminating quotations rather than executing contracts after the Opening Process, non-routable orders then in the System that cross the ABBO will be cancelled and are not included in the Managed Interest Process, as described in Rule 515(c)(1)(ii)(B).

Proposed Rule 503(f)(2)(vii)(B)5 would add language to existing rule text to state clearly in the Exchange's rules that the rule applies when there is an opening transaction. Specifically, if there is an opening transaction, any unexecuted contracts from the imbalance not traded or routed will be cancelled back to the entering Member if the price for those contracts crosses the opening price, unless the Member that submitted the original order has instructed the Exchange in writing to re-enter the remaining size, in which case the remaining size will be automatically submitted as a new order.

Consistent with the proposed change to Exchange Rule 503(f)(1), proposed Rule 515(c)(1)(ii)(B) would state specifically that, when the System opens without an opening transaction, and instead opens by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time as described in Rule 503(f)(1), non-routable orders then in the System that cross the ABBO will be cancelled and are not included in the Managed Interest Process. This proposed amendment addresses any perceived discrepancy between the rule text description of how this process works and how it is actually working in production, and provides consistency in the Exchange's rules concerning the Opening Process and how that relates to the Managed Interest Process.

The Exchange believes that the codification of the cancellation of non-routable orders that cross the ABBO when the System opens without an opening transaction and instead opens by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time, reflects the Exchange's intention to further protect investors that elect to submit non-routable orders. This existing functionality is intended to enable participants that submit non-routable orders that have been handled during the opening but not executed to make informed decisions about such orders based upon transparent market conditions (i.e., the ability to ascertain the current prices on all markets) following the opening. Such participants are able then to determine whether to re-submit their orders (with or without a DNR designation) and whether to establish a different limit price based on then-current market conditions. The Exchange believes that the precise description of this existing functionality should be included in the Exchange's rules in order to inform participants that submit non-routable orders that there are additional opportunities to re-determine and possibly modify the routing status and limit price of their orders. The proposed rule change should assist participants in making decisions concerning such opportunities by clarifying the relationship between the Exchange's Opening Process and when non-routable orders not executed when the Exchange opens by disseminating its best bid and offer are not included in the Managed Interest Process.

b. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² 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

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

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 existing functionality concerning the Opening Process and the description of the circumstances where non-routable orders that are handled during the Opening Process are not included in the Managed Interest Process because they are cancelled. This functionality and proposed codification of it as described herein removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest, by giving participants that submit non-routable orders that are not executed at the opening an opportunity to make decisions concerning their orders based upon then-current market conditions, which were unknown at the time they submitted their orders. Routable orders that cross away markets are sent to such away markets for execution when the Exchange cannot execute at the opening; non-routable orders that cross away markets are not. Absent an execution, the Exchange believes that participants that submitted non-routable orders that are handled but not executed during the opening process should have the opportunity to make further decisions regarding such orders based upon current market conditions, and thus the System cancels such orders and reports this to the affected participants. This benefits not only MIAX participants but benefits the marketplace as a whole.

The inclusion of the functionality of the System in the rules promotes transparency and clarity in the Exchange's rules. The transparency and accuracy resulting from the codification of this functionality is consistent with the Act because it removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest, by accurately describing the steps taken by the System in the

limited scenario when the Exchange opens by disseminating quotations rather than executing contracts after the Opening Process, and non-routable orders cross the NBBO.

MIAX participants should have a better understanding of the Exchange's Managed Interest Process in this limited circumstance. The codification and clarification of the System's functionality is designed to promote just and equitable principles of trade by providing a clear and objective description to all participants of how opening non-routable orders will be handled, and should assist investors in making decisions concerning their non-routable orders.

