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

File No.* SR - 2018 - * 36
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) *
☑	☐	☐	☑	☐	☐

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)

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

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 518

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.

Date 11/09/2018

By Gregory P. Ziegler

(Name *)

(Title *)

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.

Required fields are shown with yellow backgrounds and asterisks.

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")[1] and Rule 19b-4 thereunder,[2] proposes to amend Exchange Rule 518, Complex Orders.

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

The Exchange proposes to amend Exchange Rule 518, Complex Orders, to (i) adopt a new Simple Market Auction or Timer ("SMAT") Event (defined below); (ii) amend the Response Time Interval and Defined Time Period for Complex Auctions (each defined below); (iii) adopt a new Complex Liquidity Exposure Process ("cLEP"); (iv) make minor changes to the Complex MIAX Options Price Collar Protection; and (v) clarify that the Calendar Spread Variance ("CSV") price protection applies only to strategies in American-style option[3] classes.

Specifically, the Exchange proposes to amend subsection (a)(16), to adopt a new Simple Market Auction or Timer (SMAT) Event. A SMAT Event is defined as any one of the following; a PRIME Auction (pursuant to Rule 515A),[4] a Route Timer (pursuant to Rule 529),[5] or a

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3 The term "American-style option" means an option contract that, subject to the provisions of Rule 700 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date. See Exchange Rule 100.

4 The MIAX Price Improvement Mechanism ("PRIME") is a process by which a Member may electronically submit for execution ("Auction") an order it represents as agent ("Agency Order") against principal interest, and/or an Agency Order against solicited interest. See Exchange Rule 515A.

5 The Exchange may automatically route orders to other exchanges under certain circumstances ("Routing Services"). In connection with such services, one of two Route Mechanisms, Immediate Routing or the Route Timer, will be used when a Public Customer order is received and/or reevaluated that is both routable and marketable against the opposite side ABBO upon receipt and the Exchange's disseminated market is not equal to the opposite side ABBO, or is equal to the opposite side ABBO and of insufficient size to satisfy the order. For those initiating Public Customer orders that are routable, but do not meet the additional criteria for Immediate Routing, the System will implement a Route Timer not to exceed one second (the duration of the Timer will be announced to Members through a Regulatory Circular), in order to allow Market Makers and other participants an opportunity to interact with the initiating order. See Exchange Rule 529.

liquidity refresh pause (pursuant to Rule 515(c)(2).[6] The Exchange now proposes to adopt new rule text to add the liquidity exposure process timer (pursuant to proposed Rule 515(c)(2)(i)) as a SMAT Event. The liquidity exposure process timer, which is not to exceed three (3) seconds, is engaged as part of the liquidity exposure process for orders in Proprietary Products[7] that would be posted, managed, or would trade at a price more aggressive than the order's protected price. If a SMAT Event exists during free trading for an option component of a complex strategy, trading in the complex strategy will be suspended.[8] The Exchange also proposes to correct an internal cross reference in subsection (a)(16)(iii) from Rule 515(c)(2) to Rule 515(c)(3) to reflect the new citation under a currently pending proposed rule change. The purpose of adding the liquidity exposure process timer as a SMAT Event is to enhance the continuity, trade-through protection, and orderliness in the simple market and to protect complex order components from being executed at prices that could improve following a SMAT Event.

Additionally, the Exchange proposes to amend subsection (d)(3) which describes the Response Time Interval of a Complex Auction, which is a single-sided auction. The Exchange

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6 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. See Exchange Rule 515(c)(2).

7 The term "Proprietary Product" means a class of options that is listed exclusively on the Exchange and any of its affiliates. See proposed Exchange Rule 100.

8 See Exchange Rule 518, Interpretations and Policies .05(e)(2)(i).

offers Complex Auction functionality as described in Exchange Rule 518[9] and also a cPRIME process, which is unaffected by this proposal, as described in Exchange Rule 515A.12.

Currently, Rule 518(d)(3) provides that the Response Time Interval means the period of time during which responses to the Request for Responses ("RFR") message may be entered. The Rule further provides that the Exchange determines the duration of the Response Time Interval, which shall not exceed 500 milliseconds, and communicates it to Members via Regulatory Circular.[10] The Exchange now proposes to adopt new rule text to state that, "the end of the trading session will also serve as the end of the Response Time Interval for a Complex Auction still in progress." In connection with this proposed change the Exchange proposes to amend subsection (d)(2) to remove the reference to the Defined Time Period for a Complex Auction. The Defined Time Period represents the period of time preceding the end of a trading session during which a Complex Auction will not be initiated. Currently, the Defined Time Period is 2,000 milliseconds[11] while the duration of a Complex Auction is just 200 milliseconds. The Exchange believes that removing this restriction will allow for increased price improvement opportunities. The Exchange also proposes to amend subsection (c)(2)(i) to remove the

9 Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an "eligible class"). Upon evaluation as set forth in subparagraph (c)(5) of Rule 518, the Exchange may determine to automatically submit a Complex Auction-eligible order into a Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses ("RFR"). See Exchange Rule 518(d).

10 The Exchange notes that the Response Time Interval is currently set to 200 milliseconds. See MIAX Regulatory Circular 2016-46.

11 See MIAX Regulatory Circular 2016-63.

restriction that a cAOA order[12] received during the Defined Time Period will not initiate a new Complex Auction. Under the current rules there is no opportunity at all for price improvement via a Complex Auction when there is less than two seconds left in the trading session. The Exchange believes that removing the Defined Time Period and allowing the end of the trading session to serve as the end of the Response Time Interval in the limited instance that a Complex Auction is initiated with less than 200 milliseconds left in the trading session will allow for more opportunities for price improvement via the auction process. The Exchange warrants that is has the System capability to conduct auctions and execute transactions in a timely fashion at any time during the trading session.

