Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2018 - * 34

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 * ☑ | Amendment * ☐ | Withdrawal ☐ | Section 19(b)(2) * ☑ | Section 19(b)(3)(A) * ☐ | Section 19(b)(3)(B) * ☐ |

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

◉ 19b-4(f)(1)   ◉ 19b-4(f)(4)
◉ 19b-4(f)(2)   ◉ 19b-4(f)(5)
◉ 19b-4(f)(3)   ◉ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ◉

Exhibit 3 Sent As Paper Document ◉

Description

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

Amend Exchange Rule 517, 519, and 519A

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 * Gregory   Last Name * Ziegler

Title * Senior Associate Counsel

E-mail * gziegler@miaxoptions.com

Telephone * (609) 897-1483   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 11/09/2018

By Gregory P. Ziegler

(Name *)

Senior Associate Counsel

gziegler@miaxoptions.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 *

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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

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")[1] and Rule 19b-4 thereunder,[2] proposes to amend Exchange Rule 519, MIAX Order Monitor; Exchange Rule 519A, Risk Protection Monitor; and Rule 517, Quote Types Defined.

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

(b) Not applicable.

(c) Not applicable.

2.   Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Options Board of Directors on December 7, 2017. 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 Gregory P. Ziegler, Senior Associate Counsel, at (609) 897-1483.

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

[2]   17 CFR 240.19b-4.

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

a.   Purpose

On June 28, 2018, the Exchange filed with the Securities and Exchange Commission ("SEC") a proposal to list and trade on the Exchange, options on the SPIKES™ Index, a new index that measures expected 30-day volatility of the SPDR S&P 500 ETF Trust.[3] To establish the settlement value for the Index, a settlement auction named the SPIKES Special Settlement Auction will be conducted once per month, on the day the settlement value for the Index is to be calculated. During the SPIKES Special Settlement Auction, in addition to any order types that may regularly be accepted by the Exchange, the Exchange will also accept settlement auction only orders ("SAO Orders") and settlement auction only eQuotes ("SAO eQuotes"). (SAO Orders and SAO eQuotes are collectively referred to as "SAOs").[4] SAOs are specific order types that allow a Member[5] to voluntarily tag such an order as a SPIKES strategy order.

The Exchange anticipates that market participants that actively trade SPIKES options may hedge their positions with SPY option series that will also be used to calculate the SPIKES exercise settlement/final settlement value. Market participants holding hedged SPIKES options positions may trade out of their SPY option series on the relevant SPIKES expiration/final settlement date. Specifically, market participants holding short, hedged SPIKES options could

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[3]   See Securities Exchange Act Release No. 84417 (October 12, 2018), 83 FR 52865 (October 18, 2018) (SR-MIAX-2018-14) (Order Granting Approval of a Proposed Rule Change by Miami International Securities Exchange, LLC to List and Trade Options on the SPIKES™ Index).

[4]   Id.

[5]   The term "Member" means an individual or organization approved to exercise the trading rights associate with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

liquidate that hedge by selling their SPY options series, while traders holding long, hedged

SPIKES options could liquidate their hedge by buying SPY option series. In order to seek

convergence with the SPIKE exercise/final settlement value, these market participants may

liquidate their hedges by submitting SPIKES strategy orders in the appropriate SPY option series

during the SPIKES Special Settlement Auction on the SPIKES expiration/final settlement date.

Given that SAOs are designed for the special purpose of closing a hedged position and are

available for use only during the SPIKES Special Settlement Auction, the Exchange proposes to

amend its rules to remove SAO Orders from certain risk protection features offered by the

Exchange.

Specifically, the Exchange proposes to amend Exchange Rule 519, MIAX Order

Monitor. The MIAX Order Monitor is a risk management feature of the Exchange's System.[6]

Pursuant to paragraph (a) of the Rule, the MIAX Order Monitor provides an order price

protection for Market Orders to Sell,[7] Market Orders to Buy or Sell,[8] and Limit Orders to Buy or

Sell,[9] in order to avoid the occurrence of potential obvious or catastrophic errors on the

Exchange. The MIAX Order Monitor will prevent certain orders from executing or being placed

on the Book[10] at prices outside pre-set standard limits.[11] The MIAX Order Monitor will also

cause the System to prevent certain orders from executing or being placed on the Book if the size

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[6]   The term "System" means the automated trading system used by the Exchange for the
         trading of securities. See Exchange Rule 100.

