Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2018 - * 35

Amendment No. (req. for Amendments *) 1

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) * ☐

Rule

Pilot ☐	Extension of Time Period for Commission Action * ☐	Date Expires *		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	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * ☐ Section 806(e)(2) * ☐	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 *).

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 * Senior Vice President and Deputy 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 02/13/2019   Senior Vice President and Deputy General Counsel

By   Joseph W. Ferraro III

(Name *)

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

jferraro@miami-holdings.com

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 *

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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

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.

Partial Amendment No. 1 to SR-MIAX-2018-35

At this time, MIAX hereby submits this Partial Amendment No. 1 to SR-MIAX-2018-35. With this Partial Amendment No. 1, the Exchange is including an Exhibit 4, which reflects changes to the text of the proposed rule change pursuant to this Partial Amendment No. 1, and a new Exhibit 5, which reflects the changes to the current rule text that are proposed in this proposal, as modified by this Partial Amendment No 1.

Specifically, pursuant to this Partial Amendment No. 1, the Exchange is narrowing the definition of the term "Proprietary Product" by deleting the clause "and any of its affiliates" from that definition, which is proposed in Rule 100. The previously proposed definition of Proprietary Product was: "The term "Proprietary Product" means a class of options that is listed exclusively on the Exchange and any of its affiliates." By this Partial Amendment No. 1, the proposed definition is now: "The term "Proprietary Product" means a class of options that is listed exclusively on the Exchange."

Accordingly, the Exchange is proposing to delete from the filing the clause "and any of its affiliates" from (i) the definition of Proprietary Product in Rule 100 on page 31; (ii) the second full paragraph on page 4, and (iii) the second full paragraph on page 18 of the Exhibit 1, which describes the proposed definition. The Exchange is removing this clause from the definition because it has determined that, at this time, a Proprietary Product shall be exclusively listed on the Exchange. If and when the Exchange determines to also list such a Proprietary Product on one of the Exchange's affiliates, such as MIAX PEARL, LLC or MIAX Emerald, LLC, then the Exchange shall submit a subsequent rule change to the Commission to change that definition.

* * * * *

The Exchange requests that the Commission find good cause to grant accelerated approval of SR-MIAX-2018-35, as amended by this Amendment No. 1, pursuant to Section 19(b)(2) of the Act. On November 9, 2018, Miami International Securities Exchange, LLC ("MIAX Options" or "Exchange"), filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change ("Proposal") to amend Exchange Rule 100, Definitions; Exchange Rule 503, Openings on the Exchange; and Exchange Rule 515, Execution of Orders and Quotes.

The SEC published the Proposal in the Federal Register for notice and comment on November 20, 2018 ("Original Filing").[1] No comments were received.

On December 28, 2018, the SEC published the Notice of Designation of Longer Period for Commission Action on Proposed Rule Change to Amend Exchange Rule 100, Definitions; Exchange Rule 503, Openings on the Exchange; and Exchange Rule 515, Execution of Orders and Quotes to extend the 45-day time period for Commission action until February 18, 2019.[2]

This Partial Amendment No. 1 involves simply the removal of a discrete provision of the Proposal which does not impact the remainder of the Original Filing, which was published for notice and comment, and no comments were received.

Where applicable, the Amendment provides additional details and clarifies the text of the proposed rules, thereby helping to assure the accuracy of the proposed rules.

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[1]   See Securities Exchange Act Release No. 84589 (November 14, 2018), 83 FR 58633 (November 20, 2018) (SR-MIAX-2018-35).

[2]   See Securities Exchange Act Release No. 84900 (December 20, 2018), 83 FR 67394 (December 28, 2018) (SR-MIAX-2018-35).

EXHIBIT 4

Exhibit 4 shows the changes proposed in this Partial Amendment No. 1, with the proposed changes in the original filing shown as if adopted. Proposed additions in this Partial Amendment No. 1 appear underlined; proposed deletions appear in brackets.

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

*****

Rule 100. Definitions

*****

Non-Customer Order

The term "**Non-Customer Order**" means an order for the account of a Non-Customer.