The Exchange also proposes to adopt new subsection (e) to describe a Complex Liquidity Exposure Process ("cLEP") for complex orders and complex eQuotes that would violate their Complex MIAX Price Collar ("MPC") price . The MPC price protection feature is an Exchange-wide mechanism under which a complex order or complex eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO[13] bid at the time the MPC is assigned by the System[14] (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in $0.01 increments (the "MPC Setting"), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting

[12] A "Complex Auction-on-Arrival" or "cAOA" order is a complex order designated to be placed into a Complex Auction upon receipt or upon evaluation . See Exchange Rule 518(b)(2).

[13] The term cNBBO means the Complex National Best Bid or Offer and is calculated using the National Best Bid or Offer ("NBBO") for each component of a complex strategy to establish the best net bid and offer for a complex strategy. See Exchange Rule 518(a)(2).

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

(each the "MPC Price").[15] The MPC Price is established (i) upon receipt of the complex order or eQuote during free trading, or (ii) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or (iii) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists.[16] Once established the MPC Price will not change during the life of the complex order or eQuote.[17] If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price; and (B) may be subject to the managed interest process described in Rule 518(c)(4).[18] If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described in Rule 518(c)(4), or placed on

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[15] See Exchange Rule 518.05(f).

[16] See Exchange Rule 518.05(f)(3).

[17] See Exchange Rule 518.05(f)(4).

[18] See Exchange Rule 518.05(f)(6).

the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.[19]

The Exchange now proposes to initiate a Complex Liquidity Exposure Auction ("cLEP Auction") whenever a complex order or complex eQuote would violate its MPC Price. To begin the cLEP Auction, the System will first broadcast a liquidity exposure message to all subscribers of the Exchange's data feeds. The liquidity exposure message will include the symbol, side of the market, auction start price (MPC Price), quantity of matched contracts, and the imbalance quantity. The inclusion of the quantity of matched contracts at the price included in the RFR message is intended to inform participants considering submitting an RFR Response the number of contracts for which there is matched interest, and the purposes of including the imbalance quantity in the RFR message is to inform such participants of the number of contracts that do not have matched interest.

The System will initiate a Response Time Interval, as determined by the Exchange and communicated via Regulatory Circular which shall be no less than 100 milliseconds and no more than 5,000 milliseconds.[20] The Exchange recently surveyed its Members and established that Members' Systems could submit auction responses in 100 milliseconds or less on average.[21] At the conclusion of the Complex Liquidity Exposure Auction if the resulting trade price is less aggressive than the MPC Price, liquidity will be handled in accordance to Exchange Rule 518(c)(2), Execution of Complex Orders and Quotes. Orders and quotes executed in a cLEP

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19 See Exchange Rule 518.05(f)(7).

20 The Exchange notes that the current duration of a cPRIME Auction is 100 milliseconds and the current duration of a Complex Auction is 200 milliseconds.

21 See Securities Exchange Release No.80940 (June 15, 2017), 82 FR 28369 (June 21, 2017) (SR-MIAX-2017-16).

Auction will be allocated in accordance with the Complex Auction allocation procedures described in Exchange Rule 518(d)(7), Allocation at the Conclusion of a Complex Auction.

At the conclusion of a cLEP Auction the System will calculate the next potential MPC Price using the auction start price plus (minus) the next MPC increment for buy (sell) orders. Liquidity with an original price equal to or less aggressive than the new MPC Price is no longer subject to the MPC price protection. Liquidity with an original price more aggressive than the new MPC Price (or market order liquidity) is subject to the MPC price protection feature using the new MPC Price.

The current rule provides that if the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price, and (B) may be subject to the managed interest process described in 518(c)(4).[22]

The Exchange now proposes to amend subsection(f)(6)(A) to provide that any unexecuted portion of such a complex order or eQuote will be subject to the cLEP as described in proposed subsection (e). The Exchange believes it to be in the best interest of the Member to seek liquidity via the Complex Liquidity Exposure Process as described above, rather than cancel any unexecuted portion of the order.

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[22] See Exchange Rule 518.05(f)(6).

The examples below demonstrate an order subject to the Complex Liquidity Exposure Process.

Example 1

MPC: $0.25

The Exchange has one order resting on its Strategy Book:[23] +1 component A, -1 component B:

Order 1 is to sell 10 at $1.90

MBBO component A: 4.00(10) x 5.00(10)

MBBO component B: 2.00(10) x 2.50(10)

NBBO component A: 4.0510) x 4.15(10)

NBBO component B: 2.30(10) x 2.40(10)

cMBBO: 1.50 (10) x 3.00 (10)

cNBBO: 1.65 (10) x 1.85 (10)

The Exchange receives a new order (Order 2) to buy 20 at $2.25.

Order 2 buys 10 from Order 1 at $1.90 and initiates the Complex Liquidity Exposure Process: Order 2 reprices to its protected price of $2.10 (cNBO of 1.85 + 0.25) and is posted at that price on the Complex Order Book and the Complex Liquidity Exposure Process Timer begins.

During the cLEP Auction the Exchange receives a new order (Order 3) to sell 10 at $2.10. This order locks the current same side Book Price of $2.10 and Order 3 sells 10 to Order 2 at $2.10, filling Order 2 and ending the Liquidity Exposure Process.