[7]   See Exchange Rule 519(a)(1).

[8]   See Exchange Rule 519(a)(2).

[9]   See Exchange Rule 519(a)(3).

[10]   The term "Book" means the electronic book of buy and sell orders and quotes maintained
         by the System. See Exchange Rule 100.

[11]   See Exchange Rule 519(a).

of the order exceeds the order size protection designated by the Member.[12] The MIAX Order

Monitor will also cause the System to reject any orders that exceed the maximum number of

open orders held in the System on behalf of a particular Member, as designated by the Member.[13]

The MIAX Order Monitor will also cause the System to reject any orders that exceed the

maximum number of open contracts represented by orders held in the System on behalf of a

particular Member, as designated by the Member.[14]

       The Exchange now proposes to amend Exchange Rule 519, Interpretations and Policies,

to adopt new subsection .03, to provide that the order protections of the MIAX Order Monitor

pursuant to sections (b) (c) and (d) will not apply to Settlement Auction Only Orders (SAO

Orders), as defined in Interpretations and Policies .03 of Exchange Rule 503. The Exchange

does not believe that an SAO Order should be subject to the order size protection described in

Rule 519(b) as preventing the order from being placed on the Book may prevent the Member

from effectively hedging or closing a hedged position in SPIKES options. Similarly, the

Exchange does not believe that an SAO Order should be subject to the open order protection

described in Rule 519(c) as this protection aggregates open orders held in the System and may

inadvertently prevent the Member from hedging or closing a hedged position in SPIKES options

by preventing the submission of an SAO Order. Lastly, the Exchange does not believe that an

SAO Order should be subject to the open contract protection described in Rule 519(d) as this

protection aggregates the number of open contracts represented by orders held in the System.

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[12]   See Exchange Rule 519(b).

[13]   See Exchange Rule 519(c).

[14]   See Exchange Rule 519(d).

Including SAO Orders in this protection may inadvertently prevent the Member from hedging or

closing a hedged position in SPIKES options by preventing the submission of an SAO Order.

The Exchange also proposes to amend Exchange Rule 519A, Risk Protection Monitor.

The Risk Protection Monitor ("RPM") is a feature of the MIAX System which maintains a

counting program ("counting program") for each participating Member that will count the

number of orders entered and the number of contracts traded via an order entered by a Member

on the Exchange within a specified time period that has been established by the Member (the

"specified time period"). The maximum duration of the specified time period will be established

by the Exchange and announced via a Regulatory Circular. The Risk Protection Monitor

maintains one or more Member-configurable Allowable Order Rate settings and Allowable

Contract Execution Rate settings. When a Member's order is entered or when an execution of a

Member's order occurs, the System will look back over the specified time period to determine if

the Member has: (i) entered during the specified time period a number of orders exceeding their

Allowable Order Rate setting(s), or (ii) executed during the specified time period a number of

contracts exceeding their Allowable Contract Execution Rate setting(s). Once engaged, the Risk

Protection Monitor will then, as determined by the Member: automatically either (A) prevent the

System from receiving any new orders in all series in all classes from the Member; (B) prevent

the System from receiving any new orders in all series in all classes from the Member and cancel

all existing orders with a time-in-force of Day in all series in all classes from the Member; or (C)

send a notification to the Member without any further preventative or cancellation action by the

System. When engaged, the Risk Protection Monitor will still allow the Member to interact with

existing orders entered prior to exceeding the Allowable Order Rate setting or the Allowable

Contract Execution Rate setting, including sending cancel order messages and receiving trade

executions from those orders. The Risk Protection Monitor shall remain engaged until the