Non-Proprietary Product

The term "**Non-Proprietary Product**" means a class of options that is not a Proprietary Product.

Offer

The term "**offer**" means a limit order or quote to sell one or more option contracts.

*****

Professional Interest

The term "**Professional Interest**" means (i) an order that is for the account of a person or entity that is not a Priority Customer, or (ii) an order or non-priority quote for the account of a Market Maker.

Proprietary Product

The term "**Proprietary Product**" means a class of options that is listed exclusively on the Exchange [and any of its affiliates].

Public Customer

The term "**Public Customer**" means a person that is not a broker or dealer in securities.

*****

Rule 503. Openings on the Exchange

(a) – (e) No change.

(f) **Opening Process**

    (1) No change.

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

        (i) - (vi) No change.

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

        (A) No change.

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

            1. – 4. No change.

            5. Except as set forth in subsection a. below, if after that number of times the System still cannot route and/or trade the entire imbalance amount, the System will open as many contracts as possible by routing to other markets with prices better than the Exchange opening price for their disseminated size, trade available contracts on the Exchange at the opening price and route to other markets at prices equal to the Exchange opening price for their disseminated size. In this situation, the System will price any contracts routed to other markets at the away market price. If there is an opening transaction, any unexecuted contracts from the imbalance not traded or routed will be cancelled back to the entering Member if the price for those contracts crosses the opening price, unless (i) the Member that submitted the original order has instructed the Exchange in writing to re-enter the remaining size, in which case the remaining size will be automatically submitted as a new order, or (ii) such unexecuted contracts are from a non-Market Maker order in a Proprietary Product, in which case the remaining size will be placed on the Book with a protected price equal to the opening price and the Liquidity Exposure Process, as defined in Exchange Rule 515(c)(2)(i) will begin immediately after the Opening Process is complete. However, in a series where the EQR has been calculated to be zero on the bid side and market order sell interest has a quantity greater than all of the buy interest, the System will treat the market order(s) like a limit order(s) to sell at the lowest Minimum

Trading Increment and the Opening Process will be satisfied with an opening price at the lowest Minimum Increment with any remaining balance of the sell order(s) being placed on the Book in time priority and made available for execution following the Opening Process.

*****

Rule 515. Execution of Orders and Quotes

(a) – (b) No change.

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

(1) **Price Protection on Non-Market Maker Orders in Non-Proprietary Products**. The System will apply the following price protection process to all non-Market Maker orders received during a trading session. The price protection process prevents an order from being executed beyond the price designated in the order's price protection instructions (the "price protection limit"). The price protection instructions are expressed in units of MPV away from the NBBO at the time of the order's receipt, or the MBBO if the ABBO is crossing the MBBO. Market participants may designate price protection instructions on an order by order basis within a minimum and maximum number of MPVs away from the NBBO at the time of receipt, or the MBBO if the ABBO is crossing the MBBO. The minimum and maximum number of MPVs will be determined by the Exchange and announced to Members through a Regulatory Circular, provided that the minimum shall be no less than zero (0) MPVs and the maximum shall be no more than twenty (20) MPVs. If an order does not contain price protection instructions, the Exchange will assign a default price protection instruction, which will be within one (1) to five (5) MPVs away from the NBBO at the time of receipt, or the MBBO if the ABBO is crossing the MBBO, which default price protection instruction shall be determined by the Exchange and

announced to Members through a Regulatory Circular. When triggered, the price protection process will cancel an order or the remaining contracts of an order. The System will not execute such orders at prices inferior to the current NBBO. The price protection process set forth in this paragraph (c)(1) will not apply to orders received (A) prior to the open or during a trading halt; or (B) during a prior trading session and that remain on the Book following the opening process (as described in Rule 503). Further, the price protection process set forth in this paragraph (c)(1) will not apply to Intermarket Sweep Orders ("ISO"), which will be handled in accordance with paragraph (g) below. Immediate or Cancel ("IOC") orders will be handled in accordance with paragraph (e) below, and Fill-or-Kill ("FOK") orders will be handled in accordance with paragraph (f) below. The System will handle Market Maker quotes and orders in accordance with paragraph (d) below.