Example 2

MPC: $0.25

The Exchange has one order resting on its book in Strategy +1 component A, -1 component B:

Order 1 is to sell 10 at $1.90

MBBO component A: 4.00(10) x 5.00(10)

MBBO component B: 2.00(10) x 2.50(10)

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23 The term “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

NBBO component A: 4.0510) x 4.15(10)

NBBO component B: 2.30(10) x 2.40(10)

cMBBO: 1.50 (10) x 3.00 (10)

cNBBO: 1.65 (10) x 1.85 (10)

The Exchange receives a new order (Order 2) to buy 20 at $2.25.

Order 2 buys 10 from Order 1 at $1.90 and initiates the Complex Liquidity Exposure Process: Order 2 reprices to its protected price of $2.10 (cNBO of 1.85 + 0.25) and is posted at that price on the Strategy Book and the Complex Liquidity Exposure Process Timer begins.

No new liquidity arrives during the Liquidity Exposure Process. At the end of the timer, Order 2 reprices to its limit of $2.25 and is posted at that price on the Strategy Book, ending the Liquidity Exposure Process.

The Exchange also proposes to make minor technical changes to Interpretations and Policies .05 of Exchange Rule 518 to reflect the proposed changes described above. Specifically, the Exchange proposes to remove subparagraph (f)(4) that provides that once established, the MPC Price will not change during the life of the complex order or eQuote. As described above the MPC Price for certain liquidities will be subject to a re-evaluation process and may change as a result of such re-evaluation. Also, the Exchange proposes to amend subparagraph (6)(A) to remove the provision that any unexecuted portion of such a complex order or eQuote will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price, and to state instead that it will be subject to the cLEP as described in subsection (e) of this Rule. Additionally, as a result of the removal of paragraph (4) it is necessary to renumber the remaining paragraphs for consistency within the numbering hierarchy of the Exchange's rules. Therefore current paragraph (5) will be renumbered as new paragraph (4); current paragraph (6) will be renumbered as new paragraph (5); and current paragraph (7) will be renumbered as new paragraph (6).

Finally, the Exchange proposes to amend subsection (b) of Interpretations and Policies .05 to adopt new rule text stating that the Calendar Spread Variance ("CSV") price protection applies only to strategies in American-style option classes. A Calendar Spread is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price. The CSV establishes a minimum trading price limit for Calendar Spreads. The maximum possible value of a Calendar Spread is unlimited, thus there is no maximum price protection for Calendar Spreads. The minimum possible trading price limit of a Calendar Spread is zero minus the pre-set value of $.10. This ensures that the Strategy doesn't trade more than $.10 away from its intrinsic value. (On a basic level the price of an American-style option is comprised of two components; intrinsic value and time value. If the strike price of a call option is $5.00 and the stock is priced at $6.00, there is $1.00 of intrinsic value in the price of the call option, anything above $1.00 represents the time value component.) An American-style option must be worth at least as much as its intrinsic value because the holder of the option can realize the intrinsic value by immediately exercising the option. In a Calendar Spread strategy comprised of American-style options, ceteris paribus, the far month should be worth more than the near month due to its having a greater time to expiration and therefore a higher time value. As European-style options[24] may only be exercised on their expiration date, the relationship between the stock price, option price, and option strike price that exists for American-style options does not exist for

24 The term "European-style option" means an option contract that, subject to the provisions of Rule 700 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date. See Exchange Rule 100.

European-style options. Therefore the CSV price protection would be ineffective and will not be available for strategies comprised of European-style options.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[25] in general, and furthers the objectives of Section 6(b)(5) of the Act[26] 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 its proposal to include the liquidity exposure timer as a SMAT Event promotes just and equitable principles of trade, 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. SMAT Events represent temporary interruptions of free trading in one or more components of a complex strategy. The temporary suspension of trading in complex orders during a SMAT Event is intended to enhance continuity, trade-through protection, and orderliness in the simple market and to protect complex order components from being executed at prices that could improve following a SMAT Event. Once a SMAT Event is concluded or resolved, the System will re-evaluate the Strategy Book.[27]

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25 15 U.S.C. 78f(b).

26 15 U.S.C. 78f(b)(5).

27 See Exchange Rule 518, Interpretations and Policies .05(f)(2)(i).

The Exchange believes that its proposal to eliminate the Defined Time Period to allow Complex Auctions[28] to occur throughout the trading session removes impediments to and perfects the mechanism of a free and open market and a national market system and, in general, protects investors and the public interest by removing an unnecessary barrier which prevented Complex Auctions from occurring with less than two seconds left in the trading session. The current duration of a Complex Auction duration is just 200 milliseconds. The Exchange believes it is in the best interest of the investor to allow for opportunities for price improvement throughout the entire trading session. In the event that a Member initiates a Complex Auction without enough time for Members to respond, the initiating Member is no worse off under the proposed rule than the Member would have been under the current rule which prevents the Member from even attempting to initiate a Complex Auction with less than two seconds left in the trading session.

The Exchange also believes its proposal to adopt a Complex Liquidity Exposure Process 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. The Complex Liquidity Exposure Process provides an additional opportunity for price discovery for those orders that would trade through their MPC Price. The Exchange believes its proposal promotes just and equitable principles of trade as it is in the best interest of the Member to seek liquidity for the unexecuted portion of the order which

[28] Complex Auctions are described in Exchange Rule 518(d) and are separate and distinct from cPRIME Auctions which are described in Interpretations and Policies .12 of Exchange Rule 515A, MIAX Price Improvement Mechanism ("PRIME") and PRIME Solicitation Mechanism.

exceeds the order's MPC Price rather than to simply cancel the unexecuted portion back to the Member.[29]

The Exchange also believes that its proposal to amend Interpretations and Policies .05(f) to reflect the changes resulting from the introduction of the Complex Liquidity Exposure Process 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 by clearly describing the operation of the Exchange's functionality in the Exchange's rules. The Exchange believes it is in the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Further, the Exchange's proposal to make non-substantive changes to re-number certain paragraphs for internal consistency within the rule benefits investors and the public interest by providing clarity and accuracy in the Exchange's rules.