Member communicates with the Help Desk[15] to enable the acceptance of new orders.[16]

The Exchange now proposes to amend Interpretations and Policies, to adopt new

subsection .02, to state that SAO Orders, as defined in Interpretations and Policies .03 of Rule

503, are not eligible to participate in the Risk Protection Monitor. Prohibiting SAO Orders from

participating in the Risk Protection Monitor ensures that these orders may be freely submitted to

the Exchange and will remain active in the System once accepted. As discussed above, SAO

Orders are strategy orders used for hedging or closing a hedged position in SPIKES options

during the SPIKES Special Settlement Auction which is conducted only once per month. When

engaged the Risk Protection Monitor may prevent the Member from submitting SAO Orders to

the Exchange until the Member communicates with the Help Desk to enable the acceptance of

new orders. The Exchange does not believe it is in the best interest of the Member to introduce

this type of delay for SAO Orders, as they are time sensitive and are designed to participate in

the SPIKES Special Settlement Auction.

Additionally, the Exchange proposes to amend Rule 517, Quote Types Defined.

Specifically, subsection (d) of Rule 517 provides that bids and offers in certain limited time in

force eQuote types (Auction or Cancel, Opening Only, Immediate or Cancel, Fill or Kill, and

Immediate or Cancel Intermarket Sweep) will not be disseminated by the Exchange in

accordance with Rule 602 of Regulation NMS. In addition, executions resulting from these

eQuote types will not be used by the Exchange's Aggregate Risk Manager to determine whether

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[15]   The term "Help Desk" means the Exchange's control room consisting of Exchange staff
         authorized to make certain trading determinations on behalf of the Exchange. The Help
         Desk shall report to and be supervised by a senior executive officer of the Exchange. See
         Exchange Rule 100.

[16]   See Exchange Rule 519A(a).

the Market Maker has exceeded the Allowable Exchange Percentage as more fully described in Rule 612.

Exchange Rule 612, Aggregate Risk Manager ("ARM") describes a risk protection feature similar to the Risk Protection Manager for orders, however ARM is only available for Market Makers and provides a counting program ("counting program") for each Market Maker who is required to submit continuous two-sided quotations pursuant to Rule 604 in each of their appointed option classes. The counting program will count the number of contracts traded by the Market Maker (the "specified time period"). The Market Maker may also establish for each option class an Allowable Engagement Percentage. The Exchange will establish a default specified time period and a default Allowable Engagement Percentage ("default settings") on behalf of a Market Maker that has not established a specified time period and/or an Allowable Engagement Percentage.[17]

The System will engage the Aggregate Risk Manager in a particular option class when the counting program has determined that a Market Maker has traded during the specified time period a number of contracts equal to or above their Allowable Engagement Percentage. The Aggregate Risk Manager will then automatically remove the Market Maker's Standard Quotations and Day eQuotes from the Exchange's disseminated quotation in all series of that particular option class until the Market Maker sends a notification to the System of the intent to reengage quoting and submits a new revised quotation.[18]

The Exchange now proposes to add the Settlement Auction Only eQuote (SAO eQuote), as defined in Interpretations and Policies .03 of Exchange Rule 503, to the list of eQuotes that

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[17]   See Exchange Rule 612(a).

[18]   See Exchange Rule 612(b)(1).

are not subject to the Aggregate Risk Manager. An SAO eQuote is a special purpose eQuote available only during the SPIKES Special Settlement Auction and as such should be treated similarly to other limited time in force eQuote types.

The Exchange also proposes to amend Interpretations and Policies of Rule 517 to adopt new subsection .02 which will state that an SAO eQuote will be considered a priority quote for trade allocation in accordance with Exchange Rule 514(e). To be considered a priority quote a Market Maker's quote must meet certain conditions as stipulated in the Exchange rules, one of which is that the quote is valid width and two-sided.[19] SAO eQuotes are a special purpose eQuote used to hedge or close a hedged position. A Market Maker using an SAO eQuote will not be in a position to place a quote on the opposite side of the market, as an execution of the opposite side eQuote would impair the ability of the Market Maker to hedge or close a hedged position. The Exchange does not wish to disadvantage a Market Maker for properly using an eQuote when it is not feasible for a Market Maker to otherwise meet the priority quote requirements (submission of a two-sided quote) with this type of eQuote.

b.   Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[20] in general, and furthers the objectives of Section 6(b)(5) of the Act[21] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions

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[19]   See Exchange Rule 517(b)(1)(i)(A).