(2) **Price Protection on Non-Market Maker Orders in Proprietary Products**. The System will apply the following price protection process to all non-Market Maker orders received during a regular trading session that are larger than, and priced through, the opposite side NBBO. The price protection process provides exposure and time for market responses at defined price levels. A protection price limit is calculated by adding (subtracting) a set number of MPVs if the order is a buy (sell) to (i) the opposite side NBBO, (ii) the previous protection limit price; or (iii) in certain circumstances the limit price of same side joining interest after the expiration of the liquidity exposure process timer as discussed in paragraph (2)(i) below. The number of MPVs will be determined by the Exchange and announced to Members through a Regulatory Circular, provided that the minimum shall be no less than two (2) MPVs and the maximum shall be no more than twenty (20) MPVs. Further, the price protection process set forth in this paragraph (2) will not apply to Intermarket Sweep Orders (ISOs) or Auction or Cancel (AOC) orders.

(i) **Liquidity Exposure Process ("LEP") for Over-Sized Orders in Proprietary Products.** Interest that would be posted, managed, or would trade at a price more aggressive than the order's protected price will be subject to the LEP for over-sized orders in Proprietary Products. First, the System will broadcast a liquidity exposure message (which includes the symbol, side of the market, quantity of matched contracts, the imbalance quantity, "must fill" quantity, and price) to all subscribers of the Exchange's data feeds, and begin a timer, not to exceed three (3) seconds, as determined by the Exchange and announced via Regulatory Circular.

(A) **During the Liquidity Exposure Process.** During the LEP, the following provisions will apply:

(i) All market participants can respond to the liquidity exposure message broadcast during the LEP;

(ii) If the interest subject to the LEP is cancelled or fully traded, the LEP ends;

(iii) If the Exchange receives interest on the opposite side of the market from the initiating order that locks or crosses the Book price of the interest subject to the LEP, the interest will trade, with resting liquidity executed prior to joining liquidity;

(iv) If the Exchange receives interest on the same side of the market as the initiating order that is priced more aggressively (but not through the NBBO) than the Book price of the interest subject to the LEP, the interest will join the interest subject to the LEP at its Book Price;

(v) If the Exchange receives interest on the same side of the market as the initiating order that is priced more aggressively than the Book price of the interest subject to the LEP that also locks or crosses the opposite side NBBO, the System will immediately terminate the timer and treat the new interest as joining liquidity for allocation purposes.

(B) End of Liquidity Exposure Process. At the end of the timer, the initiating order, resting liquidity, and any same side joining interest received during the timer will (i) be handled in accordance to Exchange Rule 515, or (ii) trade against opposite side interest in the following sequence: Resting interest will be filled first, followed by joining interest in the order it was received; interest on the opposite side will be allocated in accordance to the Exchange's standard allocation, as defined in Exchange Rule 514, Priority of Quotes and Orders.

(3) **Liquidity Refresh Pause for Exhausted Market Maker Quotes.** The System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO to be received ("liquidity refresh pause") when at the time of receipt or reevaluation of the initiating order by the System: (A) either the initiating order is a limit order whose limit price crosses the NBBO or the initiating order is a market order, and the limit order or market order could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) and the Market Maker quote was exhausted.

At the start of the liquidity refresh pause, the System will broadcast a liquidity refresh message to subscribers of the Exchange's data feeds, providing a description of the option and the size and side of the order and the exhausted MBBO price. In addition, during the liquidity refresh pause the System will display the remainder of the initiating order at the exhausted MBBO price, and on the opposite side of the market, the Exchange's next bid (or offer) as non-firm (or in the absence thereof, a price of zero with a size of zero). If the NBBO was crossed when the initiating order was received, the System will continue to process the initiating order in accordance with paragraph (c) of this Rule and will not pause the market or broadcast a liquidity refresh message.

*****

EXHIBIT 5

New text is <u>underlined;</u>
Deleted text is in [brackets]

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

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Rule 100. Definitions

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Non-Customer Order
The term "**Non-Customer Order**" means an order for the account of a Non-Customer.

