

Required fields are shown with yellow backgrounds and asterisks.

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

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

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

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

**Description**

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

Amend the MIAX Options Fee Schedule Relating to System Connectivity Fees

**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 \*  Last Name \*

Title \*

E-mail \*

Telephone \*  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 \*)

Date

By

(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.

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 \***

Add Remove View

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**

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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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend the MIAX Options Fee Schedule (the “Fee Schedule”) to modify the Exchange’s connectivity fees.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the applicable section of the proposed Fee Schedule 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 senior management of the Exchange pursuant to authority delegated by the MIAX Board of Directors on December 8, 2016. 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 Joseph W. Ferraro, Senior Vice President and Associate General Counsel, at 609-897-8492.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 Exchange proposes to amend the Fee Schedule regarding connectivity to the Exchange.

Network Connectivity Fees

First, the Exchange proposes to amend Section 5a) and b) of the Fee Schedule to increase the connectivity fee for the 1 Gigabit (“Gb”) fiber connection, the 10 Gb fiber connection, and the 10 Gb ultra-low latency (“ULL”) fiber connection, which are charged to both Members<sup>3</sup> and Non-Members of the Exchange.

The Exchange currently offers various bandwidth alternatives for connectivity to the Exchange, consisting of a 10Gb ULL fiber connection, a 10Gb fiber connection and a 1Gb fiber connection. The 10Gb ULL offering uses a new ultra-low latency switch, which provides faster processing of messages sent to it in comparison to the switch used for the other types of connectivity. The Exchange currently assesses the following monthly network connectivity fees to both Members and non-Members for connectivity to the Exchange’s Primary and Secondary Facility: (a) \$1,000 for the 1Gb connection; (b) \$5,000 for the 10 Gb connection; and (c) \$7,500.00 for the 10Gb ULL connection.

The Exchange proposes to increase the monthly network connectivity fees for such connections for both Members and non-Members as follows: (a) from \$1,000 to \$1,100 for the 1Gb connection; (b) from \$5,000 to \$5,500 for the 10Gb connection; and (c) from \$7,500 to

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<sup>3</sup> The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

\$8,500 for the 10Gb ULL connection. All of the foregoing network connectivity fees will continue to be pro-rated based on the number of trading days that the Member or non-Member has been credentialed to utilize any of the Exchange APIs in a production environment through the applicable connection, divided by the total number of trading days in such month multiplied by the monthly rate. The 1Gb and 10Gb connectivity fees to the Disaster Recovery Facility assessable to both Members and non-Members shall remain unchanged.

The Exchange believes that the increase in the pricing of the Exchange's connectivity is reflective of the continued value that it provides and the increasing costs to the Exchange for providing and maintaining the necessary hardware and other infrastructure to support this technology. The Exchange notes that other exchanges have similar connectivity alternatives for their participants, including similar low-latency connectivity. For example, NASDAQ PHLX LLC ("PHLX"), NYSE Arca, Inc. ("Arca"), NYSE MKT LLC ("Amex") and the International Securities Exchange, LLC ("ISE") all offer a 1Gb, 10Gb and 10Gb low latency Ethernet connectivity alternative to each of their participants.<sup>4</sup> The Exchange further notes that PHLX, Arca and Amex each charge higher rates for such similar connectivity and that the Exchange's proposed connectivity fees are within the range of the fees charged by the ISE for similar connectivity alternatives.<sup>5</sup> The Exchange believes that it is appropriate to increase its fees charged for use of its connectivity to offset increasing costs associated with providing and

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<sup>4</sup> See NASDAQ PHLX LLC ("PHLX") Pricing Schedule, Section X(b); see also NYSE Amex Options ("Amex") Fee Schedule, Section V.B, and NYSE Arca Options ("Arca") Fees and Charges, p. 16; see further International Securities Exchange, LLC ("ISE") Schedule of Fees, Section VI.B.

<sup>5</sup> Id.

maintaining the necessary hardware and other infrastructure to support this technology and also to more closely align its fees with the rates charged by competing options exchanges.