[20]   15 U.S.C. 78f(b).

[21]   15 U.S.C. 78f(b)(5).

in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed changes promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because they seek to ensure that SAOs may be freely submitted to the Exchange and that SAOs are not encumbered by risk protections designed for order types used during the course of regular trading. Additionally, the Exchange believes that removing SAO Orders from RPM and from certain MIAX Order Monitor features ensures that SAO Orders are available for their intended use to hedge or close a hedged position in SPIKES options. Similarly, the Exchange believes that removing SAO eQuotes from ARM ensures that SAO eQuotes are available for their intended use. Treating an SAO eQuote as a priority quote for allocation purposes ensures that a Market Maker with an SAO eQuote at the Opening Price could receive an execution without having to submit a two-sided quote. A Market Maker using an SAO eQuote to hedge or close a hedged position can not provide an SAO eQuote on the opposite side of the market without negatively impacting their original eQuote. Therefore, the Exchange believes it is just and equitable to permit SAO eQuotes to be treated as priority quotes for allocation purposes as it is not feasible for a Market Maker to meet the requirements necessary to establish a priority quote using SAO eQuotes.

The Exchange believes that the proposed change promotes just and equitable principles of trade, and removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest, as the changes allow for SAO Orders and SAO eQuotes to be freely used for their intended purpose and will contribute to increased liquidity on the Exchange.

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

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

The Exchange does not believe the proposed rule change will impose any burden on inter-market competition as the proposed rule changes are designed to ensure that SAOs may be submitted to the Exchange to participate in the SPIKES Special Settlement Auction, and that once accepted these orders remain active in the System. The Exchange does not believe that the proposed rule change will cause an unnecessary burden on inter-market competition as SAOs are only used for the SPIKES Special Settlement Auction which is a special process unique to the Exchange.

Additionally, the Exchange does not believe the proposed rule change will impose any burden on intra-market competition as the Rules apply equally to all Exchange Members, and all Members have the ability to submit SAOs.

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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)

Not applicable

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.

11.   Exhibits

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

5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-   ; File No. SR-MIAX-2018-34)

November__, 2018

Self-Regulatory Organizations: Notice of Filing of a Proposed Rule Change by Miami
International Securities Exchange, LLC to Amend Exchange Rule 519, MIAX Order Monitor;
Exchange Rule 519A, Risk Protection Monitor; and Rule 517, Quote Types Defined

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934

("Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on November 9, 2018, Miami

International Securities Exchange, LLC ("MIAX Options" or the "Exchange") filed with the

Securities and Exchange Commission ("Commission") a proposed rule change as described in

Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is

publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposal to amend Exchange Rule 519, MIAX Order Monitor;

Exchange Rule 519A, Risk Protection Monitor; and Rule 517, Quote Types Defined.

The text of the proposed rule change is available on the Exchange's website at

http://www.miaxoptions.com/rule-filings/ at MIAX Options' 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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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C

below, of the most significant aspects of such statements.

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

> 1.   Purpose

On June 28, 2018, the Exchange filed with the Securities and Exchange Commission

("SEC") a proposal to list and trade on the Exchange, options on the SPIKES™ Index, a new

index that measures expected 30-day volatility of the SPDR S&P 500 ETF Trust.[3] To establish

the settlement value for the Index, a settlement auction named the SPIKES Special Settlement

Auction will be conducted once per month, on the day the settlement value for the Index is to be

calculated. During the SPIKES Special Settlement Auction, in addition to any order types that

may regularly be accepted by the Exchange, the Exchange will also accept settlement auction

only orders ("SAO Orders") and settlement auction only eQuotes ("SAO eQuotes"). (SAO

Orders and SAO eQuotes are collectively referred to as "SAOs").[4] SAOs are specific order types

that allow a Member[5] to voluntarily tag such an order as a SPIKES strategy order.

