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

File No.* SR - 2020 - * 10
Amendment No. (req. for Amendments *)

Filing by Miami International Securities Exchange, LLC.

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

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

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

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

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

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

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

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

Proposal to amend Interpretation and Policy .01 to Exchange Rule 307, Position Limits, and Interpretation and Policy .01 to Exchange Rule 309, Exercise Limits, to increase the position and exercise limits on certain ETFs and to make minor non-substantive technical corrections to each Policy.

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 05/08/2020

By Joseph Ferraro
(Name *)

(Title *)
Senior Vice President and Deputy General Counsel

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

jferraro@miami-holdings.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. <u>Text of Proposed Rule Change</u>

(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 Interpretation and Policy .01 to Exchange Rule 307, Position Limits, and Interpretation and Policy .01 to Exchange Rule 309, Exercise Limits, to increase the position and exercise limits on certain exchange-traded funds ("ETFs") and to make minor non-substantive technical corrections to each Policy.

A notice of the proposed rule change for publication in the <u>Federal Register</u> is attached hereto as <u>Exhibit 1</u>, and a copy of the proposed amended rule text is attached hereto as <u>Exhibit 5</u>.

(b) Not applicable.

(c) Not applicable.

2. <u>Procedures of the Self-Regulatory Organization</u>

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 29, 2020. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to 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. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

The Exchange proposes to amend Interpretation and Policy .01 to Exchange Rule 307, Position Limits, and Interpretation and Policy .01 to Exchange Rule 309, Exercise Limits, to increase the position and exercise limits for options on certain ETFs. These proposed rule changes are based on the similar proposal by Cboe Exchange, Inc. ("Cboe").[3] The Exchange also proposes to make certain minor non-substantive technical corrections to certain ETF names and symbols in each of the tables in Interpretations and Policies .01 to Exchange Rules 307 and 309, as described below.

Position limits are designed to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. While position limits should address and discourage the potential for manipulative schemes and adverse market impact, if such limits are set too low, participation in the options market may be discouraged. The Exchange believes that position limits must therefore be balanced between mitigating concerns of any potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

The Exchange has observed an ongoing increase in demand in options on the SPDR® S&P 500® ETF Trust ("SPY"), iShares® MSCI EAFE ETF ("EFA"), iShares® China Large-Cap

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3 See Securities Exchange Act Release No. 88768 (April 29, 2020)(SR-CBOE-2020-015) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Increase Position Limits for Options on Certain Exchange-Traded Funds and Indexes). The Cboe proposal also proposed to increase position limits for options overlying the MSCI Emerging Markets Index ("MXEF") and the MSCI EAFE Index ("MXEA"). The Exchange, however, does not list options on the MXEF or MXEA indexes. Accordingly, this proposal is limited to the ETFs described above.

ETF ("FXI"), iShares® iBoxx® $ High Yield Corporate Bond ETF ("HYG"), and the Financial Select Sector SPDR® Fund ("XLF") (collectively, with the aforementioned ETFs, the "Underlying ETFs") for both trading and hedging purposes. Though the demand for these options appears to have increased, position limits (and corresponding exercise limits) for options on the Underlying ETFs have remained the same. The Exchange believes these unchanged position limits may have impeded, and may continue to impede, trading activity and strategies of investors, such as use of effective hedging vehicles or income generating strategies (e.g., buy-write or put-write), and the ability of Market Makers[4] to make liquid markets with tighter spreads in these options resulting in the transfer of volume to over-the-counter ("OTC") markets. OTC transactions occur through bilateral agreements, the terms of which are not publically disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. Therefore, the Exchange believes that the proposed increases in position limits (and exercise limits) for options on the Underlying ETFs may enable liquidity providers to provide additional liquidity to the Exchange and other market participants to transfer their liquidity demands from OTC markets to the Exchange, as well as other options exchanges on which they participate. As described in further detail below, the Exchange believes that the continuously increasing market capitalization of the Underlying ETFs and ETF component securities, as well as the highly liquid markets for those securities, reduces the concerns for potential market manipulation and/or disruption in the underlying markets upon increasing position limits, while the rising demand for trading options on the Underlying ETFs

4 The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100. A Market Maker has the rights and responsibilities set forth in Chapter VI of the Exchange's Rulebook.

for legitimate economic purposes compels an increase in position limits (and corresponding exercise limits).

Proposed Position and Exercise Limits for Options on the Underlying ETFs

Position limits for options on ETFs are determined pursuant to Exchange Rule 307, and vary according to the number of outstanding shares and the trading volumes of the underlying stocks or ETFs over the past six months. Pursuant to Exchange Rule 307, the largest in capitalization and the most frequently traded stocks and ETFs have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization stocks and ETFs have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, recapitalizations, etc.) on the same side of the market. Options on HYG and XLF are currently subject to the maximum standard position limit of 250,000 contracts as set forth in Exchange Rule 307. Interpretation and Policy .01 to Exchange Rule 307 sets forth separate position limits for options on specific ETFs, including SPY, FXI and EFA.

The Exchange proposes to amend Interpretation and Policy .01 to Exchange Rule 307 to double the position limits for options on each of HYG, XLF, FXI, EFA and SPY. The Exchange also proposes to amend Interpretation and Policy .01 to Exchange Rule 309 to double the exercise limits for options on each of HYG, XLF, FXI, EFA and SPY. The table below represents the current, and proposed, position and exercise limits for options on the Underlying ETFs subject to this proposal:

ETF	Current Position/Exercise Limit	Proposed Position/Exercise Limit
SPY	1,800,000	3,600,000
EFA	500,000	1,000,000
FXI	500,000	1,000,000
HYG	250,000	500,000
XLF	250,000	500,000

The Exchange notes that the proposed position limits for options on EFA and FXI are consistent with existing position limits for options on the iShares® Russell 2000 ETF ("IWM") and the iShares® MSCI Emerging Markets ETF ("EEM"), while the proposed limits for options on XLF and HYG are consistent with current position limits for options on the iShares® MSCI Brazil ETF ("EWZ"), iShares® 20+ Year Treasury Bond ETF ("TLT"), and iShares® MSCI Japan ETF ("EWJ"). The Exchange represents that the Underlying ETFs qualify for either 1) the initial listing criteria set forth in Exchange Rule 402(i)(5)(ii) for ETFs holding non-U.S. component securities, or 2) the generic listing standards for series of portfolio depository receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement ("CSA") is not required, as well as the continued listing criteria in Exchange Rule 403.[5] In compliance with its listing rules, the Exchange also represents that non-U.S. component securities that are not subject to a CSA do not, in the aggregate, represent more than 50% of the weight of any of the Underlying ETFs.[6]

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5 The Exchange notes that the initial listing criteria for options on ETFs that hold non-U.S. component securities are more stringent than the maintenance listing criteria for those same ETF options. See Exchange Rule 402(i)(5)(ii) and Exchange Rule 403(g).

6 See Exchange Rule 402(i)(5)(ii).

Composition and Growth Analysis for Underlying ETFs

As stated above, position (and exercise) limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate the underlying market so as to benefit options positions. The Commission has recognized that these limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market, as well as serve to reduce the possibility for disruption of the options market itself, especially in illiquid classes.[7] The Underlying ETFs as well as the ETF components are highly liquid, and are based on a broad set of highly liquid securities and other reference assets, as demonstrated through the trading statistics presented in this proposal. Indeed, the Commission recognized the liquidity of the securities comprising the underlying interest of SPY and permitted no position limits on SPY options from 2012 through 2018.[8]

To support the proposed position limit increases (and corresponding increase in exercise limits), the Exchange considered both the liquidity of the Underlying ETFs and the component securities of the Underlying ETFs, as well as the availability of economically equivalent products to the overlying options and their respective position limits. For instance, some of the Underlying ETFs are based upon broad-based indices that underlie cash-settled options, and therefore the options on the Underlying ETFs are economically equivalent to the options on

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7 See Securities Exchange Act Release No. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012) (SR-NYSEAmex-2012-29).