Finally, the Exchange believes its proposal to clarify that the Calendar Spread Variance (CSV) price protection is available only for American-style options 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, and protects investors and the public interest by providing clarity and precision in the Exchange's rules. The Exchange believes it is in the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Transparency and clarity are consistent with the Act because it

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29 The Exchange notes that Members who believe that an execution has occurred at an erroneous price may avail themselves of the protections provided in Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors.

removes impediments to and helps perfect the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest by accurately describing the behavior of the Exchange's System. In particular, the Exchange believes that the proposed rule change will provide greater clarity to Members and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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. The Exchange's proposal seeks to enhance complex order trading on the Exchange, and may potentially enhance competition among the various markets for complex order execution, potentially resulting in more active complex order trading on all exchanges.

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 Members of the Exchange.

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

The proposed rule change is not based on rules of another self-regulatory organization or of the Commission.

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-2018-36)

November__, 2018

Self-Regulatory Organizations: Notice of Filing of a Proposed Rule Change by Miami International Securities Exchange, LLC to Amend Exchange Rule 518, Complex Orders

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 518, Complex Orders

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

The Exchange proposes to amend Exchange Rule 518, Complex Orders, to (i) adopt a new Simple Market Auction or Timer ("SMAT") Event (defined below); (ii) amend the Response Time Interval and Defined Time Period for Complex Auctions (each defined below); (iii) adopt a new Complex Liquidity Exposure Process ("cLEP"); (iv) make minor changes to the Complex MIAX Options Price Collar Protection; and (v) clarify that the Calendar Spread Variance ("CSV") price protection applies only to strategies in American-style option[3] classes.

Specifically, the Exchange proposes to amend subsection (a)(16), to adopt a new Simple Market Auction or Timer (SMAT) Event. A SMAT Event is defined as any one of the following; a PRIME Auction (pursuant to Rule 515A),[4] a Route Timer (pursuant to Rule 529),[5] or a

3 The term "American-style option" means an option contract that, subject to the provisions of Rule 700 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date. See Exchange Rule 100.

4 The MIAX Price Improvement Mechanism ("PRIME") is a process by which a Member may electronically submit for execution ("Auction") an order it represents as agent ("Agency Order") against principal interest, and/or an Agency Order against solicited interest. See Exchange Rule 515A.

5 The Exchange may automatically route orders to other exchanges under certain circumstances ("Routing Services"). In connection with such services, one of two Route Mechanisms, Immediate Routing or the Route Timer, will be used when a Public Customer order is received and/or reevaluated that is both routable and marketable against the opposite side ABBO upon receipt and the Exchange's disseminated market is not equal to the opposite side ABBO, or is equal to the opposite side ABBO and of insufficient size to satisfy the order. For those initiating Public Customer orders that are routable, but do not meet the additional criteria for Immediate Routing, the System will implement a Route Timer not to exceed one second (the duration of the Timer will be announced to Members through a Regulatory Circular), in order to allow Market Makers

liquidity refresh pause (pursuant to Rule 515(c)(2).[6] The Exchange now proposes to adopt new rule text to add the liquidity exposure process timer (pursuant to proposed Rule 515(c)(2)(i)) as a SMAT Event. The liquidity exposure process timer, which is not to exceed three (3) seconds, is engaged as part of the liquidity exposure process for orders in Proprietary Products[7] that would be posted, managed, or would trade at a price more aggressive than the order's protected price. If a SMAT Event exists during free trading for an option component of a complex strategy, trading in the complex strategy will be suspended.[8] The Exchange also proposes to correct an internal cross reference in subsection (a)(16)(iii) from Rule 515(c)(2) to Rule 515(c)(3) to reflect the new citation under a currently pending proposed rule change. The purpose of adding the liquidity exposure process timer as a SMAT Event is to enhance the continuity, trade-through protection, and orderliness in the simple market and to protect complex order components from being executed at prices that could improve following a SMAT Event.

Additionally, the Exchange proposes to amend subsection (d)(3) which describes the Response Time Interval of a Complex Auction, which is a single-sided auction. The Exchange

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and other participants an opportunity to interact with the initiating order. See Exchange Rule 529.

6 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. See Exchange Rule 515(c)(2).

7 The term "Proprietary Product" means a class of options that is listed exclusively on the Exchange and any of its affiliates. See proposed Exchange Rule 100.

8 See Exchange Rule 518, Interpretations and Policies .05(e)(2)(i).

offers Complex Auction functionality as described in Exchange Rule 518[9] and also a cPRIME process, which is unaffected by this proposal, as described in Exchange Rule 515A.12.

Currently, Rule 518(d)(3) provides that the Response Time Interval means the period of time during which responses to the Request for Responses ("RFR") message may be entered. The Rule further provides that the Exchange determines the duration of the Response Time Interval, which shall not exceed 500 milliseconds, and communicates it to Members via Regulatory Circular.[10] The Exchange now proposes to adopt new rule text to state that, "the end of the trading session will also serve as the end of the Response Time Interval for a Complex Auction still in progress." In connection with this proposed change the Exchange proposes to amend subsection (d)(2) to remove the reference to the Defined Time Period for a Complex Auction. The Defined Time Period represents the period of time preceding the end of a trading session during which a Complex Auction will not be initiated. Currently, the Defined Time Period is 2,000 milliseconds[11] while the duration of a Complex Auction is just 200 milliseconds. The Exchange believes that removing this restriction will allow for increased price improvement opportunities. The Exchange also proposes to amend subsection (c)(2)(i) to remove the restriction that a cAOA order[12] received during the Defined Time Period will not initiate a new

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9 Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an "eligible class"). Upon evaluation as set forth in subparagraph (c)(5) of Rule 518, the Exchange may determine to automatically submit a Complex Auction-eligible order into a Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses ("RFR"). See Exchange Rule 518(d).