The Exchange anticipates that market participants that actively trade SPIKES options

may hedge their positions with SPY option series that will also be used to calculate the SPIKES

exercise settlement/final settlement value. Market participants holding hedged SPIKES options

positions may trade out of their SPY option series on the relevant SPIKES expiration/final

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[3]   See Securities Exchange Act Release No. 84417 (October 12, 2018), 83 FR 52865
(October 18, 2018) (SR-MIAX-2018-14) (Order Granting Approval of a Proposed Rule
Change by Miami International Securities Exchange, LLC to List and Trade Options on
the SPIKES™ Index).

[4]   Id.

[5]   The term "Member" means an individual or organization approved to exercise the trading
rights associate with a Trading Permit. Members are deemed "members" under the
Exchange Act. See Exchange Rule 100.

settlement date. Specifically, market participants holding short, hedged SPIKES options could liquidate that hedge by selling their SPY options series, while traders holding long, hedged SPIKES options could liquidate their hedge by buying SPY option series. In order to seek convergence with the SPIKE exercise/final settlement value, these market participants may liquidate their hedges by submitting SPIKES strategy orders in the appropriate SPY option series during the SPIKES Special Settlement Auction on the SPIKES expiration/final settlement date. Given that SAOs are designed for the special purpose of closing a hedged position and are available for use only during the SPIKES Special Settlement Auction, the Exchange proposes to amend its rules to remove SAO Orders from certain risk protection features offered by the Exchange.

Specifically, the Exchange proposes to amend Exchange Rule 519, MIAX Order Monitor. The MIAX Order Monitor is a risk management feature of the Exchange's System.[6] Pursuant to paragraph (a) of the Rule, the MIAX Order Monitor provides an order price protection for Market Orders to Sell,[7] Market Orders to Buy or Sell,[8] and Limit Orders to Buy or Sell,[9] in order to avoid the occurrence of potential obvious or catastrophic errors on the Exchange. The MIAX Order Monitor will prevent certain orders from executing or being placed on the Book[10] at prices outside pre-set standard limits.[11] The MIAX Order Monitor will also cause the System to prevent certain orders from executing or being placed on the Book if the size

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[6]   The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

[7]   See Exchange Rule 519(a)(1).

[8]   See Exchange Rule 519(a)(2).

[9]   See Exchange Rule 519(a)(3).

[10]   The term "Book" means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

[11]   See Exchange Rule 519(a).

of the order exceeds the order size protection designated by the Member.[12] The MIAX Order

Monitor will also cause the System to reject any orders that exceed the maximum number of

open orders held in the System on behalf of a particular Member, as designated by the Member.[13]

The MIAX Order Monitor will also cause the System to reject any orders that exceed the

maximum number of open contracts represented by orders held in the System on behalf of a

particular Member, as designated by the Member.[14]

The Exchange now proposes to amend Exchange Rule 519, Interpretations and Policies,

to adopt new subsection .03, to provide that the order protections of the MIAX Order Monitor

pursuant to sections (b) (c) and (d) will not apply to Settlement Auction Only Orders (SAO

Orders), as defined in Interpretations and Policies .03 of Exchange Rule 503. The Exchange

does not believe that an SAO Order should be subject to the order size protection described in

Rule 519(b) as preventing the order from being placed on the Book may prevent the Member

from effectively hedging or closing a hedged position in SPIKES options. Similarly, the

Exchange does not believe that an SAO Order should be subject to the open order protection

described in Rule 519(c) as this protection aggregates open orders held in the System and may

inadvertently prevent the Member from hedging or closing a hedged position in SPIKES options

by preventing the submission of an SAO Order. Lastly, the Exchange does not believe that an

SAO Order should be subject to the open contract protection described in Rule 519(d) as this

protection aggregates the number of open contracts represented by orders held in the System.

