

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="37"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="34"/>
Amendment No. (req. for Amendments *) <input type="text"/>		

Filing by Miami International Securities Exchange, LLC.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 3C(b)(2) * <input type="checkbox"/>
Section 806(e)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>
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Description

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

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Last Name *

Title *

E-mail *

Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date

By

(Name *)

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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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 being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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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 the MIAX Options Fee Schedule (the “Fee Schedule”).

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on August 1, 2019.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the applicable section of the MIAX Options Fee Schedule is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by 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 change may be directed to Michael Slade, Counsel, at (609) 897-8499.

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 the Fee Schedule to (i) increase the amount of the per contract credit assessable to Agency Orders (defined below) in a PRIME Auction (“PRIME Agency Order Credit”) for Members³ in Tiers 2, 3 and 4 of the Priority Customer Rebate Program (“PCR”) and (ii) lower the separate, additional PRIME Agency Order Credit that is also available for Priority Customer⁵ PRIME Agency Orders executed over a monthly threshold of 0.60% of the Options Clearing Corporation (“OCC”) customer volume for Members who are in PCR Tier 3 or higher.

Background

PRIME is a process by which a Member may electronically submit for execution an order it represents as agent (an “Agency Order”) against principal interest and/or solicited interest. The

³ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁴ Under the PCR, MIAX credits each Member the per contract amount resulting from each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in all multiply-listed option classes (excluding, in simple or complex as applicable, QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in Exchange Rule 1400), provided the Member meets certain percentage thresholds in a month as described in the PCR table. See Fee Schedule, Section 1)a)iii.

⁵ “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 accounts(s). A “Priority Customer Order” means an order for the account of a Priority Customer. See Exchange Rule 100.

Member that submits the Agency Order (“Initiating Member”) agrees to guarantee the execution of the Agency Order by submitting a contra-side order representing principal interest or solicited interest (“Contra-Side Order”). When the Exchange receives a properly designated Agency Order for Auction processing, a request for response (“RFR”) detailing the option, side, size and initiating price is broadcasted to MIAX participants up to an optional designated limit price. Members may submit responses to the RFR, which can be either an Auction or Cancel (“AOC”) order or an AOC eQuote. The PRIME mechanism is used for orders on the Exchange’s Simple Order Book.⁶ The Exchange notes that for Complex Orders⁷ on the Strategy Book,⁸ the Exchange’s cPRIME⁹ mechanism operates in the same manner for processing and execution of cPRIME Orders that is used for PRIME Orders on the Simple Order Book. The Exchange is not proposing to amend the PCRCP rebates for cPRIME orders at this time.

The Priority Customer rebate payment is calculated from the first executed contract at the applicable threshold per contract credit with rebate payments made at the highest achieved volume

⁶ The “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

⁷ A “complex order” is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the “legs” or “components” of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. Mini-options may only be part of a complex order that includes other mini-options. Only those complex orders in the classes designated by the Exchange and communicated to Members via Regulatory Circular with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis and communicated to Members via Regulatory Circular, are eligible for processing. See Exchange Rule 518(a)(5).

⁸ The “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

⁹ “cPRIME” is the process by which a Member may electronically submit a “cPRIME Order” (as defined in Rule 518(b)(7)) it represents as agent (a “cPRIME Agency Order”) against principal or solicited interest for execution (a “cPRIME Auction”), subject to the restrictions set forth in Exchange Rule 515A, Interpretation and Policy .12. See Exchange Rule 515A.

tier for each contract traded in that month. The percentage thresholds are calculated based on the percentage of national customer volume in multiply-listed options classes listed on MIAX entered and executed over the course of the month (excluding QCC and cQCC Orders, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, and PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers). Volume for transactions in both simple and complex orders are aggregated to determine the appropriate volume tier threshold applicable to each transaction. Volume is recorded for and credits are delivered to the Member that submits the order to MIAX. MIAX aggregates the contracts resulting from Priority Customer orders transmitted and executed electronically on MIAX from Members and their Affiliates for purposes of the thresholds described in the PCR table.

Proposed Rule Change

Pursuant to the PCR, the Exchanges assesses an Agency Order Credit for PRIME Agency Orders. The Exchange currently credits each Member \$0.10 per contract for each Priority Customer order submitted into the PRIME Auction as a PRIME Agency Order in all Tiers. The Exchange proposes to increase the PRIME Agency Order Credit for Members who achieve the volume thresholds applicable to Tiers 2, 3 and 4 from \$0.10 to \$0.11 per contract.

