

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 48	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"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1) <input checked="" type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(5) <input 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"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
Section 806(e)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <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 Other Market Participant Transaction 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 \* Joseph Last Name \* Ferraro  
 Title \* SVP, Associate General Counsel  
 E-mail \* jferraro@miami-holdings.com  
 Telephone \* (609) 897-8492 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 12/15/2016 By Joseph Ferraro (Name \*)

SVP, Associate General Counsel

jferraro@miami-holdings.com

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 EFFS website.

**Form 19b-4 Information \***

Add Remove View

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 \***

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, 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**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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 Options” 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”).

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 MIAX Options 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 Options 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.

---

<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 its Fee Schedule to increase the fees charged to Exchange Members<sup>3</sup> for simple and complex order executions in standard options classes in the Penny Pilot Program<sup>4</sup> (“Penny Pilot”) for Firms.<sup>5</sup> Specifically, the Exchange proposes to increase the fees charged to Members for simple and complex order executions in standard options in the Penny Pilot for Firms from \$0.45 to \$0.47 per contract executed. The Exchange believes that this proposed fee increase is reasonable, equitable and not unfairly discriminatory because it makes the transaction fee consistent among the Exchange’s market participants who are not Priority Customers<sup>6</sup> or MIAX Options Market Makers<sup>7</sup> by charging all such participants

---

<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.

<sup>4</sup> See Securities Exchange Act Release Nos. 78080 (June 15, 2016), 81 FR 40377 (June 21, 2016)(SR-MIAX-2016-16); 79432 (November 30,2016), 81 FR 87990 (December 6, 2016)(SR-MIAX-2016-45).

<sup>5</sup> A “Firm” transaction fee is assessed on a MIAX Options Electronic Exchange Member “EEM” that enters an order that is executed for an account identified by the EEM for clearing in the Options Clearing Corporation (“OCC”) “Firm” range. See Fee Schedule, Section 1)a)ii.

<sup>6</sup> The term “Priority Customer” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A “Priority Customer Order” means an order for the account of a Priority Customer. See Exchange Rule 100.

<sup>7</sup> The term “Market Makers” refers to Lead Market Makers (“LMMs”), Primary Lead Market Makers (“PLMMs”), and Registered Market Makers (“RMMs”) collectively. See Exchange Rule 100. A Directed Order Lead Market Maker (“DLMM”) and Directed Primary Lead Market Maker (“DPLMM”) is a party to a transaction being allocated to the LMM or PLMM and is the result of an order that has been directed to the LMM or PLMM. See Fee Schedule note 2.

the same rate for transactions for simple and complex order executions in standard options in the Penny Pilot. The Exchange has historically kept the Firm transaction fee at a lower rate than the transaction fee for other market participants who are not Priority Customers or MIAX Options Market Makers, primarily as a competitive measure to attract Firm order flow. The Exchange believes that this measure is no longer necessary, and thus believes it is appropriate to increase the Firm transaction fee rate to the same rate charged for other market participants who are not Priority Customers or MIAX Options Market Makers. This proposed change brings the Exchange's Firm transaction fee in line and comparable with similar fees of other competing options exchanges.<sup>8</sup>

In addition, the Exchange proposes to continue to offer Members the opportunity to reduce their Firm transaction fees by \$0.02 per executed contract resulting from simple order executions in standard options in the Penny Pilot.<sup>9</sup> In order to accomplish this reduction, any Member, including any Affiliate<sup>10</sup> of the Member, that qualifies for the Priority Customer Rebate Program ("PCRP") volume tiers 3 or higher,<sup>11</sup> will be assessed a reduced Firm transaction fee of \$0.45 per contract resulting from simple order executions in standard options in the Penny Pilot.

---

<sup>8</sup> See, for example, NASDAQ PHLX LLC Pricing Schedule, Section II.

<sup>9</sup> See Securities Exchange Release Nos. 72988 (September 4, 2014), 79 FR 53808 (September 10, 2014) (SR-MIAX-2014-46); 72989 (September 4, 2014), 79 FR 53792 (September 10, 2014) (SR-MIAX-2014-47); 74478 (March 11, 2015), 80 FR 13938 (March 17, 2015) (SR-MIAX-2015-16); 76674 (December 17, 2015), 80 FR 79986 (December 23, 2015) (SR-MIAX-2015-70); 79157 (October 28, 2016), 81 FR 75885 (November 1, 2016) (SR-MIAX-2016-38).

