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Page 1 of * 28

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

File No.* SR - 2019 - * 33
Amendment No. (req. for Amendments *)

Filing by Miami International Securities Exchange, LLC.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑ Amendment * ☐ Withdrawal ☐

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

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule
- ☐ 19b-4(f)(1)
- ☐ 19b-4(f)(2)
- ☐ 19b-4(f)(3)
- ☐ 19b-4(f)(4)
- ☐ 19b-4(f)(5)
- ☑ 19b-4(f)(6)

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

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

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

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

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

Proposal to amend Exchange Rule 520, Limitations on Orders, to remove certain order entry restrictions on Electronic Exchange Members.

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 * Michael Last Name * Slade

Title * Counsel

E-mail * mslade@miami-holdings.com

Telephone * (609) 897-8499 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 07/18/2019

By Joseph Ferraro

(Name *)

(Title *)

Senior Vice President and Deputy General Counsel

jferraro@miami-holdings.com

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

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 *

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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

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Exhibit Sent As Paper Document ☐

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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" 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 520, Limitations on Orders, to remove certain order entry restrictions prohibiting Electronic Exchange Members[3] from effectively operating as Market Makers[4] on the Exchange.

A 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 changes were approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Board of Directors on January 31, 2019. 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 changes.

Questions and comments on the proposed rule changes may be directed to Michael Slade, Counsel, at (609) 897-8499.

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

2 17 CFR 240.19b-4.

3 The term "Electronic Exchange Member" or "EEM" means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

4 The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100.

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 520, Limitations on Orders, to remove certain order entry restrictions prohibiting EEMs from effectively operating as Market Makers on the Exchange. Currently, subsection (a)(1) of Exchange Rule 520 provides that the Exchange shall designate classes in which EEMs may enter into the System[5], as principal or as agent, buy and sell limit orders in the same option series, for the account or accounts of the same or related beneficial owners. Currently, subsection (a)(2) of Exchange Rule 520 provides that, in all other classes, EEMs shall not enter into the System, as principal or agent, limit orders in the same options series, for the account or accounts of the same or related beneficial owners, in such a manner that the EEM or the beneficial owner(s) effectively is operating as a market maker by holding itself out as willing to buy and sell such option contract on a regular or continuous basis. Subsection (a)(2) further provides that in determining whether an EEM or beneficial owner effectively is operating as a Market Maker, the Exchange will consider, among other things: the simultaneous or near-simultaneous entry of limit orders to buy and sell the same option contract; the multiple acquisition and liquidation of positions in the same options series during the same day; and the entry of multiple limit orders at different prices in the same options series.

The Exchange now proposes to amend Exchange Rule 520(a) to delete current subsection (a)(1) and to modify current subsection (a)(2) such that, for all option classes, the restrictions prohibiting EEMs from effectively operating as Market Makers will only be applicable to

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

Priority Customer Orders[6] since Priority Customer Orders have priority at any price over the bids and offers of non-Priority Customer Orders. Current Exchange Rule 520(a)(2) was adopted to limit the ability of Members that are not Market Makers to compete on preferential terms within the Exchange's System. Because Priority Customer Orders are provided with certain benefits such as priority of bids and offers, the Exchange believes that Priority Customer Orders should continue to be subject to the restrictions set out in current Exchange Rule 520(a)(2). However, because broker-dealer orders do not have priority over bids and offers of Market Makers, the Exchange no longer believes it is necessary to impose the restrictions set out in current Exchange Rule 520(a)(2) on the entry of broker-dealer orders. Similarly, because Voluntary Professional orders do not have priority over bids and offers of Market Makers, the Exchange does not believe it is necessary to impose the restrictions set out in current Exchange Rule 520(a)(2) on Voluntary Professional orders.[7]

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6 The term "Priority Customer Order" means an order for the account of a Priority Customer. See Exchange Rule 100. The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). The number of orders shall be counted in accordance with Interpretation and Policy .01 of Exchange Rule 100.