10 The Exchange notes that the Response Time Interval is currently set to 200 milliseconds. See MIAX Regulatory Circular 2016-46.

11 See MIAX Regulatory Circular 2016-63.

12 A "Complex Auction-on-Arrival" or "cAOA" order is a complex order designated to be placed into a Complex Auction upon receipt or upon evaluation . See Exchange Rule 518(b)(2).

Complex Auction. Under the current rules there is no opportunity at all for price improvement via a Complex Auction when there is less than two seconds left in the trading session. The Exchange believes that removing the Defined Time Period and allowing the end of the trading session to serve as the end of the Response Time Interval in the limited instance that a Complex Auction is initiated with less than 200 milliseconds left in the trading session will allow for more opportunities for price improvement via the auction process. The Exchange warrants that is has the System capability to conduct auctions and execute transactions in a timely fashion at any time during the trading session.

The Exchange also proposes to adopt new subsection (e) to describe a Complex Liquidity Exposure Process ("cLEP") for complex orders and complex eQuotes that would violate their Complex MIAX Price Collar ("MPC") price . The MPC price protection feature is an Exchange-wide mechanism under which a complex order or complex eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO[13] bid at the time the MPC is assigned by the System[14] (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in $0.01 increments (the "MPC Setting"), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the "MPC Price").[15] The MPC Price is established (i) upon receipt of the complex order or eQuote during free trading, or (ii) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or (iii)

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13 The term cNBBO means the Complex National Best Bid or Offer and is calculated using the National Best Bid or Offer ("NBBO") for each component of a complex strategy to establish the best net bid and offer for a complex strategy. See Exchange Rule 518(a)(2).

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

15 See Exchange Rule 518.05(f).

upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists.[16] Once established the MPC Price will not change during the life of the complex order or eQuote.[17] If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price; and (B) may be subject to the managed interest process described in Rule 518(c)(4).[18] If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described in Rule 518(c)(4), or placed on the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.[19]

The Exchange now proposes to initiate a Complex Liquidity Exposure Auction ("cLEP Auction") whenever a complex order or complex eQuote would violate its MPC Price. To begin the cLEP Auction, the System will first broadcast a liquidity exposure message to all subscribers of the Exchange's data feeds. The liquidity exposure message will include the symbol, side of

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16 See Exchange Rule 518.05(f)(3).

17 See Exchange Rule 518.05(f)(4).

18 See Exchange Rule 518.05(f)(6).

19 See Exchange Rule 518.05(f)(7).

the market, auction start price (MPC Price), quantity of matched contracts, and the imbalance quantity. The inclusion of the quantity of matched contracts at the price included in the RFR message is intended to inform participants considering submitting an RFR Response the number of contracts for which there is matched interest, and the purposes of including the imbalance quantity in the RFR message is to inform such participants of the number of contracts that do not have matched interest.

The System will initiate a Response Time Interval, as determined by the Exchange and communicated via Regulatory Circular which shall be no less than 100 milliseconds and no more than 5,000 milliseconds.[20] The Exchange recently surveyed its Members and established that Members' Systems could submit auction responses in 100 milliseconds or less on average.[21] At the conclusion of the Complex Liquidity Exposure Auction if the resulting trade price is less aggressive than the MPC Price, liquidity will be handled in accordance to Exchange Rule 518(c)(2), Execution of Complex Orders and Quotes. Orders and quotes executed in a cLEP Auction will be allocated in accordance with the Complex Auction allocation procedures described in Exchange Rule 518(d)(7), Allocation at the Conclusion of a Complex Auction.

At the conclusion of a cLEP Auction the System will calculate the next potential MPC Price using the auction start price plus (minus) the next MPC increment for buy (sell) orders. Liquidity with an original price equal to or less aggressive than the new MPC Price is no longer subject to the MPC price protection. Liquidity with an original price more aggressive than the new MPC Price (or market order liquidity) is subject to the MPC price protection feature using the new MPC Price.

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20 The Exchange notes that the current duration of a cPRIME Auction is 100 milliseconds and the current duration of a Complex Auction is 200 milliseconds.

21 See Securities Exchange Release No.80940 (June 15, 2017), 82 FR 28369 (June 21, 2017) (SR-MIAX-2017-16).

The current rule provides that if the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price, and (B) may be subject to the managed interest process described in 518(c)(4).[22]

The Exchange now proposes to amend subsection(f)(6)(A) to provide that any unexecuted portion of such a complex order or eQuote will be subject to the cLEP as described in proposed subsection (e). The Exchange believes it to be in the best interest of the Member to seek liquidity via the Complex Liquidity Exposure Process as described above, rather than cancel any unexecuted portion of the order.

The examples below demonstrate an order subject to the Complex Liquidity Exposure Process.

Example 1

MPC: $0.25

The Exchange has one order resting on its Strategy Book:[23] +1 component A, -1 component B: Order 1 is to sell 10 at $1.90

MBBO component A: 4.00(10) x 5.00(10)
MBBO component B: 2.00(10) x 2.50(10)
NBBO component A: 4.0510) x 4.15(10)

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22 See Exchange Rule 518.05(f)(6).

23 The term "Strategy Book" is the Exchange's electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

NBBO component B: 2.30(10) x 2.40(10)

cMBBO: 1.50 (10) x 3.00 (10)

cNBBO: 1.65 (10) x 1.85 (10)

The Exchange receives a new order (Order 2) to buy 20 at $2.25.