<sup>10</sup> For purposes of the MIAX Options Fee Schedule, the term "Affiliate" means an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A ("Affiliate"). See Fee Schedule note 1.

<sup>11</sup> Under the PCRP, a Member receives certain transaction fee discounts provided the Member meets certain percentage thresholds in a month as described in the PCRP table. See Fee Schedule, Section (1)(a)(iii).

The Exchange believes that this continuing incentive will encourage Members to send their Firm order flow to the Exchange.

The Exchange proposes to implement the proposed change 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 is an equitable allocation of reasonable fees and other charges among Exchange members and issuers and other persons using its facilities. 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 customer, issuers, brokers and dealers.

The Exchange's proposal to increase the Firm transaction fees charged to Members for simple and complex order executions in standard options in the Penny Pilot is reasonable because the Exchange's fees will remain competitive with fees at other options exchanges.<sup>15</sup> The Exchange believes that the proposed fee increase is reasonable, equitable and not unfairly discriminatory because it makes the transaction fee consistent among the Exchange's market participants who are not Priority Customers or MIAX Options Market Makers.

---

<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).

<sup>15</sup> See NASDAQ PHLX LLC Pricing Schedule, Section II.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act<sup>16</sup> because it will be uniformly applied to all Members for Firm transactions. Members will be subject to the same Firm transaction fee for simple and complex order executions in standard options in the Penny Pilot. The Exchange believes that the proposed fee is reasonable in that it is within the range of the Firm transaction fees charged by other competing options exchanges.

The Exchange's proposal to offer Members the continued opportunity to reduce Firm transaction fees by \$0.02 per executed contract from simple order executions in standard options in the Penny Pilot is reasonable because the Exchange offers all such Members an opportunity to lower their Firm transaction fees. The Exchange's proposal to offer Members the continued opportunity to reduce Firm transaction fees by \$0.02 per executed contract from simple order executions in standard options in the Penny Pilot, provided certain criteria are met, is equitable and not unfairly discriminatory because the Exchange offers all Members that are charged Firm transaction fees a means to reduce such Firm transaction fees by reaching volume tiers in the Priority Customer Rebate Program. The Exchange believes that the opportunity to lower Firm transaction fees through incentives to transact Firm order flow benefits all market participants.

The Exchange's proposal to offer Members the continued opportunity to reduce Firm transaction fees by \$0.02 per executed contract from simple order executions in standard options in the Penny Pilot is also consistent with Section 6(b)(5) of the Act because such reduction will be provided to all Members who effect such transactions and meet the required volume thresholds.

The Exchange believes that the proposal to allow the aggregation of trading activity of Members and their Affiliates for purposes of the fee reduction is fair, equitable and not

---

<sup>16</sup> 15 U.S.C. 78f(b)(5).

unreasonably discriminatory and is designed to promote just and equitable principles of trade and protect investors and the public interest. The Exchange believes the proposed rule change is reasonable because it would allow aggregation of the trading activity of qualified Affiliates only in very narrow circumstances, namely, where the Affiliate meets the definition of an “Affiliate” as stated in the Fee Schedule. Furthermore, other exchanges have rules that permit the aggregation of the trading activity of affiliated entities for the purposes of calculating and assessing certain fees.<sup>17</sup> The Exchange believes that the opportunity for all Members to lower Firm transaction fees by executing a greater amount of Firm transactions in turn benefits all market participants.

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

MIAX Options does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposal is similar to the transaction fees found on other options exchanges; therefore, the Exchange believes the proposal is consistent with robust competition by increasing the intermarket competition for order flow from market participants. The proposal aligns the fees of market participants who are not Priority Customers or MIAX Options Market Makers on the Exchange, as well as aligns such fees assessable to Members to those charged by other exchanges for the same market participant type. Enhanced market quality and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange.

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

---

<sup>17</sup> See, e.g., NASDAQ PHLX LLC Pricing Schedule Preface; and Chicago Board Options Exchange, Incorporated, Fees Schedule, Footnote 10.



be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposal reflects this competitive environment.

**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)(ii) of the Act,<sup>18</sup> and Rule 19b-4(f)(2) thereunder<sup>19</sup> 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**

Not applicable.

**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.

---

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>19</sup> 17 CFR 240.19b-4.