7 The Exchange notes that this rule change would only eliminate the restrictions of Exchange Rule 520(a)(2) in the manner proposed. Members would continue to remain subject to the requirements of Exchange Rule 303 (which requires Members to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such Member's business, to prevent the misuse of material, nonpublic information by such Member or persons associated with such Member), Exchange Rule 301, Interpretation and Policy .02 (which considers it conduct inconsistent with just and equitable principles of trade for any person associated with a Member who has knowledge of all material terms and conditions of: (a) an order and a solicited order, (b) an order being facilitated, or (c) orders being crossed, the execution of which are imminent, to enter, based on such knowledge, an order to buy or sell an option for the same underlying security as any option that is the subject of the order, or an order to buy or sell the security underlying such class, or any order to buy or sell any related instrument until (1) the terms of the order and any changes in the terms of the order of which the person associated with the Member has knowledge are disclosed to the trading

Pursuant to this proposal, the Exchange will allow EEMs to enter buy and sell limit orders in the same options series for the account or accounts of the same beneficial owners, other than for the account(s) of Priority Customers, and will no longer need to designate specific classes for EEMs to engage in this type of activity. Accordingly, the Exchange believes that subsection (a)(1) of the current rule is no longer necessary and is redundant. Therefore, the Exchange proposes to delete subsection (a)(1). Similarly, the Exchange proposes to delete the beginning text of subsection (a)(2), which states "In all other classes," as this rule text is no longer necessary in accordance with the Exchange's proposal to also delete subsection (a)(1).

Additionally, the Exchange proposes to insert text into the first sentence of current Exchange Rule 520(a)(2) to specify that Priority Customer Orders would continue to be subject to the restrictions of that subsection. The Exchange proposes to delete the text in the first sentence of current subsection (a)(2) regarding limit orders entered by EEMs as principal or agent to clarify that all Priority Customer Orders are subject to the restrictions of that subsection. The Exchange also proposes to amend the hierarchical scheme in the first sentence of current subsection (a)(2) to insert romanettes "(i)" and "(ii)" to clarify the two conditions that must exist for the entry of Priority Customer Orders to be subject to the restrictions of current subsection

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crowd, or (2) the trade can no longer reasonably be considered imminent in view of the passage of time since the order was received); Exchange Rule 520(b) (which provides that EEMs may not execute as principal orders they represent as agent unless (i) agency orders are first exposed on the Exchange for at least one (1) second, (ii) the EEM has been bidding or offering on the Exchange for at least one (1) second prior to receiving an agency order that is executable against such bid or offer, or (iii) the EEM utilizes the MIAX PRIME pursuant to Rule 515A); and Exchange Rule 520(c) (which provides that EEMs may not execute orders they represent as agent on the Exchange against orders solicited from Members and non-member broker-dealers to transact with such orders unless the unsolicited order is first exposed on the Exchange for at least one (1) second, or the EEM utilizes the MIAX PRIME or the PRIME Solicitation Mechanism pursuant to Rule 515A).

(a)(2). The Exchange further proposes to delete the text in the first sentence of current subsection (a)(2) that states "or related" when referring to the account or accounts of the same beneficial owner. The purpose of this change is to remove outdated rule text and to align the Exchange's proposed rule with a competing options exchange that has a rule consistent with this proposal.[8] The Exchange believes this is a non-substantive change and is consistent with the Exchange's proposal to delete subsection (a)(1) of the rule. The Exchange does not believe that deleting the text "or related" will not have any impact to Members as the remaining text continues to apply to "the account or accounts of the same beneficial owner(s)." The Exchange also proposes to capitalize the term "Market Maker" throughout current subsection (a)(2) to harmonize the rule text to the definition of Market Maker in Exchange Rule 100 and clarify that the rule text of current subsection (a)(2) refers to Market Makers on the Exchange. The Exchange proposes to delete the term "Electronic Exchange Member" in the second sentence of current subsection (a)(2) as the purpose of this proposed rule change is to remove the restrictions of current subsection (a)(2) as they currently pertain to EEMs effectively operating as Market Makers. Additionally, the Exchange proposes to replace the term "option contract" throughout current subsection (a)(2) with the term "security" or "securities," where appropriately used in the singular or plural. The purpose of these proposed changes are to align the Exchange's proposed rule with competing options exchanges that have rules consistent with this proposal.[9]

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8 See Cboe Exchange, Inc. Rules, CHAPTER VI. DOING BUSINESS ON THE EXCHANGE FLOOR, Rule 6.8, Prohibition Against Customers Functioning as Market-Makers; Securities Exchange Act Release No. 59700 (April 2, 2009), 67 FR 16246 (April 9, 2009)(SR-CBOE-2009-009) (Order Approving a Proposed Rule Change To Amend its Rules Prohibiting Members From Functioning as Market Makers).