Including SAO Orders in this protection may inadvertently prevent the Member from hedging or

closing a hedged position in SPIKES options by preventing the submission of an SAO Order.

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[12]   See Exchange Rule 519(b).

[13]   See Exchange Rule 519(c).

[14]   See Exchange Rule 519(d).

The Exchange also proposes to amend Exchange Rule 519A, Risk Protection Monitor. The Risk Protection Monitor ("RPM") is a feature of the MIAX System which maintains a counting program ("counting program") for each participating Member that will count the number of orders entered and the number of contracts traded via an order entered by a Member on the Exchange within a specified time period that has been established by the Member (the "specified time period"). The maximum duration of the specified time period will be established by the Exchange and announced via a Regulatory Circular. The Risk Protection Monitor maintains one or more Member-configurable Allowable Order Rate settings and Allowable Contract Execution Rate settings. When a Member's order is entered or when an execution of a Member's order occurs, the System will look back over the specified time period to determine if the Member has: (i) entered during the specified time period a number of orders exceeding their Allowable Order Rate setting(s), or (ii) executed during the specified time period a number of contracts exceeding their Allowable Contract Execution Rate setting(s). Once engaged, the Risk Protection Monitor will then, as determined by the Member: automatically either (A) prevent the System from receiving any new orders in all series in all classes from the Member; (B) prevent the System from receiving any new orders in all series in all classes from the Member and cancel all existing orders with a time-in-force of Day in all series in all classes from the Member; or (C) send a notification to the Member without any further preventative or cancellation action by the System. When engaged, the Risk Protection Monitor will still allow the Member to interact with existing orders entered prior to exceeding the Allowable Order Rate setting or the Allowable Contract Execution Rate setting, including sending cancel order messages and receiving trade executions from those orders. The Risk Protection Monitor shall remain engaged until the Member communicates with the Help Desk[15] to enable the acceptance of new orders.[16]

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[15]   The term "Help Desk" means the Exchange's control room consisting of Exchange staff

The Exchange now proposes to amend Interpretations and Policies, to adopt new subsection .02, to state that SAO Orders, as defined in Interpretations and Policies .03 of Rule 503, are not eligible to participate in the Risk Protection Monitor. Prohibiting SAO Orders from participating in the Risk Protection Monitor ensures that these orders may be freely submitted to the Exchange and will remain active in the System once accepted. As discussed above, SAO Orders are strategy orders used for hedging or closing a hedged position in SPIKES options during the SPIKES Special Settlement Auction which is conducted only once per month. When engaged the Risk Protection Monitor may prevent the Member from submitting SAO Orders to the Exchange until the Member communicates with the Help Desk to enable the acceptance of new orders. The Exchange does not believe it is in the best interest of the Member to introduce this type of delay for SAO Orders, as they are time sensitive and are designed to participate in the SPIKES Special Settlement Auction.

Additionally, the Exchange proposes to amend Rule 517, Quote Types Defined. Specifically, subsection (d) of Rule 517 provides that bids and offers in certain limited time in force eQuote types (Auction or Cancel, Opening Only, Immediate or Cancel, Fill or Kill, and Immediate or Cancel Intermarket Sweep) will not be disseminated by the Exchange in accordance with Rule 602 of Regulation NMS. In addition, executions resulting from these eQuote types will not be used by the Exchange's Aggregate Risk Manager to determine whether the Market Maker has exceeded the Allowable Exchange Percentage as more fully described in Rule 612.

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authorized to make certain trading determinations on behalf of the Exchange. The Help Desk shall report to and be supervised by a senior executive officer of the Exchange. See Exchange Rule 100.

[16]   See Exchange Rule 519A(a).