8 See Securities Exchange Act Release No. 68341 (December 3, 2012), 77 FR 73065 (December 7, 2012) (In the Matter of the Application of Miami International Securities Exchange, LLC for Registration as a National Securities Exchange: Findings, Opinion, and Order of the Commission) (Order that approved MIAX's implementation of the pilot program that ran through 2017, during which there were no position limits for options on SPY). See also Securities Exchange Act Release No. 83349 (May 30, 2018), 83 FR 26123 (June 5, 2018) (SR-MIAX-2018-11). The Exchange notes that throughout the duration of the pilot program it was not aware of any problems created or adverse consequences as a result of the pilot program.

those indices, which have no position limits. Other Underlying ETFs are based upon broad-based indices that underlie cash-settled options with position limits reflecting notional values that are larger than current position limits for options on the ETF analogues. For indexes that are tracked by an Underlying ETF but on which there are no options listed, the Exchange believes, based on the liquidity, depth and breadth of the underlying market of the components of the indexes, that each of the indexes referenced by the applicable ETFs would be considered a broad-based index under the Exchange's Rules. Additionally, if in some cases certain position limits are appropriate for the options overlying comparable indexes or basket of securities that the Underlying ETFs track, or are appropriate for those ETFs that track the Underlying Indexes, then those economically equivalent position limits should be appropriate for the options overlying the Underlying ETFs or Indexes.

The Exchange is presenting data collected by Cboe as part of its initial filing to increase position and exercise limits on the Underlying ETFs, that the Commission has approved,[9] following trading statistics regarding shares of and options on the Underlying ETFs, as well as the component securities:

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[9] See supra note 3.

Product	ADV[10] (ETF Shares)	ADV (Option Contracts)	Shares Outstanding (ETFs)[11]	Fund Market Cap (USD)	Total Market Cap of ETF Components[12]
SPY	70.3 million	2.8 million	968.7 million	312.9 billion	29.3 trillion
FXI	26.1 million	196,600	106.8 million	4.8 billion	28.0 trillion
EFA	25.1 million	155,900	928.2 million	64.9 billion	19.3 trillion
HYG	20.0 million	193,700	216.6 million	19.1 billion	906.4 billion[13]
XLF	48.8 million	102,100	793.6 million	24.6 billion	3.8 trillion

The Exchange is presenting the following data collected by Cboe as part of its initial filing, that the Commission has approved,[14] for the same trading statistics, where applicable, as above regarding a sample of other ETFs, as well as the current position limits for options on such ETFs pursuant to Exchange Rule 307, Interpretation and Policy .01, to draw comparisons in support of proposed position limit increases for options on a number of the Underlying ETFs (see further discussion below):

Product	ADV (ETF Shares)	ADV (Option Contracts)	Shares Outstanding (ETFs)	Fund Market Cap (USD)	Total Market Cap of ETF Components	Current Position Limits
QQQ	30.2 million	670,200	410.3 million	88.7 billion	10.1 trillion	1,800,000
EWZ	26.7 million	186,500	233 million	11.3 billion	234.6 billion	500,000
TLT	9.6 million	95,200	128.1 million	17.5 billion	N/A	500,000
EWJ	7.2 million	5,700	236.6 million	14.2 billion	3 trillion	500,000

10 Average daily volume ("ADV") data for ETF shares and options contracts presented below, are for all of 2019. Additionally, reference to ADV in ETF shares and ETF options herein this proposal are for all of 2019, unless otherwise indicated.

11 See Amendment No. 1 to SR-CBOE-2020-015, at page 4, available at https://www.sec.gov/comments/sr-cboe-2020-015/srcboe2020015-7081714-215592.pdf ("Amendment No. 1").

12 See Amendment No. 1, at page 4.

13 See Notice, at note 13.

14 See supra note 3.

The Exchange believes that, overall, the liquidity in the shares of the Underlying ETFs and in the component securities of the Underlying ETFs and in their overlying options, as well as the large market capitalizations and structure of each of the Underlying ETFs support the proposal to increase the position limits for each option class (and corresponding exercise limits). Given the robust liquidity and capitalization in the Underlying ETFs and in the component securities of the Underlying ETFs the Exchange does not anticipate that the proposed increase in position limits and exercise limits would create significant price movements. Also, the Exchange believes the market capitalization of the underlying component securities of the applicable index or reference asset are large enough to adequately absorb potential price movements that may be caused by large trades.

The following analyses for the Underlying ETFs, which MIAX agrees with in support of this proposal, as well as the statistics presented in support thereof, were presented by Cboe in their initial filing, which was approved by the Commission.[15] The Exchange notes that SPY tracks the performance of the S&P 500® Index, which is an index of diversified large cap U.S. companies.[16] It is composed of approximately 500 selected stocks spanning over approximately 24 separate industry groups. The S&P 500® is one of the most commonly followed equity indices, and is widely considered to be the best indicator of stock market performance as a whole. SPY is one of the most actively traded ETFs, and, since 2017,[17] its ADV has increased

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15 See supra note 3.

16 See Supplement dated March 25, 2020 to the Prospectus dated January 16, 2020 for the SPDR® S&P 500® ETF Trust, available at https://www.ssga.com/us/en/individual/etfs/funds/spdr-sp-500-etf-trust-spy.

17 See Securities Exchange Release No. 82931 (March 22, 2018), 83 FR 13323 (March 28, 2018) (SR-MIAX-2018-10) (Notice of Filing and Immediate Effectiveness of a Proposed

from approximately 64.6 million shares to 70.3 million shares by the end of 2019. Similarly, its ADV in options contracts has increased from 2.6 million to 2.8 million through 2019.[18] As noted, the demand for options trading on SPY has continued to increase, however, the position limits have remained the same, which the Exchange believes may have impacted growth in SPY option volume from 2017 through 2019. The Exchange also notes that SPY shares are more liquid than Invesco QQQ Trust℠ ("QQQ") shares, which are also currently subject to a position limit of 1,800,000 contracts. Specifically, SPY currently experiences over twice the ADV in shares and over four times the ADV in options than that of QQQ.[19]

EFA tracks the performance of MSCI EAFE Index, which is comprised of over 900 large and mid-cap securities across 21 developed markets, including countries in Europe, Australia and the Far East, excluding the U.S. and Canada.[20] The Exchange notes that from 2017 through 2019, ADV has grown significantly in shares of EFA and in options on EFA, from approximately 19.4 million shares in 2017 to 25.1 million through 2019, and from approximately 98,800 options contracts in 2017 to 155,900 through 2019. The Exchange notes that options are available for trading on Cboe on the MXEA, the analogue index (also subject to a proposed position limit increase described in the Cboe proposal), which was subject to a position limit of 25,000 contracts. Utilizing the notional value comparison of EFA's share price of $69.44 and

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Rule Change To Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits). See also supra note 3.

18 See Securities Exchange Act Release No. 83349 (May 30, 2018), 83 FR 26123 (June 5, 2018) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits) (SR-MIAX-2018-11).

19 The 2019 ADV for QQQ shares is 30.2 million and for options on QQQ is 670,200.

20 See iShares MSCI EAFE ETF, available at https://www.ishares.com/us/products/239623/ishares-msci-eafe-etf (April 30, 2020).