9 See id.; see also Nasdaq ISE, LLC, Options 3 Options Trading Rules, Section 22(a); Securities Exchange Act Release No. 63017 (September 29, 2010), 75 FR 61795 (October 6, 2010)(SR-ISE-2010-95).

Further, Exchange Rule 520(a)(2) currently provides that, in determining whether an EEM or beneficial owner effectively is operating as a Market Maker, the Exchange will consider, among other things: the simultaneous or near-simultaneous entry of limit orders to buy and sell the same option contract; the multiple acquisition and liquidation of positions in the same options during the same day; and the entry of multiple limit orders at different prices in the same options series. The Exchange proposes to remove the second condition pertaining to the multiple acquisition and liquidation of positions from its list of factors used for determining whether an EEM or beneficial owner is operating as a Market Maker. In light of the proliferation of day trading activity and the fact that such a prohibition does not exist on other markets,[10] the Exchange no longer believes this activity should be considered a factor in determining whether an EEM or beneficial owner is effectively acting as a Market Maker.

With the proposed changes, Exchange Rule 520(a) would be amended to state as follows:

> Electronic Exchange Members shall not enter into the System Priority Customer Orders in the same options series if (i) the orders are limit orders for the account or accounts of the same beneficial owner(s) and (ii) the limit orders are entered in such a manner that the beneficial owner(s) effectively is operating as a Market Maker by holding itself out as willing to buy and sell such securities on a regular or continuous basis. In determining whether a beneficial owner effectively is operating as a Market Maker, the Exchange will consider, among other things, the simultaneous or near-simultaneous entry of limit orders to buy and sell the same security and the entry of multiple limit orders at different prices in the same security.

Accordingly, the restrictions contained in current Exchange Rule 520(a)(2) against entering limit orders into the System would no longer be applicable to EEMs, except when entering Priority Customer Orders for account of the same beneficial owner. Further, current Exchange Rule 520(a)(1) would be deleted in its entirety.

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10 See id.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[11] in general, and furthers the objectives of Section 6(b)(5) of the Act[12] 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 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 by removing the prohibition on EEMs from entering limit orders in such a manner to effectively operate as Market Makers will more freely permit the entry of orders by EEMs, resulting in more orders on the Exchange. The increase in more orders on the Exchange should increase liquidity on the Exchange, which would benefit all market participants.

The Exchange believes its proposal to prohibit EEMs from entering Priority Customer Orders for the account of the same beneficial owner such that the beneficial owner is effectively operating as a Market Maker continues to promote just and equitable principles of trade because Priority Customer Orders have priority over the bids and offers of non-Priority Customer Orders. Because Priority Customers are provided with certain benefits such as priority of bids and offers, the Exchange believes its proposal to continue to subject Priority Customer Orders to the

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11 15 U.S.C. 78f(b).

12 15 U.S.C. 78f(b)(5).

restrictions of current Exchange Rule 520(a)(2) will protect investors and the public interest. The Exchange believes its proposal to remove the restrictions of current subsection (a)(2) on EEMs entering broker-dealer and Voluntary Professional orders in such a manner that the EEM is effectively operating as a Market Maker promotes just and equitable principles of trade because those orders do not receive the same benefits as Priority Customer Orders, such as priority of bids and offers.

Similarly, the Exchange believes its proposal to delete subsection (a)(1) and specific text in subsection (a)(2) 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 by removing provisions of the rule text that no longer apply in light of the Exchange's proposal to allow EEMs to enter buy and sell limit orders in the same options series for the account or accounts of the same beneficial owners, other than for the account(s) of Priority Customers. Accordingly, the Exchange will no longer need to designate specific classes for EEMs to engage in this type of market making activity pursuant to subsection (a)(1). This proposed 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.

The Exchange believes its proposal to remove the second condition pertaining to the multiple acquisition and liquidation of positions from its list of factors used for determining whether an EEM or beneficial owner is operating as a Market Maker 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

because of the proliferation of day trading activity and the fact that such a prohibition does not exist on other markets.[13]

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.

Intra-Market Competition

Specifically, the Exchange believes that removing the prohibition on EEMs from entering limit orders such that EEMs may enter limit orders in such a manner to effectively operate as Market Makers will further promote competition on the Exchange, increase order flow and liquidity, leading to tighter, more efficient markets to the benefit of all market participants.