Exchange Rule 612, Aggregate Risk Manager ("ARM") describes a risk protection feature similar to the Risk Protection Manager for orders, however ARM is only available for Market Makers and provides a counting program ("counting program") for each Market Maker who is required to submit continuous two-sided quotations pursuant to Rule 604 in each of their appointed option classes. The counting program will count the number of contracts traded by the Market Maker (the "specified time period"). The Market Maker may also establish for each option class an Allowable Engagement Percentage. The Exchange will establish a default specified time period and a default Allowable Engagement Percentage ("default settings") on behalf of a Market Maker that has not established a specified time period and/or an Allowable Engagement Percentage.[17]

The System will engage the Aggregate Risk Manager in a particular option class when the counting program has determined that a Market Maker has traded during the specified time period a number of contracts equal to or above their Allowable Engagement Percentage. The Aggregate Risk Manager will then automatically remove the Market Maker's Standard Quotations and Day eQuotes from the Exchange's disseminated quotation in all series of that particular option class until the Market Maker sends a notification to the System of the intent to reengage quoting and submits a new revised quotation.[18]

The Exchange now proposes to add the Settlement Auction Only eQuote (SAO eQuote), as defined in Interpretations and Policies .03 of Exchange Rule 503, to the list of eQuotes that are not subject to the Aggregate Risk Manager. An SAO eQuote is a special purpose eQuote available only during the SPIKES Special Settlement Auction and as such should be treated similarly to other limited time in force eQuote types.

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[17]   See Exchange Rule 612(a).

[18]   See Exchange Rule 612(b)(1).

The Exchange also proposes to amend Interpretations and Policies of Rule 517 to adopt new subsection .02 which will state that an SAO eQuote will be considered a priority quote for trade allocation in accordance with Exchange Rule 514(e). To be considered a priority quote a Market Maker's quote must meet certain conditions as stipulated in the Exchange rules, one of which is that the quote is valid width and two-sided.[19] SAO eQuotes are a special purpose eQuote used to hedge or close a hedged position. A Market Maker using an SAO eQuote will not be in a position to place a quote on the opposite side of the market, as an execution of the opposite side eQuote would impair the ability of the Market Maker to hedge or close a hedged position. The Exchange does not wish to disadvantage a Market Maker for properly using an eQuote when it is not feasible for a Market Maker to otherwise meet the priority quote requirements (submission of a two-sided quote) with this type of eQuote.

2.   Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[20] in general, and furthers the objectives of Section 6(b)(5) of the Act[21] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed changes promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a

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[19]   See Exchange Rule 517(b)(1)(i)(A).

[20]   15 U.S.C. 78f(b).

[21]   15 U.S.C. 78f(b)(5).

national market system because they seek to ensure that SAOs may be freely submitted to the

Exchange and that SAOs are not encumbered by risk protections designed for order types used

during the course of regular trading. Additionally, the Exchange believes that removing SAO

Orders from RPM and from certain MIAX Order Monitor features ensures that SAO Orders are

available for their intended use to hedge or close a hedged position in SPIKES options.

Similarly, the Exchange believes that removing SAO eQuotes from ARM ensures that SAO

eQuotes are available for their intended use. Treating an SAO eQuote as a priority quote for

allocation purposes ensures that a Market Maker with an SAO eQuote at the Opening Price could

receive an execution without having to submit a two-sided quote. A Market Maker using an

SAO eQuote to hedge or close a hedged position can not provide an SAO eQuote on the opposite

side of the market without negatively impacting their original eQuote. Therefore, the Exchange

believes it is just and equitable to permit SAO eQuotes to be treated as priority quotes for

allocation purposes as it is not feasible for a Market Maker to meet the requirements necessary to

establish a priority quote using SAO eQuotes.

The Exchange believes that the proposed change promotes just and equitable principles

of trade, and removes impediments to and perfects the mechanisms of a free and open market

and a national market system and, in general, protects investors and the public interest, as the

changes allow for SAO Orders and SAO eQuotes to be freely used for their intended purpose and

will contribute to increased liquidity on the Exchange.