MXEA's index level of 2036.94, approximately 29 EFA option contracts equal one MXEA option contract. Based on the above comparison of notional values, a position limit for EFA options that would be economically equivalent to that of MXEA options equates to 725,000 contracts (currently) and 1,450,000 (for Cboe's proposed – and approved – 50,000 contracts position limit increase for MXEA options). Also, MXEA index options have an ADV of 594 options contracts, which equates to an ADV of 17,226 EFA options contracts (as that is 29 times the size of 594). EFA options, which are more actively traded and held than MXEA options, are currently subject to a position limit of 500,000 options contracts despite their much higher ADV of approximately 156,700 options contracts.

FXI tracks the performance of the FTSE China 50 Index, which is composed of the 50 largest Chinese stocks.[21] FXI shares and options have also experienced increased liquidity since 2017, as ADV has grown from approximately 15.1 million shares in 2017 to 26.1 million through 2019, as well as approximately 71,900 options contracts in 2017 to 196,600 through 2019. Although there are currently no options on the FTSE China 50 Index listed for trading, the components of the FTSE China 50 Index, which can be used to create a basket of stocks that equate to the FXI ETF, currently have a market capitalization of approximately $28 trillion and FXI has a market capitalization of $4.8 billion (as indicated above), which the Exchange believes are both large enough to absorb potential price movements caused by a large trade in FXI.

XLF invests in a wide array of financial service firms with diversified business lines ranging from investment management to commercial and investment banking. It generally corresponds to the price and yield performance of publicly traded equity securities of companies

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21 See iShares China Large-Cap ETF, available at https://www.ishares.com/us/products/239536/ishares-china-largecap-etf (April 30, 2020).

in the SPDR Financial Select Sector Index.[22] XLF experiences ADV in shares and in options that is significantly greater that the ADV in shares and options for EWZ (26.7 million shares and 186,500 options contracts), TLT (9.6 million shares and 95,200 options contracts), and EWJ (7.2 million shares and 5,700 options contracts), each of which already have a position limit of 500,000 contracts – the proposed position limit for XLF options. Although there are no options listed on the SPDR Financial Select Sector Index listed for trading, the components of the index, which can be used to create a basket of stocks that equate to the XLF ETF, currently have a market capitalization of $3.8 trillion (indicated above). Additionally, XLF has a market capitalization of $24.6 billion. The Exchange believes that both of these are large enough to absorb potential price movements caused by a large trade in XLF.

Finally, HYG attempts to track the investment results of Markit iBoxx® USD Liquid High Yield Index, which is composed of U.S. dollar-denominated, high-yield corporate bonds and is one of the most widely used high-yield bond ETFs.[23] HYG experiences significantly higher ADV in shares and options than both TLT (9.6 million shares and 95,200 options contracts), and EWJ (7.2 million shares and 5,700 options contracts), which are currently subject to a position limit of 500,000 options contracts – the proposed limit for options on HYG. While HYG does not have an index option analogue listed for trading, the Exchange believes that its market capitalization of $19.1 billion, and of $906.4 billion in component securities, is adequate to absorb a potential price movement that may be caused by large trades in HYG.

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22 See Select Sector SPDR ETFs, XLF, available at http://www.sectorspdr.com/sectorspdr/sector/xlf (April 30, 2020).

23 See iShares iBoxx $ High Yield Corporate Bond ETF, available at https://www.ishares.com/us/products/239565/ishares-iboxx-high-yield-corporatebond- etf (April 30, 2020).

Creation and Redemption for ETFs

The Exchange believes that the creation and redemption process for ETFs will lessen the potential for manipulative activity with options on the Underlying ETFs. When an ETF provider wants to create more shares, it looks to an Authorized Participant (generally a market maker or other large financial institution) to acquire the securities the ETF is to hold. For instance, when an ETF is designed to track the performance of an index, the Authorized Participant can purchase all the constituent securities in the exact same weight as the index, then deliver those shares to the ETF provider. In exchange, the ETF provider gives the Authorized Participant a block of equally valued ETF shares, on a one-for-one fair value basis. The price is based on the net asset value, not the market value at which the ETF is trading. The creation of new ETF units can be conducted during an entire trading day, and is not subject to position limits. This process works in reverse where the ETF provider seeks to decrease the number of shares that are available to trade. The creation and redemption process, therefore, creates a direct link to the underlying components of the ETF, and serves to mitigate potential price impact of the ETF shares that might otherwise result from increased position limits for the ETF options.

The Exchange understands that the ETF creation and redemption process seeks to keep an ETF's share price trading in line with the ETF's underlying net asset value. Because an ETF trades like a stock, its share price will fluctuate during the trading day, due to simple supply and demand. If demand to buy an ETF is high, for instance, the ETF's share price might rise above the value of its underlying securities. When this happens, the Authorized Participant believes the ETF may now be overpriced, so it may buy shares of the component securities and then sell ETF shares in the open market (i.e. creations). This may drive the ETF's share price back toward the underlying net asset value. Likewise, if the ETF share price starts trading at a discount to the securities it holds, the Authorized Participant can buy shares of the ETF and redeem them for the underlying securities (i.e. redemptions). Buying undervalued ETF shares may drive the share price of the ETF back toward fair value. This arbitrage process helps to keep an ETF's share price in line with the value of its underlying portfolio.

<u>Surveillance and Reporting Requirements</u>

The Exchange believes that increasing the position limits for the options on the Underlying ETFs would lead to a more liquid and competitive market environment for these options, which will benefit customers interested in trading these products. The reporting requirement for the options on the Underlying ETFs would remain unchanged. Thus, the Exchange would still require that each Member[24] that maintains positions in the options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information would include, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market Makers would continue to be exempt from this reporting requirement, however, the Exchange may access Market Maker position information.[25] Moreover, the Exchange's requirement that Members file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more options contracts of

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24 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. <u>See</u> Exchange Rule 100.

25 The Options Clearing Corporation ("OCC") through the Large Option Position Reporting ("LOPR") system acts as a centralized service provider for Member compliance with position reporting requirements by collecting data from each Member, consolidating the information, and ultimately providing detailed listings of each Member's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA").

any single class for the previous day will remain at this level for the options subject to this proposal and will continue to serve as an important part of the Exchange's surveillance efforts.[26]

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange and other SROs are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify potential changes in composition of the Underlying ETFs and continued compliance with the Exchange's listing standards. These procedures utilize daily monitoring of market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable.[27] The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,[28] which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes.

The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in the options on the Underlying ETFs. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a Member must maintain for a large position held by itself or by its

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26 See Exchange Rule 310.

27 The Exchange believes these procedures have been effective for the surveillance of trading the options subject to this proposal, and will continue to employ them.

28 17 CFR 240.13d-1.

customer.[29] In addition, Rule 15c3-1[30] imposes a capital charge on Members to the extent of any margin deficiency resulting from the higher margin requirement.

Additionally, the Exchange proposes to make minor non-substantive technical changes to the charts in Interpretations and Policies .01 of both Exchange Rules 307 and 309 to reflect the current names of the underlying securities listed therein. Specifically, the Exchange proposes to update the names of the following ETFs to reflect the current names in the prospectus for each: Powershares QQQ Trust; iShares China Large-Cap ETF; iShares MSCI EAFE ETF; iShares MSCI Brazil Capped ETF; iShares 20+ Year Treasury Bond Fund ETF; and the iShares MSCI Japan ETF.

b. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[31] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[32] requirements that the rules of an exchange be 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 mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the

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29 See Exchange Rule 1502 for a description of margin requirements.

30 17 CFR 240.15c3-1.

31 15 U.S.C. 78f(b).