The Exchange believes that the prohibition on EEMs from entering Priority Customer Orders for the account of the same beneficial owner such that the beneficial owner is effectively operating as a Market Maker does not impose any burden on competition that is not necessary or appropriate because Priority Customers are provided with certain benefits such as priority of bids and offers that are not shared by other market participants.

Inter-Market Competition

The Exchange believes that its proposal to remove the prohibition on EEMs from entering limit orders such that EEMs may enter limit orders in such a manner to effectively operate as Market Makers will not impose any burden on intermarket competition not necessary or appropriate in furtherance of the purposes of the Act because of the proliferation of day trading activity and the fact that such a prohibition does not exist on other markets.[14]

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13 See supra note 9.

14 Id.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A) of the Act[15] and Rule 19b-4(f)(6)[16] thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that its proposal to remove the prohibition on EEMs from entering limit orders in such a manner to effectively operate as Market Makers would not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition because removing such prohibition should more freely permit the entry of orders by EEMs, resulting in increased liquidity on the Exchange. The Exchange believes its proposal would not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition by promoting greater competition by enhancing the Exchange's competitiveness because it serves to provide expanded access to market participants entering liquidity-enhancing limit orders. The Exchange also

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15 15 U.S.C. 78s(b)(3)(A).

16 17 CFR 240.19b-4(f)(6).

believes its proposal to remove the second condition pertaining to the multiple acquisition and liquidation of positions from its list of factors used for determining whether an EEM or beneficial owner is operating as a Market Maker would not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition because EEMs entering broker-dealer and Voluntary Professional orders do not receive the same priority as Priority Customer Orders and such a prohibition does not exist on other markets,[17] and the Exchange no longer believes this activity should be considered a factor in determining whether an EEM or beneficial owner is effectively acting as a Market Maker. Accordingly, the Exchange believes that the proposed rule change is non-controversial and is therefore eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act[18] normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)[19] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange respectfully requests that the Commission waive the 30-day operative period. Waiver of the 30-day operative delay is consistent with the protection of investors and

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17 See supra note 8.

18 17 CFR 240.19b-4(f)(6).

19 17 CFR 240.19b-4(f)(6).

the public interest because the Exchange's proposal seeks to provide expanded access to market participants which will more freely permit the entry of limit orders by EEMs, resulting in more orders on the Exchange. Additionally, the Exchange believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest because the proposal will reduce confusion among investors and will further promote competition on the Exchange, increase order flow and liquidity, leading to tighter, more efficient markets to the benefit of all market participants. The Exchange's proposal is also consistent with similar rules on other exchanges that allow EEMs to effectively operate as Market Makers, and will therefore help to harmonize the rules applicable to EEMs with those of other exchanges.[20]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposed rule change is based on the rules of Cboe Exchange, Inc. and Nasdaq ISE, LLC.[21]

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.

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20 See supra note 9.

21 See id.

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-2019-33)

July __, 2019

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange, LLC to Amend Exchange Rule 520, Limitations on 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 July 18, 2019, 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 520, Limitations on Orders, to remove certain order entry restrictions prohibiting Electronic Exchange Members[3] from effectively operating as Market Makers[4] on the Exchange.

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

2 17 CFR 240.19b-4.

3 The term "Electronic Exchange Member" or "EEM" means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

4 The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100.

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 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 520, Limitations on Orders, to remove certain order entry restrictions prohibiting EEMs from effectively operating as Market Makers on the Exchange. Currently, subsection (a)(1) of Exchange Rule 520 provides that the Exchange shall designate classes in which EEMs may enter into the System[5], as principal or as agent, buy and sell limit orders in the same option series, for the account or accounts of the same or related beneficial owners. Currently, subsection (a)(2) of Exchange Rule 520 provides that, in all other classes, EEMs shall not enter into the System, as principal or agent, limit orders in the same options series, for the account or accounts of the same or related beneficial owners, in such a manner that the EEM or the beneficial owner(s) effectively is operating as a market maker by holding itself out as willing to buy and sell such option contract on a regular or continuous basis.