<u>**Non-Proprietary Product**</u>
<u>The term "**Non-Proprietary Product**" means a class of options that is not a Proprietary Product.</u>

Offer
The term "**offer**" means a limit order or quote to sell one or more option contracts.

*****

Professional Interest
The term "**Professional Interest**" means (i) an order that is for the account of a person or entity that is not a Priority Customer, or (ii) an order or non-priority quote for the account of a Market Maker.

<u>**Proprietary Product**</u>
<u>The term "**Proprietary Product**" means a class of options that is listed exclusively on the Exchange.</u>

Public Customer
The term "**Public Customer**" means a person that is not a broker or dealer in securities.

*****

Rule 503. Openings on the Exchange

(a) – (e) No change.

(f) **Opening Process**

    (1) No change.

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

        (i) - (vi) No change.

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

        (A) No change.

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

            1. – 4. No change.

            5. Except as set forth in subsection a. below, if after that number of times the System still cannot route and/or trade the entire imbalance amount, the System will open as many contracts as possible by routing to other markets with prices better than the Exchange opening price for their disseminated size, trade available contracts on the Exchange at the opening price and route to other markets at prices equal to the Exchange opening price for their disseminated size. In this situation, the System will price any contracts routed to other markets at the away market price. If there is an opening transaction, any unexecuted contracts from the imbalance not traded or routed will be cancelled back to the entering Member if the price for those contracts crosses the opening price, unless (i) the Member that submitted the original order has instructed the Exchange in writing to re-enter the remaining size, in which case the remaining size will be automatically submitted as a new order, or (ii) such unexecuted contracts are from a non-Market Maker order in a Proprietary Product, in which case the remaining size will be placed on the Book with a protected price equal to the opening price and the Liquidity Exposure Process, as defined in Exchange Rule 515(c)(2)(i) will begin immediately after the Opening Process is complete. However, in a series where the EQR has been calculated to be zero on the bid side and market order sell interest has a quantity greater than all of the buy interest, the System will treat the market order(s) like a limit order(s) to sell at the lowest Minimum Trading Increment and the Opening Process will be satisfied with an opening price at the lowest Minimum Increment with any remaining balance of the sell order(s) being placed on the Book in time priority and made available for execution following the Opening Process.

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Rule 515. Execution of Orders and Quotes

(a) – (b) No change.

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

   (1) **Price Protection on Non-Market Maker Orders <u>in Non-Proprietary Products</u>**. The System will apply the following price protection process to all non-Market Maker orders received during a trading session. The price protection process prevents an order from being executed beyond the price designated in the order's price protection instructions (the "price protection limit"). The price protection instructions are expressed in units of MPV away from the NBBO at the time of the order's receipt, or the MBBO if the ABBO is crossing the MBBO. Market participants may designate price protection instructions on an order by order basis within a minimum and maximum number of MPVs away from the NBBO at the time of receipt, or the MBBO if the ABBO is crossing the MBBO. The minimum and maximum number of MPVs will be determined by the Exchange and announced to Members through a Regulatory Circular, provided that the minimum shall be no less than zero (0) MPVs and the maximum shall be no more than twenty (20) MPVs. If an order does not contain price protection instructions, the Exchange will assign a default price protection instruction, which will be within one (1) to five (5) MPVs away from the NBBO at the time of receipt, or the MBBO if the ABBO is crossing the MBBO, which default price protection instruction shall be determined by the Exchange and announced to Members through a Regulatory Circular. When triggered, the price protection process will cancel an order or the remaining contracts of an order. The System will not execute such orders at prices inferior to the current NBBO. The price protection process set forth in this

paragraph (c)(1) will not apply to orders received (A) prior to the open or during a trading halt; or (B) during a prior trading session and that remain on the Book following the opening process (as described in Rule 503). Further, the price protection process set forth in this paragraph (c)(1) will not apply to Intermarket Sweep Orders ("ISO"), which will be handled in accordance with paragraph (g) below. Immediate or Cancel ("IOC") orders will be handled in accordance with paragraph (e) below, and Fill-or-Kill ("FOK") orders will be handled in accordance with paragraph (f) below. The System will handle Market Maker quotes and orders in accordance with paragraph (d) below.

