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

File No. \* SR 2022 - \* 13

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

Amend Exchange Rule 518 to change the value used in the calculation that determines whether a complex order is eligible to initiate a Complex Auction

**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 \* Greg Last Name \* Ziegler

Title \* Senior Counsel

E-mail \* gziegler@miaxoptions.com

Telephone \* (609) 897-1483 Fax

**Signature**

Pursuant to the requirements of the Securities Exchange of 1934, Miami International Securities Exchange, L has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 04/01/2022 (Title \*)

By Gregory P. Ziegler Senior Counsel  
(Name \*)

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

*Gregory Ziegler* Date: 2022.04.01 15:47:04 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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SR-MIAX-2022-13 19b4 20220328.docx

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

**Exhibit 1 - Notice of Proposed Rule Change \***

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SR-MIAX-2022-13 Exhibit 1.docx

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 Advanced Notice by Clearing Agencies \***

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

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

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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 Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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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 Sent As Paper Document

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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SR-MIAX-2022-13 Exhibit 5.docx

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

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**1. Text of the Proposed Rule Change**

(a) Miami International Securities Exchange, LLC (“MIAX” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend Exchange Rule 518, Complex Orders.

Notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

**2. Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by the Chief Executive Officer of the Exchange or his designee pursuant to authority delegated by the MIAX Board of Directors on January 28, 2021. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Gregory P. Ziegler, Vice President and Senior Counsel, at (609) 897-1483.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

### 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

#### a. Purpose

The Exchange proposes to amend Exchange Rule 518, Complex Orders, to change the value used in the calculation that determines whether a complex order is eligible to initiate a Complex Auction.<sup>3</sup>

Currently the Exchange uses the following methods to determine whether a complex order is qualified to initiate a Complex Auction:

#### Initial Improvement Percentage (“IIP”)

For complex orders received prior to the opening of all individual components of a complex strategy, the System<sup>4</sup> will calculate an IIP value, which is a defined percentage of the current dcMBBO<sup>5</sup> bid/ask differential once all of the components of the complex strategy have opened. Such percentage will be defined by the Exchange and communicated to Members<sup>6</sup> via

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<sup>3</sup> Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an “eligible class”). Upon evaluation as set forth in subparagraph (c)(5) of Exchange Rule 518, the Exchange may determine to automatically submit a Complex Auction-eligible order into a Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses (“RFR”). See Exchange Rule 518(d).

<sup>4</sup> The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

<sup>5</sup> The Displayed Complex MIAX Best Bid or Offer (“dcMBBO”) is calculated using the best displayed price for each component of a complex strategy from the Simple Order Book. For stock-option orders, the dcMBBO for a complex strategy will be calculated using the Exchange’s best displayed bid or offer in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(8).

<sup>6</sup> 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.

Regulatory Circular.<sup>7</sup> If a Complex Auction-eligible order is priced equal to, or improves, the IIP value<sup>8</sup> and is also priced equal to, or improves, other complex orders and/or quotes resting at the top of the Strategy Book, the complex order will be eligible to initiate a Complex Auction.<sup>9</sup>

Upon Receipt Improvement Percentage (“URIP”)

Upon receipt of a complex order when the complex strategy is open, the System will calculate a URIP value, which is a defined percentage of the current dcMBBO bid/ask differential. Such percentage will be defined by the Exchange and communicated to Members via Regulatory Circular.<sup>10</sup> If a Complex Auction-eligible order is priced equal to, or improves, the URIP value<sup>11</sup> and is also priced to improve other complex orders and/or quotes resting at the top of the Strategy Book, the complex order will be eligible to initiate a Complex Auction.<sup>12</sup>

Re-evaluation Improvement Percentage (“RIP”)

Upon evaluation of a complex order resting at the top of the Strategy Book, the System will calculate a Re-evaluation Improvement Percentage (“RIP”) value, which is a defined percentage of the current dcMBBO bid/ask differential. Such percentage will be defined by the Exchange and communicated to Members via Regulatory Circular.<sup>13</sup> If a complex order resting

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<sup>7</sup> See MIAX Options Regulatory Circular 2016-48, MIAX Complex Auction Initiating Percentages (October 20, 2016) available at [https://www.miaxoptions.com/sites/default/files/circular-files/MIAX\\_RC\\_2016\\_48.pdf](https://www.miaxoptions.com/sites/default/files/circular-files/MIAX_RC_2016_48.pdf).

<sup>8</sup> The Initial Improvement Percentage (“IIP”) is currently set to 70%. See Id.

<sup>9</sup> See Policy .03(a) of Exchange Rule 518.

<sup>10</sup> See supra note 7.

<sup>11</sup> The Upon Receipt Improvement Percentage (“URIP”) is currently set to 70%. See supra note 7.

<sup>12</sup> See Policy .03(b) of Exchange Rule 518.