#### Port Fees

Second, the Exchange proposes to amend Section 5)d)i) of the Fee Schedule to increase the Financial Information Exchange (“FIX”) Port fees assessable to Members. A FIX Port is an interface with MIAX systems that enables the Port user to submit simple and complex orders electronically to MIAX.

Currently, MIAX assesses monthly FIX Port fees on Members based upon the number of FIX Ports used by the Member submitting orders to the Exchange. The Exchange currently assesses a fee of \$500 per month for the first FIX Port, \$300 per month for each FIX Port 2 through 5; and \$100 per month for each additional FIX Port over 5. The FIX Ports include access to MIAX’s primary and secondary data centers and its disaster recovery center.

Accordingly, the Exchange proposes to increase the fees charged to Members for use of FIX Ports. Specifically, the Exchange proposes to: (i) increase the fee for the first FIX Port, from \$500 to \$550 per month; (ii) increase the fee for each FIX Port 2 through 5, from \$300 to \$350 per month; and (iii) increase the fee for each FIX Port over 5, from \$100 to \$150 per month. The Exchange notes that a competing exchange charges more for the use of similar ports.<sup>6</sup>

Finally, the Exchange proposes to amend Section 5)d)ii) of the Fee Schedule to increase the fees for MIAX Express Interface (“MEI”) Ports to Market Makers assessed for additional

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<sup>6</sup> See NASDAQ PHLX LLC (“PHLX”) Pricing Schedule, Section VII and The NASDAQ Options Market (“NOM”) Pricing Schedule, Chapter XV, Section 3. Both PHLX and NOM assess members monthly an Order Entry Port Fee of \$650 per month per mnemonic.

Limited Service Ports<sup>7</sup>. The MEI is a connection to MIAX systems that enables Market Makers to submit simple and complex electronic quotes to MIAX.

Currently, MIAX assesses monthly MEI Port Fees on Market Makers based upon the number of MIAX matching engines<sup>8</sup> used by the Market Maker. Market Makers are allocated two (2) Full Service MEI Ports<sup>9</sup> and two (2) Limited Service MEI Ports per matching engine to which they connect. The Exchange currently assesses the following MEI Port fees: (i) \$5,000 for Market Maker Assignments in up to 5 option classes or up to 10% of option classes by volume; (ii) \$10,000 for Market Maker Assignments in up to 10 option classes or up to 20% of option classes by volume; (iii) \$14,000 for Market Maker Assignments in up to 40 option classes or up to 35% of option classes by volume; (iv) \$17,500 for Market Maker Assignments in up to 100 option classes or up to 50% of option classes by volume; and (v) \$20,500.00 for Market Maker Assignments in over 100 option classes or over 50% of option classes by volume up to all option classes listed on MIAX.<sup>10</sup> The Exchange also currently charges \$50 per month for each

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<sup>7</sup> Limited Service MEI Ports provide Market Makers with the ability to send eQuotes and quote purge messages only, but not Market Maker Quotes, to the MIAX System. Limited Service MEI Ports are also capable of receiving administrative information. Market Makers initially receive two Limited Service MEI Ports per matching engine (as defined herein).

<sup>8</sup> A “matching engine” is a part of the MIAX electronic system that processes options quotes and trades on a symbol-by-symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one single matching engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines.

<sup>9</sup> Full Service MEI Ports provide Market Makers with the ability to send Market Maker quotes, eQuotes, and quote purge messages to the MIAX System. Full Service MEI Ports are also capable of receiving administrative information. Market Makers are limited to two Full Service MEI Ports per matching engine.

<sup>10</sup> See MIAX Fee Schedule, Section 5)d)ii).

additional Limited Service MEI Port per matching engine for Market Makers over and above the two (2) Limited Service MEI Ports per matching engine that are allocated with the Full Service MEI Ports. The Full Service MEI Ports, Limited Service MEI Ports and the additional Limited Service MEI Ports all include access to MIAX's primary and secondary data centers and its disaster recovery center.