The Exchange also proposes to lower the additional PRIME Agency Order Credit for Priority Customer PRIME Agency Orders executed over a threshold of 0.60% of OCC customer volume for Members who are in PCR Tier 3 or higher. Currently, any Member or its Affiliate¹⁰

¹⁰ For purposes of the Fee Schedule, the term “Affiliate” means (i) an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A, (“Affiliate”), or (ii) the Appointed Market Maker of an Appointed EEM (or, conversely, the Appointed EEM of an Appointed Market Maker). An “Appointed Market Maker” is a MIAX Market Maker (who does not otherwise have a corporate affiliation based upon common ownership with an EEM) that has been appointed by an EEM and an

that qualifies for PCRP volume Tiers 3 or higher will be credited an additional \$0.02 per contract for each Priority Customer order executed in the PRIME Auction as a PRIME Agency Order over a threshold of above 0.60% of national customer volume in multiply-listed options classes listed on MIAX during the relevant month (excluding QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, cPRIME Agency Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400). Volume is recorded for and credits are delivered to the Member Firm that submits the order to MIAX. The current potential \$0.02 per contract credit is in addition to the current credit of \$0.10 per contract for all Tiers that applies to PRIME Agency Order transactions for Priority Customer orders.

The Exchange now proposes to lower the additional PRIME Agency Order Credit for Priority Customer PRIME Agency Orders over a threshold of 0.60% of OCC customer volume for

“Appointed EEM” is an EEM (who does not otherwise have a corporate affiliation based upon common ownership with a MIAX Market Maker) that has been appointed by a MIAX Market Maker, pursuant to the following process. A MIAX Market Maker appoints an EEM and an EEM appoints a MIAX Market Maker, for the purposes of the Fee Schedule, by each completing and sending an executed Volume Aggregation Request Form by email to membership@miaxoptions.com no later than 2 business days prior to the first business day of the month in which the designation is to become effective. Transmittal of a validly completed and executed form to the Exchange along with the Exchange’s acknowledgement of the effective designation to each of the Market Maker and EEM will be viewed as acceptance of the appointment. The Exchange will only recognize one designation per Member. A Member may make a designation not more than once every 12 months (from the date of its most recent designation), which designation shall remain in effect unless or until the Exchange receives written notice submitted 2 business days prior to the first business day of the month from either Member indicating that the appointment has been terminated. Designations will become operative on the first business day of the effective month and may not be terminated prior to the end of the month. Execution data and reports will be provided to both parties. See Fee Schedule, Section 1)a)i).

Members who are in PCRP Tier 3 or higher from \$0.02 per contract to \$0.01 per contract. The newly proposed additional \$0.01 per contract credit, for Members that achieve PCRP Tier 3 or higher and the described threshold, will be added to the newly proposed PRIME Agency Order Credit of \$0.11 per contract for Members in Tiers 3 or 4 for PRIME Agency Order transactions for Priority Customer orders.

The Exchange believes these proposed changes (which increase certain credit amounts from \$0.10 per contract to \$0.11 per contract, and decrease the additional credit amount from \$0.02 per contract to \$0.01 per contract) will encourage market participants to submit more Priority Customer PRIME Agency Orders and therefore increase Priority Customer order flow, resulting in increased liquidity which benefits all Exchange participants by providing more trading opportunities and tighter spreads.

The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and self-regulatory organization (“SRO”) revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹¹ There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has exceeded approximately 18% of the market share of executed volume of multiply-listed equity and exchange-traded fund (“ETF”)

¹¹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

options trades as of July 25, 2019, for the month of July 2019.¹² Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of June 2019, the Exchange had a total market share of 3.73% of all equity options volume.¹³ The Exchange believes that the ever-shifting market shares among the exchanges from month to month demonstrates that market participants can shift order flow (as further described below), or discontinue or reduce use of certain categories of products, in response to transaction and non-transaction fee changes. For example, on March 1, 2019, the Exchange filed with the Commission an immediately effective filing to decrease certain credits assessable to Members pursuant to the PCR.¹⁴ The Exchange experienced a decrease in total market share between the months of February and March of 2019. Accordingly, the Exchange believes that the March 1, 2019 fee change may have contributed to the decrease in the Exchange's market share and, as such, the Exchange believes competitive forces constrain options exchange transaction and non-transaction fees.

The Exchange cannot predict with certainty whether any Priority Customers would avail themselves of the proposed fee change, but the Exchange believes that between two and four Members may achieve the applicable Tier volume thresholds to receive the proposed increased PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCR. Similarly, the Exchange cannot predict with certainty whether any Member will achieve the separate, additional PRIME Agency Order Credit that is also available for Priority Customer PRIME Agency Orders

¹² The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available at: <https://www.theocc.com/market-data/volume/default.jsp>.

¹³ See id.

¹⁴ See Securities Exchange Act Release No. 85301 (March 13, 2019), 84 FR 10166 (March 19, 2019) (SR-MIAX-2019-09).

executed over a monthly threshold of 0.60% of OCC customer volume for Members in PCRP Tier 3 or higher, but the Exchange believes that no Member will be currently impacted as no Member currently reaches such threshold.

b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁶ in particular, in that it is an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes its proposal to increase the PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRP and to lower the separate, additional PRIME Agency Order Credit that is also available for Priority Customer Orders executed over a monthly threshold of 0.60% of OCC customer volume for Members who are in PCRP Tier 3 or higher provides for the equitable allocation of reasonable dues and fees and is not unfairly discriminatory for the following reasons. First, the Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also,

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(4) and (5).

recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁷ There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has exceeded approximately 18% of the market share of executed volume of multiply-listed equity and ETF options trades as of July 25, 2019, for the month of July 2019.¹⁸ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of June 2019, the Exchange had a total market share of 3.73% for all equity options volume.¹⁹

The Exchange believes that the ever-shifting market shares among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue or reduce use of certain categories of products, in response to transaction and/or non-transaction fee changes.