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

MIAX 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. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition because it applies to all MIAX participants equally. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal is intended to protect investors by providing further transparency regarding the Exchange's Managed Interest Process in the limited scenario described above.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. **Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

Pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6)¹⁴ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the codification of the System's current functionality respecting the handling of non-routable orders at the opening, and their exclusion from the Managed Interest Process in a narrowly defined situation is "non-controversial," and raises no new regulatory issues. It is simply the codification of current functionality in a very limited circumstance. Additionally, the proposed rule change is non-controversial because, as a clarification of the relationship between the Exchange's Opening Process and the Managed Interest Process, it protects investors and the public interest by providing transparency in the Exchange's rules concerning that relationship and thus enables investors to make more informed decisions concerning contingencies they may place on orders that are handled at the opening and the possible outcomes of those decisions under certain circumstances, i.e., when the Exchange opens by disseminating its best bid and offer instead of opening with a transaction. Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹⁷ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)¹⁸ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange respectfully requests a waiver of the 30 day operative delay in order to best protect its marketplace. Waiver of operative delay is consistent with the protection of investors and the public interest because it would enable market participants to benefit from the clarifying language regarding how the Managed Interest Process operates without undue delay.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed amendment is not based on the rules of any other options exchange.

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6).

¹⁸ 17 CFR 240.19b-4(f)(6).

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Text of proposed changes to rule text.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2016-03)

January __, 2016

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend Exchange Rules 503 and 515

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 20, 2016, Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a 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 is filing a proposal to amend Exchange Rules 503, Openings on the Exchange, and 515, Execution of Orders and Quotes.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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.

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

1. Purpose

The purpose of the proposal is to adopt new rule text and provide additional clarity to MIAX participants regarding the manner in which non-routable, or Do Not Route (“DNR”),³ orders that are not executed during the opening on the Exchange are handled.

First, the Exchange proposes to amend Rule 503(f), Opening Process, to clarify the process that occurs when (i) the MIAX System⁴ has completed the opening imbalance process and there are unexecuted contracts remaining following an opening transaction, or (ii) if there is no opening transaction and the Exchange opens by disseminating the Exchange’s best bid and offer among quotes and orders that exist in the System at that time as described in current Rule 503(f)(1).⁵ In the latter situation, non-routable orders then in the System that cross the Away Best Bid or Offer (“ABBO”) will be cancelled and are not included in the Managed Interest Process, as described in proposed Rule 515(c)(1)(ii)(B).

Additionally, the Exchange proposes to amend current Exchange Rule 515(c)(1)(ii) to explicitly state that, when the MIAX System opens without an opening transaction, and instead

³ A Do Not Route or “DNR” order is an order that will never be routed outside of the Exchange regardless of the prices displayed by away markets. A DNR order may execute on the Exchange at a price equal to or better than, but not inferior to, the best away market price but, if that best away market remains, the DNR order will be handled in accordance with the managed interest process described in Rule 515(c)(1)(ii). See Exchange Rule 516(g).

⁴ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁵ If there are no quotes or orders that lock or cross each other, the System will open by disseminating the Exchange’s best bid and offer among quotes and orders that exist in the System at that time. See Exchange Rule 503(f)(1).

opens by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time as described in Rule 503(f)(1), non-routable orders then in the System that cross the ABBO will be cancelled and are not included in the Managed Interest Process described below.

DNR Orders at the Opening

Exchange Rule 503(f) describes the Opening Process on the Exchange, in which the System goes through a number of processes seeking an opening price at which the greatest number of contracts will trade. The Opening Process also includes the routing of orders to away markets in situations where the Exchange cannot execute all contracts at its opening price.⁶ If the System opens with an opening transaction after conducting the Imbalance Process as set forth in Exchange Rule 503(f)(2)(vii), any unexecuted contracts from the imbalance not traded or routed will be cancelled back to the entering Member if the price for those contracts crosses the opening price, unless the Member that submitted the original order has instructed the Exchange in writing to re-enter the remaining size, in which case the remaining size will be automatically submitted as a new order.⁷

If, however, there is no opening transaction and instead the Exchange opens by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time,⁸ non-routable orders then in the System that cross the ABBO will be cancelled and therefore, because they are cancelled, are not included in the Managed Interest Process.