Accordingly, the Exchange proposes to increase the fees charged to Market Makers for use of additional Limited Service MEI Ports. Specifically, the Exchange proposes to increase the fee for additional Limited Service MEI Ports from \$50 to \$100 per month. The Exchange notes that a competing exchange charges more for the use of similar ports.<sup>11</sup>

The Exchange proposes to implement the proposed changes to the Fee Schedule effective as of January 1, 2017.

b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act<sup>12</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>13</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act<sup>14</sup> in that it is designed to promote just and equitable

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<sup>11</sup> See PHLX Pricing Schedule, Section VII. PHLX assesses specialists and market makers an Active SQF Port Fee of \$1,250 per month, with such total port fees capped at \$42,000 per month. See also NOM Pricing Schedule, Chapter XV, Section 3. NOM assesses Market Makers a monthly SQF Port Fee per port of \$500 for the use of 21 Ports or more.

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(4).

<sup>14</sup> 15 U.S.C. 78f(b)(5).



principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customer, issuers, brokers and dealers.

#### Network Connectivity Fees

The Exchange believes that its proposal is consistent with Section 6(b)(4) of the Act because the fees assessed for connectivity allow the Exchange to cover the costs associated with providing and maintaining the necessary hardware and other infrastructure to support this technology. The Exchange believes that the proposal to increase the fees for connectivity alternatives is fair, equitable and not unreasonably discriminatory because the increased fees are assessed equally among all users of the applicable connections.

As discussed above, PHLX and ISE each offer different connections with respect to latency, and NYSE Arca, Inc. and NYSE Amex both offer similar connectivity alternatives.<sup>15</sup> Despite this, PHLX, Arca and Amex charge a higher fee than the Exchange currently charges for similar connections and ISE's fees are within the range of that of the proposed fees of the Exchange.<sup>16</sup> For these reasons, the Exchange believes the proposed increase in the fees for the fiber connectivity to the Exchange is reasonable and not unfairly discriminatory.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act<sup>17</sup> because all MIAX participants have the opportunity to subscribe to the Exchange's

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<sup>15</sup> See supra note 4.

<sup>16</sup> Id.

<sup>17</sup> 15 U.S.C. 78f(b)(5).

connections. There is also no differentiation among MIAX participants with regard to the fees charged for these services.

#### Port Fees

The Exchange believes that its proposal to increase the FIX Port fees is consistent with Section 6(b)(4) of the Act and is reasonable, equitable and not unfairly discriminatory because Members are free to add or remove FIX Ports and will only be charged for the amount of FIX Ports that are utilized. The proposed fee is fair and equitable and not unreasonably discriminatory because it applies equally to all Members regardless of type.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act<sup>18</sup> because all similarly situated Members, with the same number of FIX Ports, will be subject to the same fee, and access to the Exchange is offered on terms that are not unfairly discriminatory. The Exchange believes that the proposed fees are reasonable in that the rates are within the range of those charged by competing options exchanges.

The Exchange believes that its proposal to increase the fee for additional Limited Service MEI Ports is consistent with Section 6(b)(4) of the Act and is reasonable, equitable and not unfairly discriminatory because Market Makers are free to add or remove additional Limited Service MEI Ports and will only be charged for the number of additional Limited Service MEI Ports that are utilized.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act<sup>19</sup> because it will be uniformly applied to all Market Makers. All similarly situated Market Makers, with the same number of additional Limited Service MEI Ports, will be subject to the

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<sup>18</sup> 15 U.S.C. 78f(b)(5).

<sup>19</sup> 15 U.S.C. 78f(b)(5).

same fee, and access to the Exchange is offered on terms that are not unfairly discriminatory.

The Exchange believes that the proposed fees are reasonable in that the rates are within the range of those charged by other competing options exchanges.

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

MIAX does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. On the contrary, the Exchange believes that the proposed changes should increase both intermarket and intramarket competition. Specifically, the Exchange believes that the changes will promote competition by increasing the connectivity fees to become more within the range of comparable fees assessed by other competing exchanges.<sup>20</sup>

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. The Exchange believes that the proposed changes reflect this competitive environment. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity.