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

Subsection (a)(2) further provides that in determining whether an EEM or beneficial owner effectively is operating as a Market Maker, the Exchange will consider, among other things: the simultaneous or near-simultaneous entry of limit orders to buy and sell the same option contract; the multiple acquisition and liquidation of positions in the same options series during the same day; and the entry of multiple limit orders at different prices in the same options series.

The Exchange now proposes to amend Exchange Rule 520(a) to delete current subsection (a)(1) and to modify current subsection (a)(2) such that, for all option classes, the restrictions prohibiting EEMs from effectively operating as Market Makers will only be applicable to Priority Customer Orders[6] since Priority Customer Orders have priority at any price over the bids and offers of non-Priority Customer Orders. Current Exchange Rule 520(a)(2) was adopted to limit the ability of Members that are not Market Makers to compete on preferential terms within the Exchange's System. Because Priority Customer Orders are provided with certain benefits such as priority of bids and offers, the Exchange believes that Priority Customer Orders should continue to be subject to the restrictions set out in current Exchange Rule 520(a)(2). However, because broker-dealer orders do not have priority over bids and offers of Market Makers, the Exchange no longer believes it is necessary to impose the restrictions set out in current Exchange Rule 520(a)(2) on the entry of broker-dealer orders. Similarly, because Voluntary Professional orders do not have priority over bids and offers of Market Makers, the Exchange does not

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6 The term "Priority Customer Order" means an order for the account of a Priority Customer. See Exchange Rule 100. The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). The number of orders shall be counted in accordance with Interpretation and Policy .01 of Exchange Rule 100.

believe it is necessary to impose the restrictions set out in current Exchange Rule 520(a)(2) on Voluntary Professional orders.[7]

Pursuant to this proposal, the Exchange will allow EEMs to enter buy and sell limit orders in the same options series for the account or accounts of the same beneficial owners, other than for the account(s) of Priority Customers, and will no longer need to designate specific classes for EEMs to engage in this type of activity. Accordingly, the Exchange believes that subsection (a)(1) of the current rule is no longer necessary and is redundant. Therefore, the Exchange proposes to delete subsection (a)(1). Similarly, the Exchange proposes to delete the

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7 The Exchange notes that this rule change would only eliminate the restrictions of Exchange Rule 520(a)(2) in the manner proposed. Members would continue to remain subject to the requirements of Exchange Rule 303 (which requires Members to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such Member's business, to prevent the misuse of material, nonpublic information by such Member or persons associated with such Member), Exchange Rule 301, Interpretation and Policy .02 (which considers it conduct inconsistent with just and equitable principles of trade for any person associated with a Member who has knowledge of all material terms and conditions of: (a) an order and a solicited order, (b) an order being facilitated, or (c) orders being crossed, the execution of which are imminent, to enter, based on such knowledge, an order to buy or sell an option for the same underlying security as any option that is the subject of the order, or an order to buy or sell the security underlying such class, or any order to buy or sell any related instrument until (1) the terms of the order and any changes in the terms of the order of which the person associated with the Member has knowledge are disclosed to the trading crowd, or (2) the trade can no longer reasonably be considered imminent in view of the passage of time since the order was received); Exchange Rule 520(b) (which provides that EEMs may not execute as principal orders they represent as agent unless (i) agency orders are first exposed on the Exchange for at least one (1) second, (ii) the EEM has been bidding or offering on the Exchange for at least one (1) second prior to receiving an agency order that is executable against such bid or offer, or (iii) the EEM utilizes the MIAX PRIME pursuant to Rule 515A); and Exchange Rule 520(c) (which provides that EEMs may not execute orders they represent as agent on the Exchange against orders solicited from Members and non-member broker-dealers to transact with such orders unless the unsolicited order is first exposed on the Exchange for at least one (1) second, or the EEM utilizes the MIAX PRIME or the PRIME Solicitation Mechanism pursuant to Rule 515A).

beginning text of subsection (a)(2), which states "In all other classes," as this rule text is no longer necessary in accordance with the Exchange's proposal to also delete subsection (a)(1).