**11. Exhibits**

1. Notice of proposed rule for publication in the Federal Register.
5. Applicable Section of the MIAX Options Fee Schedule.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-MIAX-2016-48)

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 Other Market Participant Transaction 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 15, 2016, Miami International Securities Exchange LLC ("MIAX Options" 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").

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

---

<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 its Fee Schedule to increase the fees charged to Exchange Members<sup>3</sup> for simple and complex order executions in standard options classes in the Penny Pilot Program<sup>4</sup> (“Penny Pilot”) for Firms.<sup>5</sup> Specifically, the Exchange proposes to increase the fees charged to Members for simple and complex order executions in standard options in the Penny Pilot for Firms from \$0.45 to \$0.47 per contract executed. The Exchange believes that this proposed fee increase is reasonable, equitable and not unfairly discriminatory because it makes the transaction fee consistent among the Exchange’s market participants who are not Priority Customers<sup>6</sup> or MIAX Options Market Makers<sup>7</sup> by charging all such participants

---

<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.

<sup>4</sup> See Securities Exchange Act Release Nos. 78080 (June 15, 2016), 81 FR 40377 (June 21, 2016)(SR-MIAX-2016-16); 79432 (November 30,2016), 81 FR 87990 (December 6, 2016)(SR-MIAX-2016-45).

<sup>5</sup> A “Firm” transaction fee is assessed on a MIAX Options Electronic Exchange Member “EEM” that enters an order that is executed for an account identified by the EEM for clearing in the Options Clearing Corporation (“OCC”) “Firm” range. See Fee Schedule, Section 1)a)ii.

<sup>6</sup> The term “Priority Customer” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A “Priority Customer Order” means an order for the account of a Priority Customer. See Exchange Rule 100.

<sup>7</sup> The term “Market Makers” refers to Lead Market Makers (“LMMs”), Primary Lead Market Makers (“PLMMs”), and Registered Market Makers (“RMMs”) collectively. See Exchange Rule 100. A Directed Order Lead Market Maker (“DLMM”) and Directed Primary Lead Market Maker (“DPLMM”) is a party to a transaction being allocated to

the same rate for transactions for simple and complex order executions in standard options in the Penny Pilot. The Exchange has historically kept the Firm transaction fee at a lower rate than the transaction fee for other market participants who are not Priority Customers or MIAX Options Market Makers, primarily as a competitive measure to attract Firm order flow. The Exchange believes that this measure is no longer necessary, and thus believes it is appropriate to increase the Firm transaction fee rate to the same rate charged for other market participants who are not Priority Customers or MIAX Options Market Makers. This proposed change brings the Exchange's Firm transaction fee in line and comparable with similar fees of other competing options exchanges.<sup>8</sup>

In addition, the Exchange proposes to continue to offer Members the opportunity to reduce their Firm transaction fees by \$0.02 per executed contract resulting from simple order executions in standard options in the Penny Pilot.<sup>9</sup> In order to accomplish this reduction, any Member, including any Affiliate<sup>10</sup> of the Member, that qualifies for the Priority Customer Rebate Program ("PCR") volume tiers 3 or higher,<sup>11</sup> will be assessed a reduced Firm transaction fee of

---

the LMM or PLMM and is the result of an order that has been directed to the LMM or PLMM. See Fee Schedule note 2.

<sup>8</sup> See, for example, NASDAQ PHLX LLC Pricing Schedule, Section II.

<sup>9</sup> See Securities Exchange Release Nos. 72988 (September 4, 2014), 79 FR 53808 (September 10, 2014) (SR-MIAX-2014-46); 72989 (September 4, 2014), 79 FR 53792 (September 10, 2014) (SR-MIAX-2014-47); 74478 (March 11, 2015), 80 FR 13938 (March 17, 2015) (SR-MIAX-2015-16); 76674 (December 17, 2015), 80 FR 79986 (December 23, 2015) (SR-MIAX-2015-70); 79157 (October 28, 2016), 81 FR 75885 (November 1, 2016) (SR-MIAX-2016-38).

<sup>10</sup> For purposes of the MIAX Options Fee Schedule, the term "Affiliate" means an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A ("Affiliate"). See Fee Schedule note 1.

<sup>11</sup> Under the PCR, a Member receives certain transaction fee discounts provided the Member meets certain percentage thresholds in a month as described in the PCR table. See Fee Schedule, Section (1)(a)(iii).