For example, on March 1, 2019, the Exchange filed with the Commission an immediately effective filing to decrease certain credits assessable to Members pursuant to the PCRCP.²⁰ The Exchange experienced a decrease in total market share between the months of February and March of 2019. Accordingly, the Exchange believes that the March 1, 2019 fee change may have contributed to the decrease in the Exchange’s market share and, as such, the Exchange believes competitive forces constrain options exchange transaction and non-transaction fees and market participants can shift order flow based on fee changes instituted by the exchanges.

¹⁷ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

¹⁸ See supra note 12.

¹⁹ See id.

²⁰ See supra note 14.

Second, the Exchange believes its proposal to increase the PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRCP and to lower the additional PRIME Agency Order Credit for Priority Customer orders over a threshold of 0.60% of OCC customer volume for Members who are in PCRCP Tier 3 or higher is an equitable allocation of reasonable dues and fees pursuant to Section 6(b)(4) of the Act²¹ because the proposed changes are designed to incentivize overall Priority Customer order flow. The Exchange believes that with the proposed changes, providers of Priority Customer order flow will be incentivized to send that Priority Customer order flow to the Exchange in order to obtain the highest volume threshold and receive credits in a manner that enables the Exchange to improve its overall competitiveness and strengthen its market quality for all market participants. The Exchange believes that increased Priority Customer order flow will attract liquidity providers, which in turn should make the MIAX marketplace an attractive venue where Market Makers may submit narrow quotations with greater size, deepening and enhancing the quality of the MIAX marketplace. This should provide more trading opportunities and tighter spreads for other market participants and result in a corresponding increase in order flow from such other market participants. Additionally, the Exchange believes that for competitive and business reasons, it is appropriate to lower the additional PRIME Agency Order Credit for Priority Customer PRIME Agency Orders over a threshold of 0.60% of OCC customer volume for Members who are in PCRCP Tier 3 or higher from \$0.02 to \$0.01. As the Exchange previously noted, no Member currently achieves this threshold and, as such, the Exchange believes that by lowering this additional credit while increasing the PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRCP, will incentivize order flow to the Exchange, providing more liquidity, to the benefit of all market participants, because it will likely result in a net increase in credits paid to Members.

²¹ 15 U.S.C. 78f(b)(4).

The Exchange believes that the proposed rule changes would be an equitable allocation of reasonable dues and fees and would not permit unfair discrimination between market participants. The Exchange cannot predict with certainty whether any Priority Customers would avail themselves of the proposed fee change, but the Exchange believes that between two and four Members may achieve the applicable Tier volume thresholds to receive the proposed increased PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCR. Similarly, the Exchange cannot predict with certainty whether any Member will achieve the separate, additional PRIME Agency Order Credit that is also available for Priority Customer PRIME Agency Orders executed over a monthly threshold of 0.60% of OCC customer volume for Members in PCR Tier 3 or higher, but the Exchange believes that no Member will be currently impacted as no Member currently reaches such threshold.

The Exchange also believes its proposal is consistent with Section 6(b)(5) of the Act²² and is designed to prevent fraudulent and manipulative acts and practices, promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, setting, processing information with respect to, and facilitating transaction in securities, 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; and is not designed to permit unfair discrimination. This is because the Exchange believes the proposed changes will incentivize Priority Customer order flow and an increase in Priority Customer order flow will bring greater volume and liquidity, which benefits all market participants by providing more trading opportunities and tighter spreads. To the extent Priority Customer order flow is increased by the proposal, market participants will increasingly compete for the opportunity to trade on the

²² 15 U.S.C. 78f(b)(1) and (b)(5).

Exchange including sending more orders and providing narrower and larger-sized quotations in the effort to trade with such Priority Customer order flow. Further, based on the current Tier volume thresholds achieved by the Exchange's Members and the potential changes going forward as a result of the proposed fee change, the Exchange believes that the proposed increase to certain credit amounts from \$0.10 per contract to \$0.11 per contract and proposed decrease to the additional credit amount from \$0.02 per contract to \$0.01 per contract may not result in any Member receiving a lower credit amount per contract, and may result in two to four Members receiving a higher credit amount per contract.

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

In accordance with Section 6(b)(8) of the Act,²³ the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed changes would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all market participants. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders.