32 15 U.S.C. 78f(b)(5).

Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[33] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed increase in position limits for options on the Underlying ETFs will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. The proposed increases will allow market participants to more fully implement hedging strategies in related derivative products and to further use options to achieve investment strategies (e.g., there are Exchange-Traded Products ("ETPs") that use options on the Underlying ETFs as part of their investment strategy, and the applicable position limits (and corresponding exercise limits) as they stand today may inhibit these ETPs in achieving their investment objectives, to the detriment of investors). Also, increasing the applicable position limits may allow Market Makers to provide the markets for these options with more liquidity in amounts commensurate with increased consumer demand in such markets. The proposed position limit increases may also encourage other liquidity providers to shift liquidity, as well as encourage consumers to shift demand, from OTC markets onto the Exchange, which will enhance the process of price discovery conducted on the Exchange through increased order flow.

In addition, the Exchange believes that the structure of the Underlying ETFs, the considerable market capitalization of the funds, underlying component securities, and the liquidity of the markets for the applicable options and underlying component securities will

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33 Id.

mitigate concerns regarding potential manipulation of the products and/or disruption of the underlying markets upon increasing the relevant position limits. As a general principle, increases in market capitalizations, active trading volume, and deep liquidity of securities do not lead to manipulation and/or disruption. This general principle applies to the recently observed increased levels of market capitalization, trading volume, and liquidity in shares of the Underlying ETFs, and the components of the Underlying ETFs (as described above), the Exchange does not believe that the options markets or underlying markets would become susceptible to manipulation and/or disruption as a result of the proposed position limit increases. Indeed, the Commission has previously expressed the belief that removing position and exercise limits may bring additional depth and liquidity to the options markets without increasing concerns regarding intermarket manipulation or disruption of the options or the underlying securities.[34]

Further, the Exchange notes that the proposed rule change to increase position limits for select actively traded options, is not novel and has been previously approved by the Commission. The proposed increase to the position and exercise limits on the Underlying ETFs has recently been approved by the Commission.[35] The Commission has also previously approved, on a pilot basis, eliminating position limits for options on SPY.[36] Additionally, the Commission has approved similar proposed rule changes by the Exchange to increase position limits for options on highly liquid, actively traded ETFs.[37] In approving the permanent elimination of position

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[34] See Securities Exchange Act Release No. 62147 (October 28, 2005) (SR-CBOE-2005-41), at 62149.

[35] See supra note 3.

[36] See supra notes 7 and 8.

[37] See supra note 18.

(and exercise limits) for such options, the Commission relied heavily upon the exchange's surveillance capabilities, expressing trust in the enhanced surveillances and reporting safeguards that the exchange took in order to detect and deter possible manipulative behavior which might arise from eliminating position and exercise limits.

Furthermore, the Exchange again notes that that the proposed position limits for options on EFA and FXI are consistent with existing position limits for options on IWM and EEM, and the proposed limits for options on XLF and HYG are consistent with current position limits for options on EWZ, TLT, and EWJ.

The Exchange's surveillance and reporting safeguards continue to be designed to deter and detect possible manipulative behavior that might arise from increasing or eliminating position and exercise limits in certain classes. The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged position in the options on the Underlying ETFs, further promoting just and equitable principles of trading, the maintenance of a fair and orderly market, and the protection of investors.

Finally, the Exchange believes the proposed technical changes to the names and symbols of certain ETFs in both tables in Interpretations and Policies .01 to Exchange Rules 307 and 309 promotes just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes make clarifying edits to the names and symbols for certain ETFs to provide uniformity throughout the Exchange's rules. The Exchange believes that these proposed changes will provide greater clarity to Members and the public regarding the Exchange's rules and that it is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the increased position limits (and exercise limits) will be available to all market participants and apply to each in the same manner. The Exchange believes that the proposed rule change will provide additional opportunities for market participants to more efficiently achieve their investment and trading objectives of market participants.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the Act. On the contrary, the Exchange believes the proposal promotes competition because it may attract additional order flow from the OTC market to exchanges, which would in turn compete amongst each other for those orders.[38] The Exchange believes market participants would benefit from being able to trade options with increased position limits in an exchange environment in several ways, including but not limited to the following: (1) enhanced efficiency in initiating and closing out position; (2) increased market transparency; and (3) heightened contra-party creditworthiness

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[38] Additionally, several other options exchange have the same position limits as the Exchange, as they incorporate by reference to the Exchange’s position limits, and as a result the position limits for options on the Underlying ETFs will increase at those exchanges. For example, Nasdaq Options position limits are determined by the position limits established by the Exchange. See Nasdaq Stock Market LLC Rules, Options 9, Sec. 13 (Position Limits).

due to the role of OCC as issuer and guarantor. The Exchange understands that other options exchanges intend to file similar proposed rule changes with the Commission to increase position limits on options on the Underlying ETFs. This may further contribute to fair competition among exchanges for multiply listed options.

The proposed changes to the names and symbols of certain ETFs will have no impact on competition as they are not designed to address any competitive issues but rather are designed to remedy minor non-substantive issues and provide added clarity to the rule text of Exchange Rules 307 and 309. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal does not address any competitive issues and is intended to protect investors by providing further clarity regarding the Exchange's rules.

5. 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.

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[39] and Rule 19b-4(f)(6)[40] 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

39 15 U.S.C. 78s(b)(3)(A).

40 17 CFR 240.19b-4(f)(6).

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 proposed rule change would not significantly affect the protection of investors or the public interest because it will enable liquidity providers to provide additional liquidity to the Exchange and other market participants to transfer their liquidity demands from OTC markets to the Exchange, as well as other options exchange on which they participate. The Exchange believes that increasing the position limits for the options subject to this proposal would lead to a more liquid and competitive market environment for these options, which will benefit customers interested in these products. Additionally, the Exchange believes that it is appropriate to establish the same position limits recently established by Cboe pursuant to the Cboe proposal, as it will provide more consistency to Members in that Members of both Cboe and MIAX will be subject to the same position limits. The Exchange believes that the proposed rule change would not significantly affect the protection of investors or the public interest because it furthers aligns the Exchange's position limit and exercise limit rules with competing options exchanges.[41] Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act[42] and paragraph (f)(6) of Rule 19b-4 thereunder.[43]

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

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41 See supra note 3.

42 15 U.S.C. 78s(b)(3)(A).

43 17 CFR 240.19b-4.

Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. As described above, the Exchange's proposed rule change is substantially similar to the recent rule change by Cboe.[44] Accordingly, because the proposed rule change is based on the proposed rules of another Self-Regulatory Organization and thus does not introduce any new or novel regulatory issues, the Exchange has filed this rule filing as non-controversial under Section 19(b)(3)(A) of the Act[45] and paragraph (f)(6) of Rule 19b-4 thereunder.[46]

The Exchange respectfully requests that the Commission waive the 30-day operative delay and designate the proposed rule change to become operative upon filing. Waiver of the operative delay is consistent with the protection of investors and the public interest because it will ensure fair competition among exchanges by allowing the Exchange to increase its position and exercise limits to those of Cboe. The Exchange believes this will provide consistency and uniformity among Members of both Cboe and MIAX by subjecting Members of both exchanges to the same position and exercise limits for these multiply-listed options classes. The Exchange believes that the 30-day operative delay should be waived because it would ensure fair competition among exchanges by allowing the Exchange to amend the position and exercise limits and immediately benefit a greater number of participants who are MIAX Members and members of Cboe by ensuring consistency and uniformity among the competing options exchanges as to the position and exercise limits for these multiply-listed options classes.

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44 See supra note 3.

45 17 CFR 240.19b-4.