**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.

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<sup>20</sup> See supra notes 4, 6 and 11.

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)(ii) of the Act, and Rule 19b-4(f)(2) thereunder the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

The proposed rule change is not specifically based upon the rules of any other exchange; provided, however, that the Exchange notes that, as applicable, PHLX, ISE, Arca, Amex and NOM all offer similar connectivity alternatives as that proposed by the Exchange with fees within the range of or higher than the fees proposed to be charged by the Exchange.<sup>21</sup>

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. Applicable section of the MIAX Fee Schedule.

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<sup>21</sup> See supra notes 4, 6 and 11.

**EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-MIAX-2016-47)

December \_\_, 2016

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend Its Fee Schedule to Modify the Exchange's Connectivity Fees

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 13, 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 the MIAX Options Fee Schedule (the "Fee Schedule") to modify the Exchange's connectivity fees.

The text of the proposed rule change is available on the Exchange's website at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 Exchange proposes to amend the Fee Schedule regarding connectivity to the Exchange.

Network Connectivity Fees

First, the Exchange proposes to amend Section 5a) and b) of the Fee Schedule to increase the connectivity fee for the 1 Gigabit (“Gb”) fiber connection, the 10 Gb fiber connection, and the 10 Gb ultra-low latency (“ULL”) fiber connection, which are charged to both Members<sup>3</sup> and Non-Members of the Exchange.

The Exchange currently offers various bandwidth alternatives for connectivity to the Exchange, consisting of a 10Gb ULL fiber connection, a 10Gb fiber connection and a 1Gb fiber connection. The 10Gb ULL offering uses a new ultra-low latency switch, which provides faster processing of messages sent to it in comparison to the switch used for the other types of connectivity. The Exchange currently assesses the following monthly network connectivity fees to both Members and non-Members for connectivity to the Exchange’s Primary and Secondary Facility: (a) \$1,000 for the 1Gb connection; (b) \$5,000 for the 10 Gb connection; and (c) \$7,500.00 for the 10Gb ULL connection.

The Exchange proposes to increase the monthly network connectivity fees for such connections for both Members and non-Members as follows: (a) from \$1,000 to \$1,100 for the 1Gb connection; (b) from \$5,000 to \$5,500 for the 10Gb connection; and (c) from \$7,500 to

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<sup>3</sup> The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

\$8,500 for the 10Gb ULL connection. All of the foregoing network connectivity fees will continue to be pro-rated based on the number of trading days that the Member or non-Member has been credentialed to utilize any of the Exchange APIs in a production environment through the applicable connection, divided by the total number of trading days in such month multiplied by the monthly rate. The 1Gb and 10Gb connectivity fees to the Disaster Recovery Facility assessable to both Members and non-Members shall remain unchanged.

The Exchange believes that the increase in the pricing of the Exchange's connectivity is reflective of the continued value that it provides and the increasing costs to the Exchange for providing and maintaining the necessary hardware and other infrastructure to support this technology. The Exchange notes that other exchanges have similar connectivity alternatives for their participants, including similar low-latency connectivity. For example, NASDAQ PHLX LLC ("PHLX"), NYSE Arca, Inc. ("Arca"), NYSE MKT LLC ("Amex") and the International Securities Exchange, LLC ("ISE") all offer a 1Gb, 10Gb and 10Gb low latency Ethernet connectivity alternative to each of their participants.<sup>4</sup> The Exchange further notes that PHLX, Arca and Amex each charge higher rates for such similar connectivity and that the Exchange's proposed connectivity fees are within the range of the fees charged by the ISE for similar connectivity alternatives.<sup>5</sup> The Exchange believes that it is appropriate to increase its fees charged for use of its connectivity to offset increasing costs associated with providing and maintaining the necessary hardware and other infrastructure to support this technology and also to more closely align its fees with the rates charged by competing options exchanges.

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<sup>4</sup> See NASDAQ PHLX LLC ("PHLX") Pricing Schedule, Section X(b); see also NYSE Amex Options ("Amex") Fee Schedule, Section V.B, and NYSE Arca Options ("Arca") Fees and Charges, p. 16; see further International Securities Exchange, LLC ("ISE") Schedule of Fees, Section VI.B.