⁶ See Exchange Rule 503(f)(2)(vii)(B).

⁷ Id.

⁸ See supra note 5.

Currently, the System executes orders at the opening that have contingencies, including non-routable orders (DNR Orders) to the extent possible. Non-routable orders are handled after the opening in accordance with Rule 515.⁹ Specifically, such orders are submitted into the Managed Interest Process, as described below, except when the Exchange opens by disseminating quotations rather than executing contracts. In this limited circumstance, non-routable orders (DNR Orders) that cross the ABBO are not submitted to the Managed Interest Process, and instead are cancelled.

Managed Interest Process

The proposed amendment to Exchange Rule 515(c)(1)(ii) is intended to codify existing functionality concerning the Exchange's Managed Interest Process. The Managed Interest Process is a process for non-routable orders during which, if the limit price locks or crosses the current opposite side National Best Bid or Offer ("NBBO"), the System will display the order one Minimum Price Variation ("MPV") away from the current opposite side NBBO, and book the order at an undisplayed price that locks the current opposite side NBBO. Should the NBBO price change to an inferior price level, the order's undisplayed price will re-price to lock the new NBBO and the managed order's displayed price will continue to 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.¹⁰

⁹ The System will execute orders at the opening that have contingencies and nonroutable orders, such as a "Do Not Route" or "DNR" Orders to the extent possible. DNR orders together with other nonroutable orders will be handled after the opening in accordance with Rule 515. See Exchange Rule 503(f)(2)(vii)(B)(6).

¹⁰ See Exchange Rule 515(c)(1)(ii).

The Proposal

The proposed rule change to Exchange Rule 503 concerning the Opening Process is related to the Managed Interest Process in Exchange Rule 515 because non-routable orders that are not executed at the opening under certain circumstances are not included in the Managed Interest Process and are instead cancelled by the System. Specifically, the proposed rule change to Exchange Rule 503(f)(1) is intended to clarify that, when the Exchange opens by disseminating quotations rather than executing contracts after the Opening Process, non-routable orders then in the System that cross the ABBO will be cancelled and are not included in the Managed Interest Process, as described in Rule 515(c)(1)(ii)(B).

Proposed Rule 503(f)(2)(vii)(B)5 would add language to existing rule text to state clearly in the Exchange's rules that the rule applies when there is an opening transaction. Specifically, if there is an opening transaction, any unexecuted contracts from the imbalance not traded or routed will be cancelled back to the entering Member if the price for those contracts crosses the opening price, unless the Member that submitted the original order has instructed the Exchange in writing to re-enter the remaining size, in which case the remaining size will be automatically submitted as a new order.

Consistent with the proposed change to Exchange Rule 503(f)(1), proposed Rule 515(c)(1)(ii)(B) would state specifically that, when the System opens without an opening transaction, and instead opens by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time as described in Rule 503(f)(1), non-routable orders then in the System that cross the ABBO will be cancelled and are not included in the Managed Interest Process. This proposed amendment addresses any perceived discrepancy between the rule text description of how this process works and how it is actually working in

production, and provides consistency in the Exchange's rules concerning the Opening Process and how that relates to the Managed Interest Process.

The Exchange believes that the codification of the cancellation of non-routable orders that cross the ABBO when the System opens without an opening transaction and instead opens by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time, reflects the Exchange's intention to further protect investors that elect to submit non-routable orders. This existing functionality is intended to enable participants that submit non-routable orders that have been handled during the opening but not executed to make informed decisions about such orders based upon transparent market conditions (i.e., the ability to ascertain the current prices on all markets) following the opening. Such participants are able then to determine whether to re-submit their orders (with or without a DNR designation) and whether to establish a different limit price based on then-current market conditions. The Exchange believes that the precise description of this existing functionality should be included in the Exchange's rules in order to inform participants that submit non-routable orders that there are additional opportunities to re-determine and possibly modify the routing status and limit price of their orders. The proposed rule change should assist participants in making decisions concerning such opportunities by clarifying the relationship between the Exchange's Opening Process and when non-routable orders not executed when the Exchange opens by disseminating its best bid and offer are not included in the Managed Interest Process.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² in particular, in that it is