Additionally, the Exchange proposes to insert text into the first sentence of current Exchange Rule 520(a)(2) to specify that Priority Customer Orders would continue to be subject to the restrictions of that subsection. The Exchange proposes to delete the text in the first sentence of current subsection (a)(2) regarding limit orders entered by EEMs as principal or agent to clarify that all Priority Customer Orders are subject to the restrictions of that subsection. The Exchange also proposes to amend the hierarchical scheme in the first sentence of current subsection (a)(2) to insert romanettes "(i)" and "(ii)" to clarify the two conditions that must exist for the entry of Priority Customer Orders to be subject to the restrictions of current subsection (a)(2). The Exchange further proposes to delete the text in the first sentence of current subsection (a)(2) that states "or related" when referring to the account or accounts of the same beneficial owner. The purpose of this change is to remove outdated rule text and to align the Exchange's proposed rule with a competing options exchange that has a rule consistent with this proposal.[8] The Exchange believes this is a non-substantive change and is consistent with the Exchange's proposal to delete subsection (a)(1) of the rule. The Exchange does not believe that deleting the text "or related" will not have any impact to Members as the remaining text continues to apply to "the account or accounts of the same beneficial owner(s)." The Exchange also proposes to capitalize the term "Market Maker" throughout current subsection (a)(2) to harmonize the rule text to the definition of Market Maker in Exchange Rule 100 and clarify that

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8 See Cboe Exchange, Inc. Rules, CHAPTER VI. DOING BUSINESS ON THE EXCHANGE FLOOR, Rule 6.8, Prohibition Against Customers Functioning as Market-Makers; Securities Exchange Act Release No. 59700 (April 2, 2009), 67 FR 16246 (April 9, 2009)(SR-CBOE-2009-009) (Order Approving a Proposed Rule Change To Amend its Rules Prohibiting Members From Functioning as Market Makers).

the rule text of current subsection (a)(2) refers to Market Makers on the Exchange. The Exchange proposes to delete the term "Electronic Exchange Member" in the second sentence of current subsection (a)(2) as the purpose of this proposed rule change is to remove the restrictions of current subsection (a)(2) as they currently pertain to EEMs effectively operating as Market Makers. Additionally, the Exchange proposes to replace the term "option contract" throughout current subsection (a)(2) with the term "security" or "securities," where appropriately used in the singular or plural. The purpose of these proposed changes are to align the Exchange's proposed rule with competing options exchanges that have rules consistent with this proposal.[9]

Further, Exchange Rule 520(a)(2) currently provides that, in determining whether an EEM or beneficial owner effectively is operating as a Market Maker, the Exchange will consider, among other things: the simultaneous or near-simultaneous entry of limit orders to buy and sell the same option contract; the multiple acquisition and liquidation of positions in the same options during the same day; and the entry of multiple limit orders at different prices in the same options series. The Exchange proposes to remove the second condition pertaining to the multiple acquisition and liquidation of positions from its list of factors used for determining whether an EEM or beneficial owner is operating as a Market Maker. In light of the proliferation of day trading activity and the fact that such a prohibition does not exist on other markets,[10] the Exchange no longer believes this activity should be considered a factor in determining whether an EEM or beneficial owner is effectively acting as a Market Maker.

With the proposed changes, Exchange Rule 520(a) would be amended to state as follows:

> Electronic Exchange Members shall not enter into the System Priority Customer Orders in the same options series if (i) the orders are limit orders for the account

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9 See id.; see also Nasdaq ISE, LLC, Options 3 Options Trading Rules, Section 22(a); Securities Exchange Act Release No. 63017 (September 29, 2010), 75 FR 61795 (October 6, 2010)(SR-ISE-2010-95).

10 See id.

> or accounts of the same beneficial owner(s) and (ii) the limit orders are entered in such a manner that the beneficial owner(s) effectively is operating as a Market Maker by holding itself out as willing to buy and sell such securities on a regular or continuous basis. In determining whether a beneficial owner effectively is operating as a Market Maker, the Exchange will consider, among other things, the simultaneous or near-simultaneous entry of limit orders to buy and sell the same security and the entry of multiple limit orders at different prices in the same security.

Accordingly, the restrictions contained in current Exchange Rule 520(a)(2) against entering limit orders into the System would no longer be applicable to EEMs, except when entering Priority Customer Orders for account of the same beneficial owner. Further, current Exchange Rule 520(a)(1) would be deleted in its entirety.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[11] in general, and furthers the objectives of Section 6(b)(5) of the Act[12] 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 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 by removing the prohibition on EEMs from entering limit orders in such a manner to effectively operate as Market Makers will more freely permit the entry of orders by EEMs, resulting in more orders on

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11 15 U.S.C. 78f(b).