<sup>5</sup> Id.

### Port Fees

Second, the Exchange proposes to amend Section 5)d)i) of the Fee Schedule to increase the Financial Information Exchange (“FIX”) Port fees assessable to Members. A FIX Port is an interface with MIAX systems that enables the Port user to submit simple and complex orders electronically to MIAX.

Currently, MIAX assesses monthly FIX Port fees on Members based upon the number of FIX Ports used by the Member submitting orders to the Exchange. The Exchange currently assesses a fee of \$500 per month for the first FIX Port, \$300 per month for each FIX Port 2 through 5; and \$100 per month for each additional FIX Port over 5. The FIX Ports include access to MIAX’s primary and secondary data centers and its disaster recovery center.

Accordingly, the Exchange proposes to increase the fees charged to Members for use of FIX Ports. Specifically, the Exchange proposes to: (i) increase the fee for the first FIX Port, from \$500 to \$550 per month; (ii) increase the fee for each FIX Port 2 through 5, from \$300 to \$350 per month; and (iii) increase the fee for each FIX Port over 5, from \$100 to \$150 per month. The Exchange notes that a competing exchange charges more for the use of similar ports.<sup>6</sup>

Finally, the Exchange proposes to amend Section 5)d)ii) of the Fee Schedule to increase the fees for MIAX Express Interface (“MEI”) Ports to Market Makers assessed for additional Limited Service Ports<sup>7</sup>. The MEI is a connection to MIAX systems that enables Market Makers to submit simple and complex electronic quotes to MIAX.

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<sup>6</sup> See NASDAQ PHLX LLC (“PHLX”) Pricing Schedule, Section VII and The NASDAQ Options Market (“NOM”) Pricing Schedule, Chapter XV, Section 3. Both PHLX and NOM assess members monthly an Order Entry Port Fee of \$650 per month per mnemonic.

<sup>7</sup> Limited Service MEI Ports provide Market Makers with the ability to send eQuotes and quote purge messages only, but not Market Maker Quotes, to the MIAX System. Limited



Currently, MIAX assesses monthly MEI Port Fees on Market Makers based upon the number of MIAX matching engines<sup>8</sup> used by the Market Maker. Market Makers are allocated two (2) Full Service MEI Ports<sup>9</sup> and two (2) Limited Service MEI Ports per matching engine to which they connect. The Exchange currently assesses the following MEI Port fees: (i) \$5,000 for Market Maker Assignments in up to 5 option classes or up to 10% of option classes by volume; (ii) \$10,000 for Market Maker Assignments in up to 10 option classes or up to 20% of option classes by volume; (iii) \$14,000 for Market Maker Assignments in up to 40 option classes or up to 35% of option classes by volume; (iv) \$17,500 for Market Maker Assignments in up to 100 option classes or up to 50% of option classes by volume; and (v) \$20,500.00 for Market Maker Assignments in over 100 option classes or over 50% of option classes by volume up to all option classes listed on MIAX.<sup>10</sup> The Exchange also currently charges \$50 per month for each additional Limited Service MEI Port per matching engine for Market Makers over and above the two (2) Limited Service MEI Ports per matching engine that are allocated with the Full Service MEI Ports. The Full Service MEI Ports, Limited Service MEI Ports and the additional Limited Service MEI Ports all include access to MIAX's primary and secondary data centers and its disaster recovery center.

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Service MEI Ports are also capable of receiving administrative information. Market Makers initially receive two Limited Service MEI Ports per matching engine (as defined herein).

<sup>8</sup> A "matching engine" is a part of the MIAX electronic system that processes options quotes and trades on a symbol-by-symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one single matching engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines.

<sup>9</sup> Full Service MEI Ports provide Market Makers with the ability to send Market Maker quotes, eQuotes, and quote purge messages to the MIAX System. Full Service MEI Ports are also capable of receiving administrative information. Market Makers are limited to two Full Service MEI Ports per matching engine.