Intra-Market Competition

The Exchange does not believe that other market participants at the Exchange would be placed at a relative disadvantage by the proposed changes to increase the PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRCP and to lower the additional PRIME Agency Order Credit for Priority Customer PRIME Agency Orders over a threshold of 0.60% of OCC

²³ 15 U.S.C. 78f(b)(8).

customer volume for Members who are in PCRP Tier 3 or higher. The proposed changes are designed to attract additional order flow to the Exchange. Accordingly, the Exchange believes that increasing the PRIME Agency Order Credit for Members in Tiers 2 through 4 of the PCRP and lowering the additional PRIME Agency Order Credit for Priority Customer orders over a threshold of 0.60% of OCC customer volume for Members in PCRP Tier 3 or higher will not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because it will continue to encourage Priority Customer order flow and an increase in Priority Customer order flow will bring greater volume and liquidity, which benefit all market participants by providing more trading opportunities and tighter spreads. Further, based on the current Tier volume thresholds achieved by the Exchange's Members and the potential changes going forward as a result of the proposed fee change, the Exchange believes that the proposed increase to certain credit amounts from \$0.10 per contract to \$0.11 per contract and proposed decrease to the additional credit amount from \$0.02 per contract to \$0.01 per contract may not result in any Member receiving a lower credit amount per contract, and may result in two to four Members receiving a higher credit amount per contract.

Inter-Market Competition

The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has exceeded approximately 18% of the market share of executed volume of multiply-listed equity and ETF options trades as of July 25, 2019, for the month of July 2019.²⁴ Therefore, no exchange possesses significant pricing

²⁴ See supra note 12.

power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of June 2019, the Exchange had a total market share of 3.73% for all equity options volume.²⁵ In such an environment, the Exchange must continually adjust its transaction and non-transaction fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule changes reflect this competitive environment because they modify the Exchange's fees in a manner that encourages market participants to provide Priority Customer liquidity and to send order flow to the Exchange. To the extent this is achieved, all the Exchange's market participants should benefit from the improved market quality.

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

No written comments were either solicited or received.

6. **Extension of Time Period for Commission Action**

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,²⁶ and Rule 19b-4(f)(2) thereunder²⁷ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

Not applicable.

²⁵ See *id.*

²⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁷ 17 CFR 240.19b-4.

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. Applicable Section of the MIAX Options Fee Schedule

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2019-34)

July __, 2019

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend Its Fee Schedule

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 31, 2019, Miami International Securities Exchange LLC (“MIAX Options” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (the “Fee Schedule”).

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on August 1, 2019.

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings>, at MIAX’s principal office, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 the Fee Schedule to (i) increase the amount of the per contract credit assessable to Agency Orders (defined below) in a PRIME Auction (“PRIME Agency Order Credit”) for Members³ in Tiers 2, 3 and 4 of the Priority Customer Rebate Program (“PCRP”)⁴ and (ii) lower the separate, additional PRIME Agency Order Credit that is also available for Priority Customer⁵ PRIME Agency Orders executed over a monthly threshold

³ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁴ Under the PCRP, MIAX credits each Member the per contract amount resulting from each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in all multiply-listed option classes (excluding, in simple or complex as applicable, QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in Exchange Rule 1400), provided the Member meets certain percentage thresholds in a month as described in the PCRP table. See Fee Schedule, Section 1)a)iii.

⁵ “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 accounts(s). A “Priority

of 0.60% of the Options Clearing Corporation (“OCC”) customer volume for Members who are in PCRP Tier 3 or higher.

Background

PRIME is a process by which a Member may electronically submit for execution an order it represents as agent (an “Agency Order”) against principal interest and/or solicited interest. The Member that submits the Agency Order (“Initiating Member”) agrees to guarantee the execution of the Agency Order by submitting a contra-side order representing principal interest or solicited interest (“Contra-Side Order”). When the Exchange receives a properly designated Agency Order for Auction processing, a request for response (“RFR”) detailing the option, side, size and initiating price is broadcasted to MIAX participants up to an optional designated limit price. Members may submit responses to the RFR, which can be either an Auction or Cancel (“AOC”) order or an AOC eQuote. The PRIME mechanism is used for orders on the Exchange’s Simple Order Book.⁶ The Exchange notes that for Complex Orders⁷ on the Strategy

Customer Order” means an order for the account of a Priority Customer. See Exchange Rule 100.

⁶ The “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

⁷ A “complex order” is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the “legs” or “components” of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. Mini-options may only be part of a complex order that includes other mini-options. Only those complex orders in the classes designated by the Exchange and communicated to Members via Regulatory Circular with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis and communicated to Members via Regulatory Circular, are eligible for processing. See Exchange Rule 518(a)(5).

Book,⁸ the Exchange's cPRIME⁹ mechanism operates in the same manner for processing and execution of cPRIME Orders that is used for PRIME Orders on the Simple Order Book. The Exchange is not proposing to amend the PCRCP rebates for cPRIME orders at this time.