Order 2 buys 10 from Order 1 at $1.90 and initiates the Complex Liquidity Exposure Process: Order 2 reprices to its protected price of $2.10 (cNBO of 1.85 + 0.25) and is posted at that price on the Complex Order Book and the Complex Liquidity Exposure Process Timer begins.

During the cLEP Auction the Exchange receives a new order (Order 3) to sell 10 at $2.10. This order locks the current same side Book Price of $2.10 and Order 3 sells 10 to Order 2 at $2.10, filling Order 2 and ending the Liquidity Exposure Process.

<u>Example 2</u>

MPC: $0.25

The Exchange has one order resting on its book in Strategy +1 component A, -1 component B:

Order 1 is to sell 10 at $1.90

MBBO component A: 4.00(10) x 5.00(10)

MBBO component B: 2.00(10) x 2.50(10)

NBBO component A: 4.0510) x 4.15(10)

NBBO component B: 2.30(10) x 2.40(10)

cMBBO: 1.50 (10) x 3.00 (10)

cNBBO: 1.65 (10) x 1.85 (10)

The Exchange receives a new order (Order 2) to buy 20 at $2.25.

Order 2 buys 10 from Order 1 at $1.90 and initiates the Complex Liquidity Exposure Process: Order 2 reprices to its protected price of $2.10 (cNBO of 1.85 + 0.25) and is posted at that price on the Strategy Book and the Complex Liquidity Exposure Process Timer begins.

No new liquidity arrives during the Liquidity Exposure Process. At the end of the timer, Order 2 reprices to its limit of $2.25 and is posted at that price on the Strategy Book, ending the Liquidity Exposure Process.

The Exchange also proposes to make minor technical changes to Interpretations and Policies .05 of Exchange Rule 518 to reflect the proposed changes described above. Specifically, the Exchange proposes to remove subparagraph (f)(4) that provides that once established, the MPC Price will not change during the life of the complex order or eQuote. As described above the MPC Price for certain liquidities will be subject to a re-evaluation process and may change as a result of such re-evaluation. Also, the Exchange proposes to amend subparagraph (6)(A) to remove the provision that any unexecuted portion of such a complex order or eQuote will be cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price, and to state instead that it will be subject to the cLEP as described in subsection (e) of this Rule. Additionally, as a result of the removal of paragraph (4) it is necessary to renumber the remaining paragraphs for consistency within the numbering hierarchy of the Exchange's rules. Therefore current paragraph (5) will be renumbered as new paragraph (4); current paragraph (6) will be renumbered as new paragraph (5); and current paragraph (7) will be renumbered as new paragraph (6).

Finally, the Exchange proposes to amend subsection (b) of Interpretations and Policies .05 to adopt new rule text stating that the Calendar Spread Variance ("CSV") price protection applies only to strategies in American-style option classes. A Calendar Spread is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price. The CSV establishes a minimum trading price limit for Calendar Spreads. The maximum possible value of a Calendar Spread is unlimited, thus there is no maximum price protection for Calendar Spreads. The minimum possible trading price limit of a Calendar Spread is zero minus the pre-set value of $.10. This ensures that the Strategy doesn't trade more than $.10 away from its intrinsic value. (On a basic level the price of an American-style option is comprised of two components; intrinsic value and time value. If the strike price of a call option is $5.00 and the stock is priced at $6.00, there is $1.00 of intrinsic value in the price of the call option, anything above $1.00 represents the time value component.) An American-style option must be worth at least as much as its intrinsic value because the holder of the option can realize the intrinsic value by immediately exercising the option. In a Calendar Spread strategy comprised of American-style options, ceteris paribus, the far month should be worth more than the near month due to its having a greater time to expiration and therefore a higher time value. As European-style options[24] may only be exercised on their expiration date, the relationship between the stock price, option price, and option strike price that exists for American-style options does not exist for European-style options. Therefore the CSV price protection would be ineffective and will not be available for strategies comprised of European-style options.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[25] in general, and furthers the objectives of Section 6(b)(5) of the Act[26] 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 its proposal to include the liquidity exposure timer as a SMAT Event promotes just and equitable principles of trade, removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects

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[24] The term "European-style option" means an option contract that, subject to the provisions of Rule 700 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date. See Exchange Rule 100.

[25] 15 U.S.C. 78f(b).

[26] 15 U.S.C. 78f(b)(5).

investors and the public interest. SMAT Events represent temporary interruptions of free trading in one or more components of a complex strategy. The temporary suspension of trading in complex orders during a SMAT Event is intended to enhance continuity, trade-through protection, and orderliness in the simple market and to protect complex order components from being executed at prices that could improve following a SMAT Event. Once a SMAT Event is concluded or resolved, the System will re-evaluate the Strategy Book.[27]

The Exchange believes that its proposal to eliminate the Defined Time Period to allow Complex Auctions[28] to occur throughout the trading session removes impediments to and perfects the mechanism of a free and open market and a national market system and, in general, protects investors and the public interest by removing an unnecessary barrier which prevented Complex Auctions from occurring with less than two seconds left in the trading session. The current duration of a Complex Auction duration is just 200 milliseconds. The Exchange believes it is in the best interest of the investor to allow for opportunities for price improvement throughout the entire trading session. In the event that a Member initiates a Complex Auction without enough time for Members to respond, the initiating Member is no worse off under the proposed rule than the Member would have been under the current rule which prevents the Member from even attempting to initiate a Complex Auction with less than two seconds left in the trading session.

The Exchange also believes its proposal to adopt a Complex Liquidity Exposure Process 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

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27 See Exchange Rule 518, Interpretations and Policies .05(f)(2)(i).