46 17 CFR 240.19b-4(f)(6).

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

This proposed rule change is based on the proposal by Cboe.[47]

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. Completed notice of proposed rule change for publication in the Federal Register.

5. Text of the proposed rule change.

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[47] See supra note 3.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2020-10)

May__, 2020

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange, LLC to Amend Exchange Rule 307, Position Limits and Exchange Rule 309, Exercise Limits, to Increase the Position and Exercise Limits on Certain Exchange-Traded Funds ("ETFs")

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 May 8, 2020, Miami International Securities Exchange, LLC ("MIAX" 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 Interpretation and Policy .01 to Exchange Rule 307, Position Limits, and Interpretation and Policy .01 to Exchange Rule 309, Exercise Limits, to increase the position and exercise limits on certain exchange-traded funds ("ETFs") and to make minor non-substantive technical corrections to each Policy.

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.

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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 Interpretation and Policy .01 to Exchange Rule 307, Position Limits, and Interpretation and Policy .01 to Exchange Rule 309, Exercise Limits, to increase the position and exercise limits for options on certain ETFs. These proposed rule changes are based on the similar proposal by Cboe Exchange, Inc. (“Cboe”).[3] The Exchange also proposes to make certain minor non-substantive technical corrections to certain ETF names and symbols in each of the tables in Interpretations and Policies .01 to Exchange Rules 307 and 309, as described below.

Position limits are designed to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security

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[3] See Securities Exchange Act Release No. 88768 (April 29, 2020)(SR-CBOE-2020-015) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Increase Position Limits for Options on Certain Exchange-Traded Funds and Indexes). The Cboe proposal also proposed to increase position limits for options overlying the MSCI Emerging Markets Index (“MXEF”) and the MSCI EAFE Index (“MXEA”). The Exchange, however, does not list options on the MXEF or MXEA indexes. Accordingly, this proposal is limited to the ETFs described above.

underlying the options. While position limits should address and discourage the potential for manipulative schemes and adverse market impact, if such limits are set too low, participation in the options market may be discouraged. The Exchange believes that position limits must therefore be balanced between mitigating concerns of any potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

The Exchange has observed an ongoing increase in demand in options on the SPDR® S&P 500® ETF Trust ("SPY"), iShares® MSCI EAFE ETF ("EFA"), iShares® China Large-Cap ETF ("FXI"), iShares® iBoxx® $ High Yield Corporate Bond ETF ("HYG"), and the Financial Select Sector SPDR® Fund ("XLF") (collectively, with the aforementioned ETFs, the "Underlying ETFs") for both trading and hedging purposes. Though the demand for these options appears to have increased, position limits (and corresponding exercise limits) for options on the Underlying ETFs have remained the same. The Exchange believes these unchanged position limits may have impeded, and may continue to impede, trading activity and strategies of investors, such as use of effective hedging vehicles or income generating strategies (e.g., buy-write or put-write), and the ability of Market Makers[4] to make liquid markets with tighter spreads in these options resulting in the transfer of volume to over-the-counter ("OTC") markets. OTC transactions occur through bilateral agreements, the terms of which are not publically disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. Therefore, the Exchange believes that the proposed increases in position limits (and exercise limits) for options on the Underlying ETFs may enable liquidity providers to provide additional liquidity to the Exchange and other market

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[4] The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100. A Market Maker has the rights and responsibilities set forth in Chapter VI of the Exchange's Rulebook.

participants to transfer their liquidity demands from OTC markets to the Exchange, as well as other options exchanges on which they participate. As described in further detail below, the Exchange believes that the continuously increasing market capitalization of the Underlying ETFs and ETF component securities, as well as the highly liquid markets for those securities, reduces the concerns for potential market manipulation and/or disruption in the underlying markets upon increasing position limits, while the rising demand for trading options on the Underlying ETFs for legitimate economic purposes compels an increase in position limits (and corresponding exercise limits).

Proposed Position and Exercise Limits for Options on the Underlying ETFs

Position limits for options on ETFs are determined pursuant to Exchange Rule 307, and vary according to the number of outstanding shares and the trading volumes of the underlying stocks or ETFs over the past six months. Pursuant to Exchange Rule 307, the largest in capitalization and the most frequently traded stocks and ETFs have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization stocks and ETFs have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, recapitalizations, etc.) on the same side of the market. Options on HYG and XLF are currently subject to the maximum standard position limit of 250,000 contracts as set forth in Exchange Rule 307. Interpretation and Policy .01 to Exchange Rule 307 sets forth separate position limits for options on specific ETFs, including SPY, FXI and EFA.

The Exchange proposes to amend Interpretation and Policy .01 to Exchange Rule 307 to double the position limits for options on each of HYG, XLF, FXI, EFA and SPY. The Exchange also proposes to amend Interpretation and Policy .01 to Exchange Rule 309 to double the exercise limits for options on each of HYG, XLF, FXI, EFA and SPY. The table below represents the current, and proposed, position and exercise limits for options on the Underlying ETFs subject to this proposal:

ETF	**Current Position/Exercise Limit**	**Proposed Position/Exercise Limit**
SPY	1,800,000	3,600,000
EFA	500,000	1,000,000
FXI	500,000	1,000,000
HYG	250,000	500,000
XLF	250,000	500,000

The Exchange notes that the proposed position limits for options on EFA and FXI are consistent with existing position limits for options on the iShares® Russell 2000 ETF (“IWM”) and the iShares® MSCI Emerging Markets ETF (“EEM”), while the proposed limits for options on XLF and HYG are consistent with current position limits for options on the iShares® MSCI Brazil ETF (“EWZ”), iShares® 20+ Year Treasury Bond ETF (“TLT”), and iShares® MSCI Japan ETF (“EWJ”). The Exchange represents that the Underlying ETFs qualify for either 1) the initial listing criteria set forth in Exchange Rule 402(i)(5)(ii) for ETFs holding non-U.S. component securities, or 2) the generic listing standards for series of portfolio depository receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement (“CSA”) is not required, as well as the continued listing criteria in Exchange Rule 403.[5] In compliance with its listing rules, the Exchange also represents that non-

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[5] The Exchange notes that the initial listing criteria for options on ETFs that hold non-U.S. component securities are more stringent than the maintenance listing criteria for those same ETF options. See Exchange Rule 402(i)(5)(ii) and Exchange Rule 403(g).

U.S. component securities that are not subject to a CSA do not, in the aggregate, represent more than 50% of the weight of any of the Underlying ETFs.[6]

Composition and Growth Analysis for Underlying ETFs

As stated above, position (and exercise) limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate the underlying market so as to benefit options positions. The Commission has recognized that these limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market, as well as serve to reduce the possibility for disruption of the options market itself, especially in illiquid classes.[7] The Underlying ETFs as well as the ETF components are highly liquid, and are based on a broad set of highly liquid securities and other reference assets, as demonstrated through the trading statistics presented in this proposal. Indeed, the Commission recognized the liquidity of the securities comprising the underlying interest of SPY and permitted no position limits on SPY options from 2012 through 2018.[8]

To support the proposed position limit increases (and corresponding increase in exercise limits), the Exchange considered both the liquidity of the Underlying ETFs and the component securities of the Underlying ETFs, as well as the availability of economically equivalent products

6 See Exchange Rule 402(i)(5)(ii).

7 See Securities Exchange Act Release No. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012) (SR-NYSEAmex-2012-29).