The Priority Customer rebate payment is calculated from the first executed contract at the applicable threshold per contract credit with rebate payments made at the highest achieved volume tier for each contract traded in that month. The percentage thresholds are calculated based on the percentage of national customer volume in multiply-listed options classes listed on MIAX entered and executed over the course of the month (excluding QCC and cQCC Orders, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, and PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers). Volume for transactions in both simple and complex orders are aggregated to determine the appropriate volume tier threshold applicable to each transaction. Volume is recorded for and credits are delivered to the Member that submits the order to MIAX. MIAX aggregates the contracts resulting from Priority Customer orders transmitted and executed electronically on MIAX from Members and their Affiliates for purposes of the thresholds described in the PCRCP table.

Proposed Rule Change

Pursuant to the PCRCP, the Exchanges assesses an Agency Order Credit for PRIME Agency Orders. The Exchange currently credits each Member \$0.10 per contract for each

⁸ The "Strategy Book" is the Exchange's electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

⁹ "cPRIME" is the process by which a Member may electronically submit a "cPRIME Order" (as defined in Rule 518(b)(7)) it represents as agent (a "cPRIME Agency Order") against principal or solicited interest for execution (a "cPRIME Auction"), subject to the restrictions set forth in Exchange Rule 515A, Interpretation and Policy .12. See Exchange Rule 515A.

Priority Customer order submitted into the PRIME Auction as a PRIME Agency Order in all Tiers. The Exchange proposes to increase the PRIME Agency Order Credit for Members who achieve the volume thresholds applicable to Tiers 2, 3 and 4 from \$0.10 to \$0.11 per contract.

The Exchange also proposes to lower the additional PRIME Agency Order Credit for Priority Customer PRIME Agency Orders executed over a threshold of 0.60% of OCC customer volume for Members who are in PCRP Tier 3 or higher. Currently, any Member or its Affiliate¹⁰ that qualifies for PCRP volume Tiers 3 or higher will be credited an additional \$0.02 per contract for each Priority Customer order executed in the PRIME Auction as a PRIME Agency Order over a threshold of above 0.60% of national customer volume in multiply-listed options classes listed on MIAX during the relevant month (excluding QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, cPRIME Agency Orders,

¹⁰ For purposes of the Fee Schedule, the term “Affiliate” means (i) an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A, (“Affiliate”), or (ii) the Appointed Market Maker of an Appointed EEM (or, conversely, the Appointed EEM of an Appointed Market Maker). An “Appointed Market Maker” is a MIAX Market Maker (who does not otherwise have a corporate affiliation based upon common ownership with an EEM) that has been appointed by an EEM and an “Appointed EEM” is an EEM (who does not otherwise have a corporate affiliation based upon common ownership with a MIAX Market Maker) that has been appointed by a MIAX Market Maker, pursuant to the following process. A MIAX Market Maker appoints an EEM and an EEM appoints a MIAX Market Maker, for the purposes of the Fee Schedule, by each completing and sending an executed Volume Aggregation Request Form by email to membership@miaxoptions.com no later than 2 business days prior to the first business day of the month in which the designation is to become effective. Transmittal of a validly completed and executed form to the Exchange along with the Exchange’s acknowledgement of the effective designation to each of the Market Maker and EEM will be viewed as acceptance of the appointment. The Exchange will only recognize one designation per Member. A Member may make a designation not more than once every 12 months (from the date of its most recent designation), which designation shall remain in effect unless or until the Exchange receives written notice submitted 2 business days prior to the first business day of the month from either Member indicating that the appointment has been terminated. Designations will become operative on the first business day of the effective month and may not be terminated prior to the end of the month. Execution data and reports will be provided to both parties. See Fee Schedule, Section 1)a)i).

PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400). Volume is recorded for and credits are delivered to the Member Firm that submits the order to MIAX. The current potential \$0.02 per contract credit is in addition to the current credit of \$0.10 per contract for all Tiers that applies to PRIME Agency Order transactions for Priority Customer orders.

The Exchange now proposes to lower the additional PRIME Agency Order Credit for Priority Customer PRIME Agency Orders over a threshold of 0.60% of OCC customer volume for Members who are in PCRCP Tier 3 or higher from \$0.02 per contract to \$0.01 per contract. The newly proposed additional \$0.01 per contract credit, for Members that achieve PCRCP Tier 3 or higher and the described threshold, will be added to the newly proposed PRIME Agency Order Credit of \$0.11 per contract for Members in Tiers 3 or 4 for PRIME Agency Order transactions for Priority Customer orders.

The Exchange believes these proposed changes (which increase certain credit amounts from \$0.10 per contract to \$0.11 per contract, and decrease the additional credit amount from \$0.02 per contract to \$0.01 per contract) will encourage market participants to submit more Priority Customer PRIME Agency Orders and therefore increase Priority Customer order flow, resulting in increased liquidity which benefits all Exchange participants by providing more trading opportunities and tighter spreads.