28 Complex Auctions are described in Exchange Rule 518(d) and are separate and distinct from cPRIME Auctions which are described in Interpretations and Policies .12 of Exchange Rule 515A, MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism.

investors and the public interest. The Complex Liquidity Exposure Process provides an additional opportunity for price discovery for those orders that would trade through their MPC Price. The Exchange believes its proposal promotes just and equitable principles of trade as it is in the best interest of the Member to seek liquidity for the unexecuted portion of the order which exceeds the order's MPC Price rather than to simply cancel the unexecuted portion back to the Member.[29]

The Exchange also believes that its proposal to amend Interpretations and Policies .05(f) to reflect the changes resulting from the introduction of the Complex Liquidity Exposure Process 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 by clearly describing the operation of the Exchange's functionality in the Exchange's rules. The Exchange believes it is in the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Further, the Exchange's proposal to make non-substantive changes to re-number certain paragraphs for internal consistency within the rule benefits investors and the public interest by providing clarity and accuracy in the Exchange's rules.

Finally, the Exchange believes its proposal to clarify that the Calendar Spread Variance (CSV) price protection is available only for American-style options 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, and protects investors and the public interest by providing clarity and precision in the Exchange's rules. The Exchange believes it is

[29] The Exchange notes that Members who believe that an execution has occurred at an erroneous price may avail themselves of the protections provided in Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors.

in the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Transparency and clarity are consistent with the Act because it removes impediments to and helps perfect the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest by accurately describing the behavior of the Exchange's System. In particular, the Exchange believes that the proposed rule change will provide greater clarity to Members and the public regarding the Exchange's Rules, and it is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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. The Exchange's proposal seeks to enhance complex order trading on the Exchange, and may potentially enhance competition among the various markets for complex order execution, potentially resulting in more active complex order trading on all exchanges.

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 Members of the Exchange.

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-2018-36 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-2018-36. 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-2018-36 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.[30]

Brent J. Fields
Secretary

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[30] 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 518. Complex Orders

(a) **Definitions**.

(1) – (15) No change

(16) **Simple Market Auction or Timer ("SMAT") Event**. A SMAT Event is defined as any of the following:

(i) a PRIME Auction (pursuant to Rule 515A);

(ii) a Route Timer (pursuant to Rule 529);[or]

(iii) a liquidity refresh pause (pursuant to Rule 515(c)([2]3));[.]

(iv) a Liquidity Exposure Process (pursuant to Rule 515(c)(2)).

Complex orders and quotes will be handled during a SMAT Event as described in Interpretations and Policies .05(e)(2) of this Rule.

(17) No change

(b) **Types of Complex Orders**.

(1) **General**. The Exchange will issue a Regulatory Circular listing which complex order types, among the complex order types set forth in this Rule, are available for use on the Exchange. Additional Regulatory Circulars will be issued as additional complex order types, among those complex order types set forth herein, become available for use on the Exchange. Regulatory Circulars will also be issued when a complex order type that had been in usage on the Exchange will no longer be available for use. Among the complex order types that may be submitted are limit orders, market orders, Good 'til Cancelled ("GTC") orders, or day limit orders as each such term is defined in Rule 516, or Complex Auction-on-Arrival ("cAOA") orders, Complex Auction-or-Cancel ("cAOC") orders, or Complex Immediate-or-Cancel ("cIOC") orders, as such terms are defined below.

(2) **Complex Auction-on-Arrival Order**.

(i) A "Complex Auction-on-Arrival" or "cAOA" order is a complex order designated to be placed into a Complex Auction upon receipt or upon evaluation. Complex orders that are not designated as cAOA will, by default, not initiate a Complex Auction upon arrival, but except as described herein will be eligible to participate in a Complex Auction that is in progress when such complex order arrives or if placed on the Strategy Book may participate in or may initiate a Complex Auction, following evaluation conducted by the System (as described in subparagraph (d) below). [A cAOA order received during the Defined Time Period (as described in Rule 518(d)(2) below) will not initiate a new Complex Auction.]

(ii) No change

(3) – (7) No change

(c) No change

(d) **Complex Auction Process**. Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an "eligible class"). Upon evaluation as set forth in subparagraph (c)(5) above, the Exchange may determine to automatically submit a Complex Auction-eligible order into a Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses ("RFR").

(1) No change

(2) **Commencement of Complex Auction.** Upon receipt of a Complex Auction-eligible order or upon an evaluation by the System indicating that there is a Complex Auction-eligible order resting on the Strategy Book, as set forth in subparagraph (c)(5) above, the Exchange may begin the Complex Auction process by sending an RFR message. The RFR message will be sent to all subscribers to the Exchange's data feeds that deliver RFR messages. The RFR message will identify the complex strategy, the price, quantity of matched complex quotes and/or orders at that price, imbalance quantity, and side of the market of the Complex Auction-eligible order. The price included in the RFR Message will be the limit order price, unless: (i) that price is through the opposite side dcMBBO, or (ii) the Complex Auction is initiated by a complex market order, in which case such price will be the dcMBBO. The Exchange may determine to limit the frequency of Complex Auctions for a complex strategy (i.e., establish a minimum time period between Complex Auctions initiated for complex orders in that strategy resting on the Strategy Book). The duration of such limitation will be established on an Exchange-wide basis and communicated to Members via Regulatory Circular. The Exchange will not change the duration of the minimum time period on an intra-day basis during any trading session. However, a new complex order received by the System during such limitation that ordinarily triggers a Complex Auction will still trigger a Complex Auction upon receipt. [Notwithstanding the foregoing, the System will not commence a Complex Auction within a defined time period prior to the end of the trading session (the "Defined Time Period") established by the Exchange and communicated to Members via Regulatory Circular). The Defined Time Period shall be at least 100 milliseconds, and may not exceed 10 seconds.]