8 See Securities Exchange Act Release No. 68341 (December 3, 2012), 77 FR 73065 (December 7, 2012) (In the Matter of the Application of Miami International Securities Exchange, LLC for Registration as a National Securities Exchange: Findings, Opinion, and Order of the Commission) (Order that approved MIAX's implementation of the pilot program that ran through 2017, during which there were no position limits for options on SPY). See also Securities Exchange Act Release No. 83349 (May 30, 2018), 83 FR 26123 (June 5, 2018) (SR-MIAX-2018-11). The Exchange notes that throughout the duration of the pilot program it was not aware of any problems created or adverse consequences as a result of the pilot program.

to the overlying options and their respective position limits. For instance, some of the Underlying ETFs are based upon broad-based indices that underlie cash-settled options, and therefore the options on the Underlying ETFs are economically equivalent to the options on those indices, which have no position limits. Other Underlying ETFs are based upon broad-based indices that underlie cash-settled options with position limits reflecting notional values that are larger than current position limits for options on the ETF analogues. For indexes that are tracked by an Underlying ETF but on which there are no options listed, the Exchange believes, based on the liquidity, depth and breadth of the underlying market of the components of the indexes, that each of the indexes referenced by the applicable ETFs would be considered a broad-based index under the Exchange's Rules. Additionally, if in some cases certain position limits are appropriate for the options overlying comparable indexes or basket of securities that the Underlying ETFs track, or are appropriate for those ETFs that track the Underlying Indexes, then those economically equivalent position limits should be appropriate for the options overlying the Underlying ETFs or Indexes.

The Exchange is presenting data collected by Cboe as part of its initial filing to increase position and exercise limits on the Underlying ETFs, that the Commission has approved,[9] following trading statistics regarding shares of and options on the Underlying ETFs, as well as the component securities:

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[9] See supra note 3.

Product	ADV[10] (ETF Shares)	ADV (Option Contracts)	Shares Outstanding (ETFs)[11]	Fund Market Cap (USD)	Total Market Cap of ETF Components[12]
SPY	70.3 million	2.8 million	968.7 million	312.9 billion	29.3 trillion
FXI	26.1 million	196,600	106.8 million	4.8 billion	28.0 trillion
EFA	25.1 million	155,900	928.2 million	64.9 billion	19.3 trillion
HYG	20.0 million	193,700	216.6 million	19.1 billion	906.4 billion[13]
XLF	48.8 million	102,100	793.6 million	24.6 billion	3.8 trillion

The Exchange is presenting the following data collected by Cboe as part of its initial filing, that the Commission has approved,[14] for the same trading statistics, where applicable, as above regarding a sample of other ETFs, as well as the current position limits for options on such ETFs pursuant to Exchange Rule 307, Interpretation and Policy .01, to draw comparisons in support of proposed position limit increases for options on a number of the Underlying ETFs (see further discussion below):

Product	ADV (ETF Shares)	ADV (Option Contracts)	Shares Outstanding (ETFs)	Fund Market Cap (USD)	Total Market Cap of ETF Components	Current Position Limits
QQQ	30.2 million	670,200	410.3 million	88.7 billion	10.1 trillion	1,800,000
EWZ	26.7 million	186,500	233 million	11.3 billion	234.6 billion	500,000
TLT	9.6 million	95,200	128.1 million	17.5 billion	N/A	500,000
EWJ	7.2 million	5,700	236.6 million	14.2 billion	3 trillion	500,000

10 Average daily volume ("ADV") data for ETF shares and options contracts presented below, are for all of 2019. Additionally, reference to ADV in ETF shares and ETF options herein this proposal are for all of 2019, unless otherwise indicated.

11 See Amendment No. 1 to SR-CBOE-2020-015, at page 4, available at https://www.sec.gov/comments/sr-cboe-2020-015/srcboe2020015-7081714-215592.pdf ("Amendment No. 1").

12 See Amendment No. 1, at page 4.

13 See Notice, at note 13.

14 See supra note 3.

The Exchange believes that, overall, the liquidity in the shares of the Underlying ETFs and in the component securities of the Underlying ETFs and in their overlying options, as well as the large market capitalizations and structure of each of the Underlying ETFs support the proposal to increase the position limits for each option class (and corresponding exercise limits). Given the robust liquidity and capitalization in the Underlying ETFs and in the component securities of the Underlying ETFs the Exchange does not anticipate that the proposed increase in position limits and exercise limits would create significant price movements. Also, the Exchange believes the market capitalization of the underlying component securities of the applicable index or reference asset are large enough to adequately absorb potential price movements that may be caused by large trades.

The following analyses for the Underlying ETFs, which MIAX agrees with in support of this proposal, as well as the statistics presented in support thereof, were presented by Cboe in their initial filing, which was approved by the Commission.[15] The Exchange notes that SPY tracks the performance of the S&P 500® Index, which is an index of diversified large cap U.S. companies.[16] It is composed of approximately 500 selected stocks spanning over approximately 24 separate industry groups. The S&P 500® is one of the most commonly followed equity indices, and is widely considered to be the best indicator of stock market performance as a whole. SPY is one of the most actively traded ETFs, and, since 2017,[17] its ADV has increased

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15 See supra note 3.

16 See Supplement dated March 25, 2020 to the Prospectus dated January 16, 2020 for the SPDR® S&P 500® ETF Trust, available at https://www.ssga.com/us/en/individual/etfs/funds/spdr-sp-500-etf-trust-spy.

17 See Securities Exchange Release No. 82931 (March 22, 2018), 83 FR 13323 (March 28, 2018) (SR-MIAX-2018-10) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits). See also supra note 3.

from approximately 64.6 million shares to 70.3 million shares by the end of 2019. Similarly, its ADV in options contracts has increased from 2.6 million to 2.8 million through 2019.[18] As noted, the demand for options trading on SPY has continued to increase, however, the position limits have remained the same, which the Exchange believes may have impacted growth in SPY option volume from 2017 through 2019. The Exchange also notes that SPY shares are more liquid than Invesco QQQ Trust[SM] ("QQQ") shares, which are also currently subject to a position limit of 1,800,000 contracts. Specifically, SPY currently experiences over twice the ADV in shares and over four times the ADV in options than that of QQQ.[19]

EFA tracks the performance of MSCI EAFE Index, which is comprised of over 900 large and mid-cap securities across 21 developed markets, including countries in Europe, Australia and the Far East, excluding the U.S. and Canada.[20] The Exchange notes that from 2017 through 2019, ADV has grown significantly in shares of EFA and in options on EFA, from approximately 19.4 million shares in 2017 to 25.1 million through 2019, and from approximately 98,800 options contracts in 2017 to 155,900 through 2019. The Exchange notes that options are available for trading on Cboe on the MXEA, the analogue index (also subject to a proposed position limit increase described in the Cboe proposal), which was subject to a position limit of 25,000 contracts. Utilizing the notional value comparison of EFA's share price of $69.44 and MXEA's index level of 2036.94, approximately 29 EFA option contracts equal one MXEA option contract. Based on the above comparison of notional values, a position limit for EFA

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18 See Securities Exchange Act Release No. 83349 (May 30, 2018), 83 FR 26123 (June 5, 2018) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits) (SR-MIAX-2018-11).

19 The 2019 ADV for QQQ shares is 30.2 million and for options on QQQ is 670,200.

20 See iShares MSCI EAFE ETF, available at https://www.ishares.com/us/products/239623/ishares-msci-eafe-etf (April 30, 2020).

options that would be economically equivalent to that of MXEA options equates to 725,000 contracts (currently) and 1,450,000 (for Cboe's proposed – and approved – 50,000 contracts position limit increase for MXEA options). Also, MXEA index options have an ADV of 594 options contracts, which equates to an ADV of 17,226 EFA options contracts (as that is 29 times the size of 594). EFA options, which are more actively traded and held than MXEA options, are currently subject to a position limit of 500,000 options contracts despite their much higher ADV of approximately 156,700 options contracts.