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

The Exchange does not believe that the proposed rule change will impose any burden on

competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe the proposed rule change will impose any burden on

inter-market competition as the proposed rule changes are designed to ensure that SAOs may be

submitted to the Exchange to participate in the SPIKES Special Settlement Auction, and that

once accepted these orders remain active in the System. The Exchange does not believe that the

proposed rule change will cause an unnecessary burden on inter-market competition as SAOs are

only used for the SPIKES Special Settlement Auction which is a special process unique to the

Exchange.

Additionally, the Exchange does not believe the proposed rule change will impose any

burden on intra-market competition as the Rules apply equally to all Exchange Members, and all

Members have the ability to submit SAOs.

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

Written comments were neither solicited nor received.

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

  Within 45 days of the date of publication of this notice in the Federal Register or

within such longer period (i) as the Commission may designate up to 90 days of such date

if it finds such longer period to be appropriate and publishes its reasons for so finding or

(ii) as to which the Exchange consents, the Commission shall: (a) by order approve or

disapprove such proposed rule change, or (b) institute proceedings to determine whether the

proposed rule change should be disapproved.

IV. Solicitation of Comments

  Interested persons are invited to submit written data, views, and arguments concerning

the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic comments:

☐ Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml);

   or

☐ Send an e-mail to rule-comments@sec.gov. Please include File Number SR-
   MIAX-2018-34 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-2018-34. 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-2018-34 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.[22]

Brent J. Fields
Secretary

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[22]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

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Rule 517. Quote Types Defined

Market Makers may communicate to the Exchange bids and offers using one or more of the following quote types. All of the bids and offers in the quote types described below shall be firm in accordance with the Market Maker's obligations under Exchange Rules and Rule 602 of Regulation NMS. However, bids and offers in certain of the eQuote types, as identified in paragraph (d) below, will not be disseminated by the Exchange to quotation vendors in accordance with Rule 602 of Regulation NMS given their limited time in force contingencies. Some of the quote types defined below are valid only during certain portions of the trading day (e.g., Opening Only eQuotes) or during certain events (e.g., Auction or Cancel eQuotes). If a Member submits a quote type during a time period when the quote type is not valid, the System will reject the quote. Not all of the quote types listed and described in this rule will be initially available for use on the Exchange. The Exchange will issue a Regulatory Circular listing which quote types, among those quote types set forth below, are available. Additional Regulatory Circulars will be issued as additional quote types, among those quote types set forth below, become available for use on the Exchange. Regulatory Circulars will also be issued when a quote type that had been in usage on the Exchange will no longer be available for use.

(a) - (c) No change

(d) Bids and offers in the following limited time in force eQuote types will not be disseminated by the Exchange in accordance with Rule 602 of Regulation NMS. In addition, executions resulting from the following eQuote types will not be used by the Exchange's Aggregate Risk Manager to determine whether the Market Maker has exceeded the Allowable Exchange Percentage as more fully described in Rule 612:

    (1) Auction or Cancel eQuote;

    (2) Opening Only eQuote;

    (3) Immediate or Cancel eQuote;

    (4) Fill or Kill eQuote; [and]

    (5) Immediate or Cancel Intermarket Sweep eQuote[.]; and

    (6) Settlement Auction Only eQuote (SAO eQuote) (as defined in Exchange Rule 503).

Interpretations and Policies:

.01 No change

.02 An SAO eQuote, as defined in Exchange Rule 503, Interpretations and Policies .03, will be considered a priority quote for trade allocation in accordance with Exchange Rule 514(e).

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Rule 519. MIAX Order Monitor

(a) - (d) No change

Interpretations and Policies:

.01 - .02 No change

.03 The order protections of the MIAX Order Monitor pursuant to sections (b) (c) and (d) will not apply to Settlement Auction Only Orders (SAO Orders), as defined in Exchange Rule 503, Interpretations and Policies .03.

Rule 519A. Risk Protection Monitor

(a) - (b) No change

Interpretations and Policies:

.01 - .05 No change

.06 Settlement Auction Only Orders (SAO Orders), as defined in Exchange Rule 503, Interpretations and Policies .03, are not eligible to participate in the Risk Protection Monitor.

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