The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and

self-regulatory organization (“SRO”) revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹¹ There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has exceeded approximately 18% of the market share of executed volume of multiply-listed equity and exchange-traded fund (“ETF”) options trades as of July 25, 2019, for the month of July 2019.¹² Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of June 2019, the Exchange had a total market share of 3.73% of all equity options volume.¹³ The Exchange believes that the ever-shifting market shares among the exchanges from month to month demonstrates that market participants can shift order flow (as further described below), or discontinue or reduce use of certain categories of products, in response to transaction and non-transaction fee changes. For example, on March 1, 2019, the Exchange filed with the Commission an immediately effective filing to decrease certain credits assessable to Members pursuant to the PCR.¹⁴ The Exchange experienced a decrease in total market share between the months of February and March of 2019. Accordingly, the Exchange believes that the March 1, 2019 fee change may have contributed to

¹¹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

¹² The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available at: <https://www.theocc.com/market-data/volume/default.jsp>.

¹³ See *id.*

¹⁴ See Securities Exchange Act Release No. 85301 (March 13, 2019), 84 FR 10166 (March 19, 2019) (SR-MIAX-2019-09).

the decrease in the Exchange's market share and, as such, the Exchange believes competitive forces constrain options exchange transaction and non-transaction fees.

The Exchange cannot predict with certainty whether any Priority Customers would avail themselves of the proposed fee change, but the Exchange believes that between two and four Members may achieve the applicable Tier volume thresholds to receive the proposed increased PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRCP. Similarly, the Exchange cannot predict with certainty whether any Member will achieve the separate, additional PRIME Agency Order Credit that is also available for Priority Customer PRIME Agency Orders executed over a monthly threshold of 0.60% of OCC customer volume for Members in PCRCP Tier 3 or higher, but the Exchange believes that no Member will be currently impacted as no Member currently reaches such threshold.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁶ in particular, in that it is an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(4) and (5).

The Exchange believes its proposal to increase the PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRCP and to lower the separate, additional PRIME Agency Order Credit that is also available for Priority Customer Orders executed over a monthly threshold of 0.60% of OCC customer volume for Members who are in PCRCP Tier 3 or higher provides for the equitable allocation of reasonable dues and fees and is not unfairly discriminatory for the following reasons. First, the Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁷ There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has exceeded approximately 18% of the market share of executed volume of multiply-listed equity and ETF options trades as of July 25, 2019, for the month of July 2019.¹⁸ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of June 2019, the Exchange had a total market share of 3.73% for all equity options volume.¹⁹

The Exchange believes that the ever-shifting market shares among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue or

¹⁷ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

¹⁸ See supra note 12.

¹⁹ See id.

reduce use of certain categories of products, in response to transaction and/or non-transaction fee changes.

For example, on March 1, 2019, the Exchange filed with the Commission an immediately effective filing to decrease certain credits assessable to Members pursuant to the PCRCP.²⁰ The Exchange experienced a decrease in total market share between the months of February and March of 2019. Accordingly, the Exchange believes that the March 1, 2019 fee change may have contributed to the decrease in the Exchange's market share and, as such, the Exchange believes competitive forces constrain options exchange transaction and non-transaction fees and market participants can shift order flow based on fee changes instituted by the exchanges.

Second, the Exchange believes its proposal to increase the PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRCP and to lower the additional PRIME Agency Order Credit for Priority Customer orders over a threshold of 0.60% of OCC customer volume for Members who are in PCRCP Tier 3 or higher is an equitable allocation of reasonable dues and fees pursuant to Section 6(b)(4) of the Act²¹ because the proposed changes are designed to incentivize overall Priority Customer order flow. The Exchange believes that with the proposed changes, providers of Priority Customer order flow will be incentivized to send that Priority Customer order flow to the Exchange in order to obtain the highest volume threshold and receive credits in a manner that enables the Exchange to improve its overall competitiveness and strengthen its market quality for all market participants. The Exchange believes that increased Priority Customer order flow will attract liquidity providers, which in turn should make the MIAX marketplace an attractive venue where Market Makers may submit narrow quotations with greater size, deepening and enhancing the quality of the MIAX marketplace. This should

²⁰ See *supra* note 14.

²¹ 15 U.S.C. 78f(b)(4).

provide more trading opportunities and tighter spreads for other market participants and result in a corresponding increase in order flow from such other market participants. Additionally, the Exchange believes that for competitive and business reasons, it is appropriate to lower the additional PRIME Agency Order Credit for Priority Customer PRIME Agency Orders over a threshold of 0.60% of OCC customer volume for Members who are in PCRP Tier 3 or higher from \$0.02 to \$0.01. As the Exchange previously noted, no Member currently achieves this threshold and, as such, the Exchange believes that by lowering this additional credit while increasing the PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRP, will incentivize order flow to the Exchange, providing more liquidity, to the benefit of all market participants, because it will likely result in a net increase in credits paid to Members.