FXI tracks the performance of the FTSE China 50 Index, which is composed of the 50 largest Chinese stocks.[21] FXI shares and options have also experienced increased liquidity since 2017, as ADV has grown from approximately 15.1 million shares in 2017 to 26.1 million through 2019, as well as approximately 71,900 options contracts in 2017 to 196,600 through 2019. Although there are currently no options on the FTSE China 50 Index listed for trading, the components of the FTSE China 50 Index, which can be used to create a basket of stocks that equate to the FXI ETF, currently have a market capitalization of approximately $28 trillion and FXI has a market capitalization of $4.8 billion (as indicated above), which the Exchange believes are both large enough to absorb potential price movements caused by a large trade in FXI.

XLF invests in a wide array of financial service firms with diversified business lines ranging from investment management to commercial and investment banking. It generally corresponds to the price and yield performance of publicly traded equity securities of companies in the SPDR Financial Select Sector Index.[22] XLF experiences ADV in shares and in options that is significantly greater that the ADV in shares and options for EWZ (26.7 million shares and

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21 See iShares China Large-Cap ETF, available at https://www.ishares.com/us/products/239536/ishares-china-largecap-etf (April 30, 2020).

22 See Select Sector SPDR ETFs, XLF, available at http://www.sectorspdr.com/sectorspdr/sector/xlf (April 30, 2020).

186,500 options contracts), TLT (9.6 million shares and 95,200 options contracts), and EWJ (7.2 million shares and 5,700 options contracts), each of which already have a position limit of 500,000 contracts – the proposed position limit for XLF options. Although there are no options listed on the SPDR Financial Select Sector Index listed for trading, the components of the index, which can be used to create a basket of stocks that equate to the XLF ETF, currently have a market capitalization of $3.8 trillion (indicated above). Additionally, XLF has a market capitalization of $24.6 billion. The Exchange believes that both of these are large enough to absorb potential price movements caused by a large trade in XLF.

Finally, HYG attempts to track the investment results of Markit iBoxx® USD Liquid High Yield Index, which is composed of U.S. dollar-denominated, high-yield corporate bonds and is one of the most widely used high-yield bond ETFs.[23] HYG experiences significantly higher ADV in shares and options than both TLT (9.6 million shares and 95,200 options contracts), and EWJ (7.2 million shares and 5,700 options contracts), which are currently subject to a position limit of 500,000 options contracts – the proposed limit for options on HYG. While HYG does not have an index option analogue listed for trading, the Exchange believes that its market capitalization of $19.1 billion, and of $906.4 billion in component securities, is adequate to absorb a potential price movement that may be caused by large trades in HYG.

Creation and Redemption for ETFs

The Exchange believes that the creation and redemption process for ETFs will lessen the potential for manipulative activity with options on the Underlying ETFs. When an ETF provider wants to create more shares, it looks to an Authorized Participant (generally a market maker or

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23 See iShares iBoxx $ High Yield Corporate Bond ETF, available at https://www.ishares.com/us/products/239565/ishares-iboxx-high-yield-corporatebond- etf (April 30, 2020).

other large financial institution) to acquire the securities the ETF is to hold. For instance, when an ETF is designed to track the performance of an index, the Authorized Participant can purchase all the constituent securities in the exact same weight as the index, then deliver those shares to the ETF provider. In exchange, the ETF provider gives the Authorized Participant a block of equally valued ETF shares, on a one-for-one fair value basis. The price is based on the net asset value, not the market value at which the ETF is trading. The creation of new ETF units can be conducted during an entire trading day, and is not subject to position limits. This process works in reverse where the ETF provider seeks to decrease the number of shares that are available to trade. The creation and redemption process, therefore, creates a direct link to the underlying components of the ETF, and serves to mitigate potential price impact of the ETF shares that might otherwise result from increased position limits for the ETF options.

The Exchange understands that the ETF creation and redemption process seeks to keep an ETF's share price trading in line with the ETF's underlying net asset value. Because an ETF trades like a stock, its share price will fluctuate during the trading day, due to simple supply and demand. If demand to buy an ETF is high, for instance, the ETF's share price might rise above the value of its underlying securities. When this happens, the Authorized Participant believes the ETF may now be overpriced, so it may buy shares of the component securities and then sell ETF shares in the open market (i.e. creations). This may drive the ETF's share price back toward the underlying net asset value. Likewise, if the ETF share price starts trading at a discount to the securities it holds, the Authorized Participant can buy shares of the ETF and redeem them for the underlying securities (i.e. redemptions). Buying undervalued ETF shares may drive the share price of the ETF back toward fair value. This arbitrage process helps to keep an ETF's share price in line with the value of its underlying portfolio.

Surveillance and Reporting Requirements

The Exchange believes that increasing the position limits for the options on the Underlying ETFs would lead to a more liquid and competitive market environment for these options, which will benefit customers interested in trading these products. The reporting requirement for the options on the Underlying ETFs would remain unchanged. Thus, the Exchange would still require that each Member[24] that maintains positions in the options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information would include, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market Makers would continue to be exempt from this reporting requirement, however, the Exchange may access Market Maker position information.[25] Moreover, the Exchange's requirement that Members file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more options contracts of any single class for the previous day will remain at this level for the options subject to this proposal and will continue to serve as an important part of the Exchange's surveillance efforts.[26]

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange and other SROs are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate

24 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.

25 The Options Clearing Corporation ("OCC") through the Large Option Position Reporting ("LOPR") system acts as a centralized service provider for Member compliance with position reporting requirements by collecting data from each Member, consolidating the information, and ultimately providing detailed listings of each Member's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA").

26 See Exchange Rule 310.

surveillances in place to detect potential manipulation, as well as reviews in place to identify potential changes in composition of the Underlying ETFs and continued compliance with the Exchange's listing standards. These procedures utilize daily monitoring of market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable.[27] The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,[28] which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes.

The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in the options on the Underlying ETFs. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a Member must maintain for a large position held by itself or by its customer.[29] In addition, Rule 15c3-1[30] imposes a capital charge on Members to the extent of any margin deficiency resulting from the higher margin requirement.

Additionally, the Exchange proposes to make minor non-substantive technical changes to the charts in Interpretations and Policies .01 of both Exchange Rules 307 and 309 to reflect the current names of the underlying securities listed therein. Specifically, the Exchange proposes to update the names of the following ETFs to reflect the current names in the prospectus for each: Powershares QQQ Trust; iShares China Large-Cap ETF; iShares MSCI EAFE ETF; iShares

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27 The Exchange believes these procedures have been effective for the surveillance of trading the options subject to this proposal, and will continue to employ them.

28 17 CFR 240.13d-1.

29 See Exchange Rule 1502 for a description of margin requirements.

30 17 CFR 240.15c3-1.

MSCI Brazil Capped ETF; iShares 20+ Year Treasury Bond Fund ETF; and the iShares MSCI Japan ETF.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[31] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[32] requirements that the rules of an exchange be 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 mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[33] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed increase in position limits for options on the Underlying ETFs will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. The proposed increases will allow market participants to more fully implement hedging strategies in related derivative products and to further use options to

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[31] 15 U.S.C. 78f(b).

[32] 15 U.S.C. 78f(b)(5).