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

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 existing functionality concerning the Opening Process and the description of the circumstances where non-routable orders that are handled during the Opening Process are not included in the Managed Interest Process because they are cancelled. This functionality and proposed codification of it as described herein removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest, by giving participants that submit non-routable orders that are not executed at the opening an opportunity to make decisions concerning their orders based upon then-current market conditions, which were unknown at the time they submitted their orders. Routable orders that cross away markets are sent to such away markets for execution when the Exchange cannot execute at the opening; non-routable orders that cross away markets are not. Absent an execution, the Exchange believes that participants that submitted non-routable orders that are handled but not executed during the opening process should have the opportunity to make further decisions regarding such orders based upon current market conditions, and thus the System cancels such orders and reports this to the affected participants. This benefits not only MIAX participants but benefits the marketplace as a whole.

The inclusion of the functionality of the System in the rules promotes transparency and clarity in the Exchange's rules. The transparency and accuracy resulting from the codification of this functionality is consistent with the Act because it removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects

investors and the public interest, by accurately describing the steps taken by the System in the limited scenario when the Exchange opens by disseminating quotations rather than executing contracts after the Opening Process, and non-routable orders cross the NBBO.

MIAX participants should have a better understanding of the Exchange's Managed Interest Process in this limited circumstance. The codification and clarification of the System's functionality is designed to promote just and equitable principles of trade by providing a clear and objective description to all participants of how opening non-routable orders will be handled, and should assist investors in making decisions concerning their non-routable orders.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition because it applies to all MIAX participants equally. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal is intended to protect investors by providing further transparency regarding the Exchange's Managed Interest Process in the limited scenario described above.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the

Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6)¹⁴ thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2016-03 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.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

All submissions should refer to File Number SR-MIAX-2016-03. 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 Web site (<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-2016-03 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

¹⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined;
Deleted text is in [brackets]

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

Rule 503. Openings on the Exchange

(a) – (e) No change.

(f) Opening Process

(1) If there are no quotes or orders that lock or cross each other, the System will open by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time. In such a circumstance, non-routable orders then in the System that cross the ABBO will be cancelled and are not included in the Managed Interest Process, as described in Rule 515(c)(1)(ii)(B).

(2) If there are quotes or orders that lock or cross each other, the System will open by following the Opening Process detailed below.

(i) - (vi) No change.

(vii) **Imbalance Process.** If all opening marketable size cannot be completely executed at or within the EQR without trading at a price inferior to the ABBO, or cannot trade at or within the quality opening market range in the absence of a valid width NBBO, the System will automatically institute the following imbalance process:

(A) No change.

(B) If at the conclusion of the Timer, quotes and orders submitted during the Imbalance Timer, or other changes to the ABBO, would not allow the entire imbalance amount to trade at the Exchange at or within the EQR without trading at a price inferior to the ABBO, the System will:

1. – 4. No change.

5. If after that number of times the System still cannot route and/or trade the entire imbalance amount, the System will open as many contracts as possible by routing to other markets with prices better than the Exchange opening price for their disseminated size, trade available contracts on the Exchange at the opening price and route to other markets at prices equal to the Exchange opening price for their disseminated size. In this situation, the

System will price any contracts routed to other markets at the away market price. If there is an opening transaction, [A]ny unexecuted contracts from the imbalance not traded or routed will be cancelled back to the entering Member if the price for those contracts crosses the opening price, unless the Member that submitted the original order has instructed the Exchange in writing to re-enter the remaining size, in which case the remaining size will be automatically submitted as a new order. However, in a series where the EQR has been calculated to be zero on the bid side and market order sell interest has a quantity greater than all of the buy interest, the System will treat the market order(s) like a limit order(s) to sell at the lowest Minimum Trading Increment and the Opening Process will be satisfied with an opening price at the lowest Minimum Increment with any remaining balance of the sell order(s) being placed on the Book in time priority and made available for execution following the Opening Process.