(3) **Response Time Interval.** The "Response Time Interval" means the period of time during which responses to the RFR may be entered. The Exchange will determine the duration of the Response Time Interval, which shall not exceed 500 milliseconds, and will communicate it to Members via Regulatory Circular. The end of the trading session will also serve as the end of the Response Time Interval for a Complex Auction still in progress.

(4) – (12) No change

(e) **Complex Liquidity Exposure Process ("cLEP") for Complex Orders.** The System will initiate a cLEP Auction whenever a complex order or eQuote would violate its MPC Price, as described in Interpretations and Policies .05(f). First, the System will begin the cLEP Auction by broadcasting a liquidity exposure message to all subscribers of the Exchange's data feeds. The liquidity exposure message will include the symbol, side of the market, auction start price (MPC Price), quantity of matched contracts, and the imbalance quantity.

Response Time Interval. The "Response Time Interval" means the period of time during which responses to the liquidity exposure message may be entered. The duration of the Response Time Interval shall be no less than 100 milliseconds and no more than 5,000 milliseconds, as determined by the Exchange and announced through a Regulatory Circular.

Responses. Members may submit a response to the liquidity exposure message during the Response Time Interval. Responses may be submitted in $0.01 increments. Responses must be a cAOC order or a cAOC eQuote as defined in Interpretations and Policies .02 of this Rule and may be submitted on either side of the market. Responses represent non-firm interest that can be withdrawn at any time prior to the end of the Response Time Interval. At the end of the Response Time Interval, responses are firm (i.e., guaranteed at the response price and size). Any responses not executed in full will expire at the end of the Complex Liquidity Exposure Auction. A response with a size greater than the aggregate size of interest at the same price on the same side of the market as the initiating order (the "aggregate auctioned size") will be capped for allocation purposes at the aggregate auctioned size.

End of Complex Liquidity Exposure Process. At the conclusion of the Complex Liquidity Exposure Auction, if the resulting trade price is less aggressive than the MPC Price (lower for a buy order or eQuote, or higher for a sell order or eQuote), liquidity will be handled in accordance to subsection (c)(2) of this Rule, Execution of Complex Orders and Quotes.

Allocation at the Conclusion of a Complex Liquidity Exposure Auction. Orders and quotes executed in a cLEP Auction will be allocated first in price priority based upon their original limit price, and thereafter in accordance with the Complex Auction allocation procedures described in subsection (d)(7)(i) – (vi) of this Rule.

Reevaluation. At the conclusion of a cLEP Auction, the System will calculate the next potential MPC Price for remaining liquidity with an original price more aggressive than the auction start price and the existing MPC Price, as the auction start price plus (minus) the next MPC increment for buy (sell) orders. Liquidity with an original price equal to or less aggressive than the new

MPC Price is no longer subject to the MPC price protection. Liquidity with an original price more aggressive than the new MPC Price (or market order liquidity) is subject to the MPC price protection feature using the new MPC Price.

Interpretations and Policies:

.01. – .04 No change

.05. **Price and Other Protections.** Unless otherwise specifically set forth herein, the price and other protections contained in this Interpretations and Policies .05 apply to all complex order types set forth in Rule 518(b) above.

(a) No change

(b) **Calendar Spread Variance ("CSV") Price Protection**. A "Calendar Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price. The CSV establishes a minimum trading price limit for Calendar Spreads.

(1) The maximum possible value of a Calendar Spread is unlimited, thus there is no maximum price protection for Calendar Spreads. The minimum possible trading price limit of a Calendar Spread is zero minus a pre-set value.

(2) The pre-set value will be uniform for all option classes traded on the Exchange as determined by the Exchange and communicated to Members via Regulatory Circular.

(3) CSV Price Protection applies only to strategies in American-style option classes.

(c) – (e) No change

(f) **Complex MIAX Options Price Collar Protection**. The Complex MIAX Price Collar ("MPC") price protection feature is an Exchange-wide price protection mechanism under which a complex order or eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in $0.01 increments (the "MPC Setting"), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the "MPC Price").

(1) – (3) No change

[(4) Once established, the MPC Price will not change during the life of the complex order or eQuote.]

([5]4) A Temporary MPC Price ("TMPC Price") is established solely for use during a Complex Auction (as described in Rule 518(d)) or a cPRIME Auction (as described in Rule

515A, Interpretations and Policies .12) for (i) any complex order resting on the Strategy Book that does not have an MPC assigned and is eligible to participate in a Complex Auction or a cPRIME Auction in that strategy; or (ii) any complex order or eQuote received during a cPRIME Auction if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction. The TMPC Price shall be the auction start price (the auction start price of a cPRIME Agency Order for a cPRIME Auction is defined in Rule 515A.12(a)(i) and the auction start price for a Complex Auction is defined in Rule 518(d)(1)) plus (minus) the MPC Setting if the order is a buy (sell). If the complex order or eQuote eligible to participate in the Complex Auction or cPRIME Auction is priced more aggressively than the TMPC Price (i.e., the complex order or eQuote price is greater than the TMPC Price for a buy order, or the complex order or eQuote price is lower than the TMPC Price for a sell order) the complex order or eQuote may participate in the auction but will not trade through its TMPC Price.

([6]5) If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be subject to the cLEP as described in subsection (e) of this Rule[cancelled if it would otherwise be displayed or executed at a price that is outside the MPC Price], and (B) may be subject to the managed interest process described in Rule 518(c)(4).

([7]6) If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described in Rule 518(c)(4), or placed on the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.

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