(2) **Price Protection on Non-Market Maker Orders in Proprietary Products**. The System will apply the following price protection process to all non-Market Maker orders received during a regular trading session that are larger than, and priced through, the opposite side NBBO. The price protection process provides exposure and time for market responses at defined price levels. A protection price limit is calculated by adding (subtracting) a set number of MPVs if the order is a buy (sell) to (i) the opposite side NBBO, (ii) the previous protection limit price; or (iii) in certain circumstances the limit price of same side joining interest after the expiration of the liquidity exposure process timer as discussed in paragraph (2)(i) below. The number of MPVs will be determined by the Exchange and announced to Members through a Regulatory Circular, provided that the minimum shall be no less than two (2) MPVs and the maximum shall be no more than twenty (20) MPVs. Further, the price protection process set forth in this paragraph (2) will not apply to Intermarket Sweep Orders (ISOs) or Auction or Cancel (AOC) orders.

(i)   **Liquidity Exposure Process ("LEP") for Over-Sized Orders in Proprietary Products.** Interest that would be posted, managed, or would trade at a price more aggressive than the order's protected price will be subject to the LEP for over-sized orders in Proprietary Products. First, the System will broadcast a liquidity exposure message (which includes the symbol, side of the market, quantity of matched contracts, the imbalance quantity, "must fill" quantity, and price) to all subscribers of the Exchange's data feeds, and begin a timer, not to exceed three (3) seconds, as determined by the Exchange and announced via Regulatory Circular.

(A)   **During the Liquidity Exposure Process.** During the LEP, the following provisions will apply:

(i) All market participants can respond to the liquidity exposure message broadcast during the LEP;

(ii) If the interest subject to the LEP is cancelled or fully traded, the LEP ends;

(iii) If the Exchange receives interest on the opposite side of the market from the initiating order that locks or crosses the Book price of the interest subject to the LEP, the interest will trade, with resting liquidity executed prior to joining liquidity;

(iv) If the Exchange receives interest on the same side of the market as the initiating order that is priced more aggressively (but not through the NBBO) than the Book price of the interest subject to the LEP, the interest will join the interest subject to the LEP at its Book Price;

(v) If the Exchange receives interest on the same side of the market as the initiating order that is priced more aggressively than the Book price of the interest subject to the LEP that also locks or crosses the opposite side NBBO, the System will immediately terminate the timer and treat the new interest as joining liquidity for allocation purposes.

(B) End of Liquidity Exposure Process. At the end of the timer, the initiating order, resting liquidity, and any same side joining interest received during the timer will (i) be handled in accordance to Exchange Rule 515, or (ii) trade against opposite side interest in the following sequence: Resting interest will be filled first, followed by joining interest in the order it was received; interest on the opposite side will be allocated in accordance to the Exchange's standard allocation, as defined in Exchange Rule 514, Priority of Quotes and Orders.

([2]3) **Liquidity Refresh Pause for Exhausted Market Maker Quotes.** The System will pause the market for a time period not to exceed one second to allow additional orders or quotes refreshing the liquidity at the MBBO to be received ("liquidity refresh pause") when at the time of receipt or reevaluation of the initiating order by the System: (A) either the initiating order is a limit order whose limit price crosses the NBBO or the initiating order is a market order, and the limit order or market order could only be partially executed; (B) a Market Maker quote was all or part of the MBBO when the MBBO is alone at the NBBO; and (C) and the Market Maker quote was exhausted.

At the start of the liquidity refresh pause, the System will broadcast a liquidity refresh message to subscribers of the Exchange's data feeds, providing a description of the option and the size and side of the order and the exhausted MBBO price. In addition, during the liquidity refresh pause the System will display the remainder of the initiating order at the exhausted MBBO price, and on the opposite side of the market, the Exchange's next bid (or offer) as non-firm (or in the absence thereof, a price of zero with a size of zero). If the NBBO was crossed when the initiating order was received, the System will continue to process the initiating order in accordance with paragraph (c) of this Rule and will not pause the market or broadcast a liquidity refresh message.

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