6. No change.

(C) No change.

(viii) – (x) No change.

(g) No change.

Rule 515. Execution of Orders and Quotes

(a) - (b) No change.

(c) Non-Market Maker Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO Upon Receipt. An incoming non-Market Maker order that could not be executed or could not be executed in full at the original NBBO upon receipt will be handled in accordance with the following provisions. In addition, non-Market Maker orders that are reevaluated by the System for execution pursuant to an order's price protection instructions that could not be executed or could not be executed in full at the NBBO at the time of reevaluation will be handled in accordance with the following provisions. The following paragraphs will apply to orders both (i) upon receipt by the System, and (ii) upon reevaluation by the System for execution and according to the price protections designated on the order. The term "initiating order" will be used in the following paragraphs to refer to (i) the incoming order that could not be executed, (ii) the order reevaluated by the System for execution that could not be executed, or (iii) the remaining contracts of the incoming order or reevaluated order that could not be executed in full. The term "original NBBO" will be used in the following paragraphs to refer to the NBBO that existed at time of receipt of the initiating order or the NBBO at time of reevaluation of an order pursuant to Rule 515.

(1) Price Protection on Non-Market Maker Orders. The System will apply the following system of price protection to all non-Market Maker orders. Price protection prevents an order from being executed beyond the price designated in the order's price protection instructions (the "price protection limit"). The price protection instructions will be expressed in units of MPV away from the NBBO at the time of the order's receipt, or the MBBO if the ABBO

is crossing the MBBO. Market participants may designate or disable price protection instructions on an order by order basis. The default price protection will be one MPV away from the NBBO at the time of receipt, or the MBBO if the ABBO is crossing the MBBO. When triggered, price protection will cancel an order or the remaining contracts of an order. The System will not execute such orders at prices inferior to the current NBBO. Price protection will not apply to Intermarket Sweep Orders (“ISO”); Immediate or Cancel orders (“IOC”) orders will be handled in accordance with paragraph (e) below, FOK orders will be handled in accordance with paragraph (f) below and ISOs will be handled in accordance with paragraph (g) below. The System will handle Market Maker quotes and orders in accordance with paragraph (d) below.

(i) No change.

(ii) Managed Interest Process for Non-Routable Orders.

(A) If the initiating order is non-routable (for example, the Public Customer order was marked “Do Not Route”) the order will never be routed outside of the Exchange regardless of prices displayed by away markets. A non-routable initiating order may execute on the Exchange at a price equal to or better than, but not inferior to, the ABBO. The System will not execute such orders at prices inferior to the current NBBO. The System will seek to trade the initiating order until the first of: (A) the order is fully executed; (B) the order has traded to and including its price protection limit at which any remaining contracts are canceled; or (C) the order has traded to and including its limit price at which the System will attempt to display and book the initiating order at its limit price and will reevaluate the order for execution pursuant to Rule 515. 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. If the Exchange receives a new order or quote on the opposite side of the market from the managed order that can be executed, the System will immediately execute the remaining contracts from the initiating order to the extent possible at the order’s current Book price, provided that the execution price does not violate the current NBBO. If unexecuted contracts remain from the initiating order, the order’s size will be revised and the MBBO disseminated to reflect the order’s remaining contracts.

(B) When the System opens without an opening transaction, and instead opens by disseminating the Exchange’s best bid and offer among quotes and orders that exist in the System at that time as described in Rule 503(f)(1), non-routable orders then in the System that cross the ABBO will be cancelled and are not included in the Managed Interest Process.

(2) No change.

(d) – (h) No change.

Interpretations and Policies:

No change.