<sup>10</sup> See MIAX Fee Schedule, Section 5)d)ii.

Accordingly, the Exchange proposes to increase the fees charged to Market Makers for use of additional Limited Service MEI Ports. Specifically, the Exchange proposes to increase the fee for additional Limited Service MEI Ports from \$50 to \$100 per month. The Exchange notes that a competing exchange charges more for the use of similar ports.<sup>11</sup>

The Exchange proposes to implement the proposed changes to the Fee Schedule effective as of January 1, 2017.

## 2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act<sup>12</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>13</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act<sup>14</sup> in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

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<sup>11</sup> See PHLX Pricing Schedule, Section VII. PHLX assesses specialists and market makers an Active SQF Port Fee of \$1,250 per month, with such total port fees capped at \$42,000 per month. See also NOM Pricing Schedule, Chapter XV, Section 3. NOM assesses Market Makers a monthly SQF Port Fee per port of \$500 for the use of 21 Ports or more.

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(4).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

### Network Connectivity Fees

The Exchange believes that its proposal is consistent with Section 6(b)(4) of the Act because the fees assessed for connectivity allow the Exchange to cover the costs associated with providing and maintaining the necessary hardware and other infrastructure to support this technology. The Exchange believes that the proposal to increase the fees for connectivity alternatives is fair, equitable and not unreasonably discriminatory because the increased fees are assessed equally among all users of the applicable connections.

As discussed above, PHLX and ISE each offer different connections with respect to latency, and NYSE Arca, Inc. and NYSE Amex both offer similar connectivity alternatives.<sup>15</sup> Despite this, PHLX, Arca and Amex charge a higher fee than the Exchange currently charges for similar connections and ISE's fees are within the range of that of the proposed fees of the Exchange.<sup>16</sup> For these reasons, the Exchange believes the proposed increase in the fees for the fiber connectivity to the Exchange is reasonable and not unfairly discriminatory.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act<sup>17</sup> because all MIAX participants have the opportunity to subscribe to the Exchange's connections. There is also no differentiation among MIAX participants with regard to the fees charged for these services.

### Port Fees

The Exchange believes that its proposal to increase the FIX Port fees is consistent with Section 6(b)(4) of the Act and is reasonable, equitable and not unfairly discriminatory

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<sup>15</sup> See supra note 4.

<sup>16</sup> Id.

<sup>17</sup> 15 U.S.C. 78f(b)(5).

because Members are free to add or remove FIX Ports and will only be charged for the amount of FIX Ports that are utilized. The proposed fee is fair and equitable and not unreasonably discriminatory because it applies equally to all Members regardless of type.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act<sup>18</sup> because all similarly situated Members, with the same number of FIX Ports, will be subject to the same fee, and access to the Exchange is offered on terms that are not unfairly discriminatory. The Exchange believes that the proposed fees are reasonable in that the rates are within the range of those charged by competing options exchanges.

The Exchange believes that its proposal to increase the fee for additional Limited Service MEI Ports is consistent with Section 6(b)(4) of the Act and is reasonable, equitable and not unfairly discriminatory because Market Makers are free to add or remove additional Limited Service MEI Ports and will only be charged for the number of additional Limited Service MEI Ports that are utilized.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act<sup>19</sup> because it will be uniformly applied to all Market Makers. All similarly situated Market Makers, with the same number of additional Limited Service MEI Ports, will be subject to the same fee, and access to the Exchange is offered on terms that are not unfairly discriminatory. The Exchange believes that the proposed fees are reasonable in that the rates are within the range of those charged by other competing options exchanges.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. On the

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<sup>18</sup> 15 U.S.C. 78f(b)(5).

<sup>19</sup> 15 U.S.C. 78f(b)(5).

contrary, the Exchange believes that the proposed changes should increase both intermarket and intramarket competition. Specifically, the Exchange believes that the changes will promote competition by increasing the connectivity fees to become more within the range of comparable fees assessed by other competing exchanges.<sup>20</sup>

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. The Exchange believes that the proposed changes reflect this competitive environment. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>21</sup> and Rule 19b-4(f)(2)<sup>22</sup> 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.