\$0.45 per contract resulting from simple order executions in standard options in the Penny Pilot. The Exchange believes that this continuing incentive will encourage Members to send their Firm order flow to the Exchange.

The Exchange proposes to implement the proposed change 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 its facilities. 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.

The Exchange's proposal to increase the Firm transaction fees charged to Members for simple and complex order executions in standard options in the Penny Pilot is reasonable because the Exchange's fees will remain competitive with fees at other options exchanges.<sup>15</sup> The Exchange believes that the proposed fee increase is reasonable, equitable and not unfairly discriminatory because it makes the transaction fee consistent among the Exchange's market participants who are not Priority Customers or MIAX Options Market Makers.

---

<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).

<sup>15</sup> See NASDAQ PHLX LLC Pricing Schedule, Section II.

The Exchange also believes that its proposal is consistent with Section 6(b)(5) of the Act<sup>16</sup> because it will be uniformly applied to all Members for Firm transactions. Members will be subject to the same Firm transaction fee for simple and complex order executions in standard options in the Penny Pilot. The Exchange believes that the proposed fee is reasonable in that it is within the range of the Firm transaction fees charged by other competing options exchanges.

The Exchange's proposal to offer Members the continued opportunity to reduce Firm transaction fees by \$0.02 per executed contract from simple order executions in standard options in the Penny Pilot is reasonable because the Exchange offers all such Members an opportunity to lower their Firm transaction fees. The Exchange's proposal to offer Members the continued opportunity to reduce Firm transaction fees by \$0.02 per executed contract from simple order executions in standard options in the Penny Pilot, provided certain criteria are met, is equitable and not unfairly discriminatory because the Exchange offers all Members that are charged Firm transaction fees a means to reduce such Firm transaction fees by reaching volume tiers in the Priority Customer Rebate Program. The Exchange believes that the opportunity to lower Firm transaction fees through incentives to transact Firm order flow benefits all market participants.

The Exchange's proposal to offer Members the continued opportunity to reduce Firm transaction fees by \$0.02 per executed contract from simple order executions in standard options in the Penny Pilot is also consistent with Section 6(b)(5) of the Act because such reduction will be provided to all Members who effect such transactions and meet the required volume thresholds.

The Exchange believes that the proposal to allow the aggregation of trading activity of Members and their Affiliates for purposes of the fee reduction is fair, equitable and not unreasonably discriminatory and is designed to promote just and equitable principles of trade and

---

<sup>16</sup> 15 U.S.C. 78f(b)(5).

protect investors and the public interest. The Exchange believes the proposed rule change is reasonable because it would allow aggregation of the trading activity of qualified Affiliates only in very narrow circumstances, namely, where the Affiliate meets the definition of an “Affiliate” as stated in the Fee Schedule. Furthermore, other exchanges have rules that permit the aggregation of the trading activity of affiliated entities for the purposes of calculating and assessing certain fees.<sup>17</sup> The Exchange believes that the opportunity for all Members to lower Firm transaction fees by executing a greater amount of Firm transactions in turn benefits all market participants.

**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. The proposal is similar to the transaction fees found on other options exchanges; therefore, the Exchange believes the proposal is consistent with robust competition by increasing the intermarket competition for order flow from market participants. The proposal aligns the fees of market participants who are not Priority Customers or MIAX Options Market Makers on the Exchange, as well as aligns such fees assessable to Members to those charged by other exchanges for the same market participant type. Enhanced market quality and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange.

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

---

<sup>17</sup> See, e.g., NASDAQ PHLX LLC Pricing Schedule Preface; and Chicago Board Options Exchange, Incorporated, Fees Schedule, Footnote 10.



competitive with other exchanges and to attract order flow. The Exchange believes that the proposal reflects this competitive environment.

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>18</sup> and Rule 19b-4(f)(2)<sup>19</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.

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-2016-48 on the subject line.

Paper comments:

---

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>19</sup> 17 CFR 240.19b-4(f)(2).

- 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-2016-48. 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-2016-48 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>20</sup>

Brent J. Fields  
Secretary

---

<sup>20</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 5**

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

\*\*\*\*\*

# MIAX Options Fee Schedule

## 1) Transaction Fees

### a) Exchange Fees

i) No change.