[33] Id.

achieve investment strategies (e.g., there are Exchange-Traded Products ("ETPs") that use options on the Underlying ETFs as part of their investment strategy, and the applicable position limits (and corresponding exercise limits) as they stand today may inhibit these ETPs in achieving their investment objectives, to the detriment of investors). Also, increasing the applicable position limits may allow Market Makers to provide the markets for these options with more liquidity in amounts commensurate with increased consumer demand in such markets. The proposed position limit increases may also encourage other liquidity providers to shift liquidity, as well as encourage consumers to shift demand, from OTC markets onto the Exchange, which will enhance the process of price discovery conducted on the Exchange through increased order flow.

In addition, the Exchange believes that the structure of the Underlying ETFs, the considerable market capitalization of the funds, underlying component securities, and the liquidity of the markets for the applicable options and underlying component securities will mitigate concerns regarding potential manipulation of the products and/or disruption of the underlying markets upon increasing the relevant position limits. As a general principle, increases in market capitalizations, active trading volume, and deep liquidity of securities do not lead to manipulation and/or disruption. This general principle applies to the recently observed increased levels of market capitalization, trading volume, and liquidity in shares of the Underlying ETFs, and the components of the Underlying ETFs (as described above), the Exchange does not believe that the options markets or underlying markets would become susceptible to manipulation and/or disruption as a result of the proposed position limit increases. Indeed, the Commission has previously expressed the belief that removing position and exercise limits may bring additional depth and liquidity to the options markets without increasing concerns regarding intermarket manipulation or disruption of the options or the underlying securities.[34]

Further, the Exchange notes that the proposed rule change to increase position limits for select actively traded options, is not novel and has been previously approved by the Commission. The proposed increase to the position and exercise limits on the Underlying ETFs has recently been approved by the Commission.[35] The Commission has also previously approved, on a pilot basis, eliminating position limits for options on SPY.[36] Additionally, the Commission has approved similar proposed rule changes by the Exchange to increase position limits for options on highly liquid, actively traded ETFs.[37] In approving the permanent elimination of position (and exercise limits) for such options, the Commission relied heavily upon the exchange's surveillance capabilities, expressing trust in the enhanced surveillances and reporting safeguards that the exchange took in order to detect and deter possible manipulative behavior which might arise from eliminating position and exercise limits.

Furthermore, the Exchange again notes that that the proposed position limits for options on EFA and FXI are consistent with existing position limits for options on IWM and EEM, and the proposed limits for options on XLF and HYG are consistent with current position limits for options on EWZ, TLT, and EWJ.

The Exchange's surveillance and reporting safeguards continue to be designed to deter and detect possible manipulative behavior that might arise from increasing or eliminating position and exercise limits in certain classes. The Exchange believes that the current financial

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[34] See Securities Exchange Act Release No. 62147 (October 28, 2005) (SR-CBOE-2005-41), at 62149.

[35] See supra note 3.

[36] See supra notes 7 and 8.

[37] See supra note 18.

requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged position in the options on the Underlying ETFs, further promoting just and equitable principles of trading, the maintenance of a fair and orderly market, and the protection of investors.

Finally, the Exchange believes the proposed technical changes to the names and symbols of certain ETFs in both tables in Interpretations and Policies .01 to Exchange Rules 307 and 309 promotes just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes make clarifying edits to the names and symbols for certain ETFs to provide uniformity throughout the Exchange's rules. The Exchange believes that these proposed changes will provide greater clarity to Members and the public regarding the Exchange's rules and that it is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the increased position limits (and exercise limits) will be available to all market participants and apply to each in the same manner. The Exchange believes that the proposed rule change will provide additional opportunities for market participants to more efficiently achieve their investment and trading objectives of market participants.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the Act. On the contrary, the Exchange believes the proposal promotes competition because it may attract additional order flow from the OTC market to exchanges, which would in turn compete amongst each other for those orders.[38] The Exchange believes market participants would benefit from being able to trade options with increased position limits in an exchange environment in several ways, including but not limited to the following: (1) enhanced efficiency in initiating and closing out position; (2) increased market transparency; and (3) heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor. The Exchange understands that other options exchanges intend to file similar proposed rule changes with the Commission to increase position limits on options on the Underlying ETFs. This may further contribute to fair competition among exchanges for multiply listed options.

The proposed changes to the names and symbols of certain ETFs will have no impact on competition as they are not designed to address any competitive issues but rather are designed to remedy minor non-substantive issues and provide added clarity to the rule text of Exchange Rules 307 and 309. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal does not address any competitive issues and is intended to protect investors by providing further clarity regarding the Exchange's rules.

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.

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[38] Additionally, several other options exchange have the same position limits as the Exchange, as they incorporate by reference to the Exchange's position limits, and as a result the position limits for options on the Underlying ETFs will increase at those exchanges. For example, Nasdaq Options position limits are determined by the position limits established by the Exchange. See Nasdaq Stock Market LLC Rules, Options 9, Sec. 13 (Position Limits).

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[39] and Rule 19b-4(f)(6)[40] 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

39 15 U.S.C. 78s(b)(3)(A).

40 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.

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MIAX-2020-10 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-2020-10. 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-2020-10 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.[41]

Vanessa Countryman
Secretary

[41] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

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Rule 307. Position Limits

(a) - (f) No change.

Interpretations and Policies:

.01 The position limits applicable to option contracts on the securities listed in the chart below are as follows:

Security Underlying Option	Position Limit
SPDR® Dow Jones® Industrial Average^{SM} ETF Trust ("DIA")	300,000 contracts
SPDR® S&P 500® ETF Trust ("SPY")	3,600,000[1,800,000] contracts
iShares® Russell 2000 ETF ("IWM")	1,000,000 contracts
iShares® MSCI Emerging Markets ETF ("EEM")	1,000,000 contracts
Invesco[Powershares] QQQ[TM] Trust^{SM} ("QQQ")	1,800,000 contracts
iShares® China Large-Cap ETF ("FXI")	1,000,000[500,000] contracts
iShares® MSCI EAFE ETF ("EFA")	1,000,000[500,000] contracts
iShares® MSCI Brazil [Capped]ETF ("EWZ")	500,000 contracts
iShares® 20+ Year Treasury Bond [Fund]ETF ("TLT")	500,000 contracts
iShares® MSCI Japan ETF ("EWJ")	500,000 contracts

iShares® iBoxx® $ High Yield Corporate Bond ETF (“HYG”)	500,000 contracts
Financial Select Sector SPDR® Fund (“XLF”)	500,000 contracts

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Rule 309. Exercise Limits

(a) - (d) No change.

Interpretations and Policies:

.01 The exercise limits applicable to option contracts on the securities listed in the chart below are as follows:

Security Underlying Option	Exercise Limit
SPDR® Dow Jones® Industrial Average℠ ETF Trust (“DIA”)	300,000 contracts
SPDR® S&P 500® ETF Trust (“SPY”)	3,600,000[1,800,000] contracts
iShares® Russell 2000 ETF (“IWM”)	1,000,000 contracts
iShares® MSCI Emerging Markets ETF (“EEM”)	1,000,000 contracts
Invesco[Powershares] QQQ[TM] Trust℠ (“QQQ”)	1,800,000 contracts
iShares® China Large-Cap ETF (“FXI”)	1,000,000[500,000] contracts
iShares® MSCI EAFE ETF (“EFA”)	1,000,000[500,000] contracts
iShares® MSCI Brazil [Capped]ETF (“EWZ”)	500,000 contracts
iShares® 20+ Year Treasury Bond [Fund]ETF (“TLT”)	500,000 contracts
iShares® MSCI Japan ETF (“EWJ”)	500,000 contracts
iShares® iBoxx® $ High Yield Corporate Bond ETF (“HYG”)	500,000 contracts

<u>Financial Select Sector SPDR® Fund (“XLF”)</u>	<u>500,000 contracts</u>

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