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<sup>20</sup> See supra notes 4, 6 and 11.

<sup>21</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>22</sup> 17 CFR 240.19b-4(f)(2).

#### 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:to-rule-comments@sec.gov). Please include File Number SR-MIAX-2016-47 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-2016-47. 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-2016-47 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.<sup>23</sup>

Brent J. Fields  
Secretary

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<sup>23</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 5**New text is underlined;

Deleted text is in [brackets]

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**MIAX Options Fee Schedule****1) - 4) No change.****5) System Connectivity Fees****a) Monthly Member Network Connectivity Fee**

Member Network Connectivity Per Month	Primary/Secondary Facility 1 Gigabit Per Connection	Disaster Recovery Facility 1 Gigabit Per Connection	Primary/Secondary Facility 10 Gigabit Per Connection	Disaster Recovery Facility 10 Gigabit Per Connection	Primary/Secondary Facility 10 Gigabit ULL Per Connection
Individual Firm	\$(1,000.00) <u>1,100.00</u>	\$500.00	\$(5,000.00) <u>5,500.00</u>	\$2,500.00	\$(7,500.00) <u>8,500.00</u>

Monthly Member Network Connectivity fees for connectivity with the Primary/Secondary Facility will be assessed in any month the Member is credentialed to use any of the MIAX APIs or Market Data feeds in the production environment and will be pro-rated when a Member makes a change to the connectivity (by adding or deleting connections) with such pro-rated fees based on the number of trading days that the Member has been credentialed to utilize any of the MIAX APIs or Market Data feeds in the production environment through such connection, divided by the total number of trading days in such month multiplied by the applicable monthly rate. Monthly Member Network Connectivity fees for connectivity with the Disaster Recovery Facility will be assessed in each month during which the Member has established connectivity with the Disaster Recovery Facility.

**b) Monthly Non-Member Network Connectivity Fee**

Non-Member Network Connectivity Per Month	Primary/Secondary Facility 1 Gigabit Per Connection	Disaster Recovery Facility 1 Gigabit Per Connection	Primary/Secondary Facility 10 Gigabit Per Connection	Disaster Recovery Facility 10 Gigabit Per Connection	Primary/Secondary Facility 10 Gigabit ULL Per Connection
Service Bureau/Extranet Provider and other non-Members	\$(1,000.00) <u>1,100.00</u>	\$500.00	\$(5,000.00) <u>5,500.00</u>	\$2,500.00	\$(7,500.00) <u>8,500.00</u>



Monthly Non-Member Network Connectivity fees for connectivity with the Primary/Secondary Facility will be assessed in each month the Non-Member has been credentialed to use any of the MIAX APIs or Market Data feeds via the network connection in the production environment and will be pro-rated when a Non-Member makes a change to the connectivity (by adding or deleting connections) with such pro-rated fees based on the number of trading days that the Non-Member has been credentialed to utilize any of the MIAX APIs or Market Data feeds in the production environment through such connection, divided by the total number of trading days in such month multiplied by the applicable monthly rate. Monthly Non-Member Network Connectivity fees for connectivity with the Disaster Recovery Facility will be assessed in each month during which the Non-Member has established connectivity with the Disaster Recovery Facility.

**c) No change.**

**d) Port Fees**

**i) FIX Port Fees**

MIAX will assess monthly Financial Information Exchange (“FIX”) Port<sup>24</sup> Fees on Members in each month the Member is credentialed to use a FIX Port in the production environment and based upon the number of credentialed FIX Ports.