### ii) Other Market Participant Transaction Fees

Types of Other Market Participants	Standard Options Transaction Fee for Simple and Complex Orders (per executed contract)		Per Contract Surcharge for Removing Liquidity Against a Resting Priority Customer Complex Order on the Strategy Book for Penny and Non-Penny Classes	Mini Options Transaction Fee (per executed contract)		These fees will apply to all option classes traded on MIAX
	Penny Classes	Non-Penny Classes		Penny Classes	Non-Penny Classes	
<i>Priority Customer</i> <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.000	\$0.000	There is no fee assessed to an Electronic Exchange Member (an "EEM," as defined in MIAX Rule 100) that enters an order that is executed for the account of a Priority Customer.

<sup>3</sup> The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Exchange Rule 100.

Types of Other Market Participants	Standard Options Transaction Fee for Simple and Complex Orders (per executed contract)		Per Contract Surcharge for Removing Liquidity Against a Resting Priority Customer Complex Order on the Strategy Book for Penny and Non-Penny Classes	Mini Options Transaction Fee (per executed contract)		These fees will apply to all option classes traded on MIAX
	Penny Classes	Non-Penny Classes		Penny Classes	Non-Penny Classes	
<i>Public Customer that is Not a Priority Customer</i>	\$0.47 <sup>4</sup>	\$0.75 <sup>5</sup>	\$0.08	\$0.05	\$0.07	This fee is assessed to an EEM that enters an order that is executed for the account of a Public Customer <sup>6</sup> that does not meet the criteria for designation as a Priority Customer. This fee will also be charged to an EEM that enters an order for the account of a Public Customer that has elected to be treated as a Voluntary Professional. <sup>7</sup>
<i>Non-MIAX Market Maker</i>	\$0.47 <sup>8</sup>	\$0.75 <sup>9</sup>	\$0.08	\$0.045	\$0.07	This fee is assessed to an EEM that enters an order that is executed for the account of a non-MIAX market maker. A non-MIAX market maker is a market maker registered as such on another options exchange.

<sup>4</sup> Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be assessed \$0.45 per contract for standard options in simple order executions.

<sup>5</sup> Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be assessed \$0.73 per contract for standard options in simple order executions.

<sup>6</sup> The term "Public Customer" means a person that is not a broker or dealer in securities. See Exchange Rule 100.

<sup>7</sup> The term "Voluntary Professional" means any Public Customer that elects, in writing, to be treated in the same manner as a broker or dealer in securities for purposes of Rule 514, as well as the Exchange's schedule of fees. See Exchange Rule 100.

<sup>8</sup> Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be assessed \$0.45 per contract for standard options in all options classes.

<sup>9</sup> Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be assessed \$0.73 per contract for standard options in simple order executions.

Types of Other Market Participants	Standard Options Transaction Fee for Simple and Complex Orders (per executed contract)		Per Contract Surcharge for Removing Liquidity Against a Resting Priority Customer Complex Order on the Strategy Book for Penny and Non-Penny Classes	Mini Options Transaction Fee (per executed contract)		These fees will apply to all option classes traded on MIAX
	Penny Classes	Non-Penny Classes		Penny Classes	Non-Penny Classes	
<i>Non-Member Broker-Dealer</i>	\$0.47 <sup>10</sup>	\$0.75 <sup>11</sup>	\$0.08	\$0.045	\$0.07	This fee is assessed to an EEM that enters an order that (i) is executed for the account of a non-Member Broker-Dealer, and (ii) is identified by the EEM for clearing in the Options Clearing Corporation (“OCC”) “customer” range. A non-Member Broker-Dealer is a broker-dealer that is not a member of the OCC, and that is not registered as a Member at MIAX or another options exchange.
<i>Firm</i>	\$0.[45]47 <sup>12</sup>	\$0.75 <sup>13</sup>	\$0.08	\$0.04	\$0.07	This fee is assessed to an EEM that enters an order that is executed for an account identified by the EEM for clearing in the OCC “Firm” range.

iii) – vi) No change.

b) – c) No change.

\*\*\*\*\*

<sup>10</sup> Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be assessed \$0.45 per contract for standard options in simple order executions.

<sup>11</sup> Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be assessed \$0.73 per contract for standard options in simple order executions.

<sup>12</sup> Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be assessed \$0.[43]45 per contract for standard options in simple order executions.

<sup>13</sup> Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be assessed \$0.73 per contract for standard options in simple order executions.