The Exchange believes that the proposed rule changes would be an equitable allocation of reasonable dues and fees and would not permit unfair discrimination between market participants. The Exchange cannot predict with certainty whether any Priority Customers would avail themselves of the proposed fee change, but the Exchange believes that between two and four Members may achieve the applicable Tier volume thresholds to receive the proposed increased PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRP. Similarly, the Exchange cannot predict with certainty whether any Member will achieve the separate, additional PRIME Agency Order Credit that is also available for Priority Customer PRIME Agency Orders executed over a monthly threshold of 0.60% of OCC customer volume for Members in PCRP Tier 3 or higher, but the Exchange believes that no Member will be currently impacted as no Member currently reaches such threshold.

The Exchange also believes its proposal is consistent with Section 6(b)(5) of the Act²² and is designed to prevent fraudulent and manipulative acts and practices, promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transaction in securities, 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; and is not designed to permit unfair discrimination. This is because the Exchange believes the proposed changes will incentivize Priority Customer order flow and an increase in Priority Customer order flow will bring greater volume and liquidity, which benefits all market participants by providing more trading opportunities and tighter spreads. To the extent Priority Customer order flow is increased by the proposal, market participants will increasingly compete for the opportunity to trade on the Exchange including sending more orders and providing narrower and larger-sized quotations in the effort to trade with such Priority Customer order flow. Further, based on the current Tier volume thresholds achieved by the Exchange's Members and the potential changes going forward as a result of the proposed fee change, the Exchange believes that the proposed increase to certain credit amounts from \$0.10 per contract to \$0.11 per contract and proposed decrease to the additional credit amount from \$0.02 per contract to \$0.01 per contract may not result in any Member receiving a lower credit amount per contract, and may result in two to four Members receiving a higher credit amount per contract.

²² 15 U.S.C. 78f(b)(1) and (b)(5).

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

In accordance with Section 6(b)(8) of the Act,²³ the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed changes would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all market participants. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders.

Intra-Market Competition

The Exchange does not believe that other market participants at the Exchange would be placed at a relative disadvantage by the proposed changes to increase the PRIME Agency Order Credit for Members in Tiers 2, 3 and 4 of the PCRCP and to lower the additional PRIME Agency Order Credit for Priority Customer PRIME Agency Orders over a threshold of 0.60% of OCC customer volume for Members who are in PCRCP Tier 3 or higher. The proposed changes are designed to attract additional order flow to the Exchange. Accordingly, the Exchange believes that increasing the PRIME Agency Order Credit for Members in Tiers 2 through 4 of the PCRCP and lowering the additional PRIME Agency Order Credit for Priority Customer orders over a threshold of 0.60% of OCC customer volume for Members in PCRCP Tier 3 or higher will not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because it will continue to encourage Priority Customer order flow and an increase in Priority Customer order flow will bring greater volume and liquidity, which benefit all market

²³ 15 U.S.C. 78f(b)(8).

participants by providing more trading opportunities and tighter spreads. Further, based on the current Tier volume thresholds achieved by the Exchange's Members and the potential changes going forward as a result of the proposed fee change, the Exchange believes that the proposed increase to certain credit amounts from \$0.10 per contract to \$0.11 per contract and proposed decrease to the additional credit amount from \$0.02 per contract to \$0.01 per contract may not result in any Member receiving a lower credit amount per contract, and may result in two to four Members receiving a higher credit amount per contract.

Inter-Market Competition

The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has exceeded approximately 18% of the market share of executed volume of multiply-listed equity and ETF options trades as of July 25, 2019, for the month of July 2019.²⁴ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, for all of June 2019, the Exchange had a total market share of 3.73% for all equity options volume.²⁵ In such an environment, the Exchange must continually adjust its transaction and non-transaction fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule changes reflect this competitive environment because they modify the Exchange's fees in a manner that encourages market participants to provide Priority Customer liquidity and to send order flow to

²⁴ See supra note 12.

²⁵ See id.

the Exchange. To the extent this is achieved, all the Exchange's market participants should benefit from the improved market quality.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,²⁶ and Rule 19b-4(f)(2)²⁷ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic comments:

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

or

- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-

MIAX-2019-34 on the subject line.

²⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁷ 17 CFR 240.19b-4(f)(2).

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-2019-34. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-MIAX-2019-34 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁸

Vanessa Countryman
Secretary

²⁸ 17 CFR 200.30-3(a)(12).

Exhibit 5

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

MIAX Fee Schedule

1) Transaction Fees

a) Exchange Fees

i) – ii) No Change.

iii) Priority Customer Rebate Program

Origin	Tier	Percentage Thresholds of National Customer Volume in Multiply-Listed Options Classes Listed on MIAX (Monthly)	Per Contract Credit for Simple Orders in non-MIAX Select Symbols ¹⁴	Per Contract Credit for Simple Orders in MIAX Select Symbols	Per Contract Credit for PRIME Agency Order	Per Contract Credit for cPRIME Agency Order*	Per Contract Credit for Complex Orders
Priority Customer	1	0.00% - 0.50%	\$0.00	\$0.00	\$0.10	\$0.10	\$0.00
	2	Above 0.50% - 1.20%	\$0.10	\$0.10	[\$0.10] <u>\$0.11</u>	\$0.10	\$0.21
	3	Above 1.20% - 1.75%	\$0.15	\$0.20	[\$0.10] <u>\$0.11</u>	\$0.10	\$0.24
	4	Above 1.75%	\$0.21	\$0.24	[\$0.10] <u>\$0.11</u>	\$0.10**	\$0.25

* The per contract credit for cPRIME Agency Orders is assessable to the first 1,000 contracts per leg for each cPRIME Agency Order. Such limit will be applicable to all tiers of the Priority Customer Rebate Program.