<b>FIX Port Fees</b>	<b>MIAX Monthly Port Fees Includes Connectivity to the Primary, Secondary and Disaster Recovery Data Centers<sup>25</sup></b>
1st FIX Port	\$[500]550 per month
FIX Ports 2 through 5	\$[300]350 per month per port
Additional FIX Ports over 5	\$[100]150 per month per port

**ii) MEI Port Fees**

<b>Monthly MIAX MEI Fees</b>	<b>Market Maker Assignments (the lesser of the applicable measurements below)</b>	
	<b>Per Class</b>	<b>% of National Average Daily Volume</b>
\$5,000.00	Up to 5 Classes	Up to 10% of Classes by volume
\$10,000.00	Up to 10 Classes	Up to 20% of Classes by volume
\$14,000.00	Up to 40 Classes	Up to 35% of Classes by volume
\$17,500.00	Up to 100 Classes	Up to 50% of Classes by volume
\$20,500.00	Over 100 Classes	Over 50% of Classes by volume up to all Classes listed on MIAX

<sup>24</sup> A FIX Port is an interface with MIAX systems that enables the Port user (typically an Electronic Exchange Member or a Market Maker) to submit simple and complex orders electronically to MIAX.

<sup>25</sup> MIAX has primary and secondary data centers and a disaster recovery center. Each port provides access to all three data centers for a single fee.

MIAX will assess monthly MIAX Express Interface (“MEI”)<sup>26</sup> Port Fees on Market Makers in each month the Member has been credentialed to use the MEI Port in the production environment and has been assigned to quote in at least one class. The amount of the monthly MEI Port Fee will be based upon the number of classes in which the Market Maker was assigned to quote on any given day within the calendar month, and upon the class volume percentages set forth in the above table. The class volume percentage is based on the total national average daily volume in classes listed on MIAX in the prior calendar quarter. Newly listed option classes are excluded from the calculation of the monthly MEI Port Fee until the calendar quarter following their listing, at which time the newly listed option classes will be included in both the per class count and the percentage of total national average daily volume. The Exchange will assess MIAX Market Makers the monthly MEI Port Fee based on the greatest number of classes listed on MIAX that the MIAX Market Maker was assigned to quote in on any given day within a calendar month and the applicable fee rate that is the lesser of either the per class basis or percentage of total national average daily volume measurement. For example, if Market Maker 1 elects to quote the top 40 option classes which consist of 58% of the total national average daily volume in the prior calendar quarter, the Exchange would assess \$14,000 to Market Maker 1 for the month which is the lesser of ‘up to 40 classes’ and ‘over 50% of classes by volume up to all classes listed on MIAX’. If Market Maker 2 elects to quote the bottom 1000 option classes which consist of 10% of the total national average daily volume in the prior quarter, the Exchange would assess \$5,000 to Market Maker 2 for the month which is the lesser of ‘over 100 classes’ and ‘up to 10% of classes by volume’.

MEI Port users will be allocated two (2) Full Service MEI Ports<sup>27</sup> and two (2) Limited Service MEI Ports<sup>28</sup> per matching engine<sup>29</sup> to which they connect. MEI Port Fees include MEI Ports at the Primary, Secondary and Disaster Recovery data centers. MIAX Market Makers may request additional Limited Service MEI Ports for which MIAX will assess MIAX Market Makers \$[50]100 per month per additional Limited Service MEI Port for each engine.<sup>30</sup>

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<sup>26</sup> MIAX Express Interface is a connection to MIAX systems that enables Market Makers to submit simple and complex electronic quotes to MIAX.

<sup>27</sup> Full Service MEI Ports provide Market Makers with the ability to send Market Maker simple and complex quotes, eQuotes, and quote purge messages to the MIAX System. Full Service MEI Ports are also capable of receiving administrative information. Market Makers are limited to two Full Service MEI Ports per matching engine.

<sup>28</sup> Limited Service MEI Ports provide Market Makers with the ability to send simple and complex eQuotes and quote purge messages only, but not Market Maker Quotes, to the MIAX System. Limited Service MEI Ports are also capable of receiving administrative information. Market Makers initially receive two Limited Service MEI Ports per matching engine.

<sup>29</sup> A “matching engine” is a part of the MIAX electronic system that processes options quotes and trades on a symbol-by- symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one single matching engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines.

<sup>30</sup> Market Makers are limited to six additional Limited Service MEI Ports per matching engine, for a total of eight per matching engine.

iii) – iv) No change.

e) – f) No change.

**6) No change.**

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