12 15 U.S.C. 78f(b)(5).

the Exchange. The increase in more orders on the Exchange should increase liquidity on the Exchange, which would benefit all market participants.

The Exchange believes its proposal to prohibit EEMs from entering Priority Customer Orders for the account of the same beneficial owner such that the beneficial owner is effectively operating as a Market Maker continues to promote just and equitable principles of trade because Priority Customer Orders have priority over the bids and offers of non-Priority Customer Orders. Because Priority Customers are provided with certain benefits such as priority of bids and offers, the Exchange believes its proposal to continue to subject Priority Customer Orders to the restrictions of current Exchange Rule 520(a)(2) will protect investors and the public interest. The Exchange believes its proposal to remove the restrictions of current subsection (a)(2) on EEMs entering broker-dealer and Voluntary Professional orders in such a manner that the EEM is effectively operating as a Market Maker promotes just and equitable principles of trade because those orders do not receive the same benefits as Priority Customer Orders, such as priority of bids and offers.

Similarly, the Exchange believes its proposal to delete subsection (a)(1) and specific text in subsection (a)(2) 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 by removing provisions of the rule text that no longer apply in light of the Exchange's proposal to allow EEMs to enter buy and sell limit orders in the same options series for the account or accounts of the same beneficial owners, other than for the account(s) of Priority Customers. Accordingly, the Exchange will no longer need to designate specific classes for EEMs to engage in this type of market making activity pursuant to subsection (a)(1). This proposed 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.

The Exchange believes its proposal to remove the second condition pertaining to the multiple acquisition and liquidation of positions from its list of factors used for determining whether an EEM or beneficial owner is operating as a Market Maker 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 because of the proliferation of day trading activity and the fact that such a prohibition does not exist on other markets.[13]

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.

Intra-Market Competition

Specifically, the Exchange believes that removing the prohibition on EEMs from entering limit orders such that EEMs may enter limit orders in such a manner to effectively operate as Market Makers will further promote competition on the Exchange, increase order flow and liquidity, leading to tighter, more efficient markets to the benefit of all market participants.

The Exchange believes that the prohibition on EEMs from entering Priority Customer Orders for the account of the same beneficial owner such that the beneficial owner is effectively operating as a Market Maker does not impose any burden on competition that is not necessary or appropriate because Priority Customers are provided with certain benefits such as priority of bids and offers that are not shared by other market participants.

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13 See supra note 9.

Inter-Market Competition

The Exchange believes that its proposal to remove the prohibition on EEMs from entering limit orders such that EEMs may enter limit orders in such a manner to effectively operate as Market Makers will not impose any burden on intermarket competition not necessary or appropriate in furtherance of the purposes of the Act because of the proliferation of day trading activity and the fact that such a prohibition does not exist on other markets.[14]

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act[15] and Rule 19b-4(f)(6)[16] thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the

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14 Id.

15 15 U.S.C. 78s(b)(3)(A).

16 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

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

  or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MIAX-2019-33 on the subject line.

Paper comments:

- Send paper comments in triplicate to Vanessa Countryman , Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2019-33. 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-2019-33 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.[17]

Vanessa Countryman
Secretary

17 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 520. Limitations on Orders

(a) **Limit Orders**.

[(1) The Exchange shall designate classes in which Electronic Exchange Members may enter into the System, as principal or as agent, buy and sell limit orders in the same option series, for the account or accounts of the same or related beneficial owners.

(2) In all other classes,]Electronic Exchange Members shall not enter into the System Priority Customer Orders[, as principal or agent, limit orders] in the same options series if (i) the orders are limit orders[,] for the account or accounts of the same [or related] beneficial owner[s](s) and (ii) the limit orders are entered[,] in such a manner that the [Electronic Exchange Member or the] beneficial owner(s) effectively is operating as a M[m]arket M[m]aker by holding itself out as willing to buy and sell such securities [option contract] on a regular or continuous basis. In determining whether a[n Electronic Exchange Member or] beneficial owner effectively is operating as a M[m]arket M[m]aker, the Exchange will consider, among other things,[:] the simultaneous or near-simultaneous entry of limit orders to buy and sell the same security [option contract; the multiple acquisition and liquidation of positions in the same options series during the same day;] and the entry of multiple limit orders at different prices in the same security [options series].

(b) – (d) No Change.

Interpretations and Policies:

.01 - .04 No Change.

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