** Any Member or its Affiliate that qualifies for Priority Customer Rebate Program tier 4 and executes Priority Customer standard, non-paired complex volume at least equal to or greater than their Priority Customer cPRIME Agency Order volume, on a monthly basis, will receive a credit of \$0.22 per contract for cPRIME Agency Orders instead of the credit otherwise applicable to such orders in tier 4.

MIAX shall credit each Member the per contract amount set forth above as applicable resulting from each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in all multiply-listed option classes (excluding, in simple or complex as applicable, QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C

¹⁴ The term "MIAX Select Symbols" means options overlying AAL, AAPL, AIG, AMAT, AMD, AMZN, BA, BABA, BB, BIDU, BP, C, CAT, CBS, CELG, CLF, CVX, DAL, EBAY, EEM, FB, FCX, GE, GILD, GLD, GM, GOOGL, GPRO, HAL, HTZ, INTC, IWM, JCP, JNJ, JPM, KMI, KO, MO, MRK, NFLX, NOK, ORCL, PBR, PFE, PG, QCOM, QQQ, RIG, S, SPY, T, TSLA, USO, VALE, WBA, WFC, WMB, WY, X, XHB, XLE, XLF, XLP, XOM and XOP.

Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400), provided the Member meets certain percentage thresholds in a month as described in the Priority Customer Rebate Program table.

For each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in MIAX Select Symbols in simple order executions, MIAX shall credit each member at the separate per contract rate for MIAX Select Symbols.

For each Priority Customer order submitted into the PRIME Auction as a PRIME Agency Simple Order, MIAX shall credit each member at the separate per contract rate for PRIME Agency Simple Orders; however, no rebates will be paid if the PRIME Agency Simple Order executes against a Contra-side Order which is also a Priority Customer.

All fees and rebates are per contract per leg.

For each Priority Customer complex order submitted into the cPRIME Auction as a cPRIME Agency Order, MIAX shall credit each member at the separate per contract per leg rate for cPRIME Agency Orders; however, no rebates will be paid if the cPRIME Agency Order executes against a Contra-side Order which is also a Priority Customer.

The Priority Customer rebate payment will be calculated from the first executed contract at the applicable threshold per contract credit with rebate payments made at the highest achieved volume tier for each contract traded in that month.

The percentage thresholds are calculated based on the percentage of national customer volume in multiply-listed options classes listed on MIAX entered and executed over the course of the month (excluding QCC and cQCC Orders, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, and PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers). Volume for transactions in both simple and complex orders will be aggregated to determine the appropriate volume tier threshold applicable to each transaction. Volume will be recorded for and credits will be delivered to the Member Firm that submits the order to MIAX. MIAX will aggregate the contracts resulting from Priority Customer orders transmitted and executed electronically on MIAX from Members and their Affiliates for purposes of the thresholds described in the Priority Customer Rebate Program table.

MIAX shall credit each "Qualifying Member" \$0.03 per contract (excluding QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, PRIME and cPRIME Agency Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400) resulting from each Priority Customer order in simple or complex order executions which falls within the Priority Customer Rebate Program volume tier 1 above. "Qualifying Member" shall mean a Member or its Affiliate that qualifies for the Professional

Rebate Program as described below and achieves a volume increase in excess of 0.065% for Professional orders transmitted by that Member which are executed electronically on the Exchange in all multiply-listed option classes for the account(s) of a Professional and which qualify for the Professional Rebate Program during a particular month relative to the applicable Baseline Percentage (as defined under the Professional Rebate Program).

Any Member or its Affiliate that qualifies for Priority Customer Rebate Program volume tiers 3 or higher will be credited an additional [~~\$0.02~~]\$0.01 per contract for each Priority Customer order executed in the PRIME Auction as a PRIME Agency Order over a threshold of above 0.60% of national customer volume in multiply-listed options classes listed on MIAX during the relevant month (excluding QCC and cQCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, C2C and cC2C Orders, cPRIME Agency Orders, PRIME and cPRIME AOC Responses, PRIME and cPRIME Contra-side Orders, PRIME and cPRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400); volume will be recorded for and credits will be delivered to the Member Firm that submits the order to MIAX. In the event of a MIAX System outage or other interruption of electronic trading on MIAX, the Exchange will adjust the national customer volume in multiply-listed options for the duration of the outage. A Member may request to receive its credit under the Priority Customer Rebate Program as a separate direct payment.

iv) – xi) No Change.

b) – c) No Change.