<sup>13</sup> See supra note 7.

at the top of the Strategy Book is priced equal to, or improves, the RIP value,<sup>14</sup> the complex order will be eligible to initiate a Complex Auction.<sup>15</sup>

### Proposal

The Exchange now proposes to replace the dcMBBO bid/ask differential with the cNBBO<sup>16</sup> bid/ask differential in the calculations described above for IIP, URIP, and RIP, respectively. The dcMBBO is calculated using the displayed price for each component of a complex strategy from the Simple Order Book<sup>17</sup> on the Exchange, whereas the cNBBO is calculated using the NBBO<sup>18</sup> for each component of a complex strategy to establish the best net bid and offer for a complex strategy.<sup>19</sup> The Exchange believes that using the cNBBO will reduce the number of auctions generated by the Exchange System which do not receive responses or result in price improvement for the initiating order. The cNBBO, which includes the best away markets as well as the MBBO for each component of a complex strategy, will always be equal to or better than the dcMBBO, which includes the MBBO for each component of a complex strategy. The component prices contained in the cNBBO provide a more accurate indicator of

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<sup>14</sup> The Re-evaluation Improvement Percentage (“RIP”) is currently set to 80%. See supra note 7.

<sup>15</sup> See Policy .03(c) of Exchange Rule 518.

<sup>16</sup> The Complex National Best Bid or Offer (“cNBBO”) is calculated using the NBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy. For stock-option orders, the cNBBO for a complex strategy will be calculated using the NBBO in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(2).

<sup>17</sup> The “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

<sup>18</sup> The term “NBBO” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from the appropriate Securities Information Processor (“SIP”). See Exchange Rule 518(a)(14).

<sup>19</sup> See supra note 5.

the overall market interest in each component, and therefore, provides a more accurate indicator of the overall market interest in the complex strategy. The Exchange believes that this will result in a reduction of the overall number of Complex Auctions initiated on the Exchange but will in turn increase the percentage of Complex Auctions that result in price improvement, as the auction start price will be more closely aligned to prevailing market prices.

#### Implementation

The Exchange proposes to implement the proposed rule change in the second quarter of 2022. The Exchange will announce the implementation date to its Members via Regulatory Circular.

#### b. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>20</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>21</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that its proposal to use the cNBBO instead of the dcMBBO in the calculation used to determine whether a complex order is qualified to initiate a Complex Auction promotes just and equitable principles of trade and removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects

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<sup>20</sup> 15 U.S.C. 78f(b).

<sup>21</sup> 15 U.S.C. 78f(b)(5).

investors and the public interest as using the cNBBO provides a better measure of the current market and is more likely to result in price improvement for the initiating order as the cNBBO is calculated using the NBBO (which in turn is calculated by taking the best prices of all exchanges into consideration)<sup>22</sup> for each component of a complex strategy to establish the best net bid and offer for a complex strategy,<sup>23</sup> and therefore is more representative of the prevailing market interest and market prices. The example below demonstrates the difference between the current and proposed calculations.

### Example 1

(Current Auction Evaluation Based on dcMBBO)

Reevaluation Improvement Percentage (RIP) for a complex order at the best price on the Strategy Book<sup>24</sup> subject to dcMBBO.

RIP = 80%

MBBO:<sup>25</sup> Option A 2.00 x 2.10

MBBO: Option B 1.05 x 1.20

Strategy +1A -1B = (2.00-1.20) x (2.10-1.05)

dcMBBO = 0.80 x 1.05

A complex order is resting on the Strategy Book to buy 1 Strategy at a price of 1.00. Upon reevaluation of the Strategy Book it is determined the complex order to buy at 1.00 improves the Strategy bid by 0.20; (1.00-0.80). The improvement percentage is then calculated as the 0.20 improvement divided by the Strategy bid/offer spread; (1.05-0.80), in this case resulting in 80% improvement. Because the 80% improvement equals the configured RIP of 80% an auction is initiated.

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<sup>22</sup> See supra note 19.

<sup>23</sup> See supra note 16

<sup>24</sup> The “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

<sup>25</sup> The term “MBBO” means the best bid or offer on the Exchange. See Exchange Rule 100.



Example 2

(Proposed Auction Evaluation Based on cNBBO)

Reevaluation Improvement Percentage (RIP) for a complex order at the best price on the Strategy Book subject to cNBBO.

RIP = 80%

NBBO: Option A 2.05 x 2.10

NBBO: Option B 1.05 x 1.10

Strategy +1A -1B = (2.05-1.10) x (2.10-1.05)

cNBBO = 0.95 x 1.05

A complex order is resting on the Strategy Book to buy 1 Strategy at a price of 1.00. Upon reevaluation of the Strategy Book it is determined the complex order to buy at 1.00 improves the Strategy bid by 0.05; (1.00-0.95). The improvement percentage is then calculated as the 0.05 improvement divided by the Strategy bid/offer spread; (1.05-0.95), in this case resulting in 50% improvement. Because the 50% improvement is less than the configured RIP of 80% an auction is not initiated.

The Exchange believes that using the cNBBO in its calculation to determine whether a complex order is qualified to initiate a Complex Auction will reduce the number of Complex Auctions initiated by the Exchange System<sup>26</sup> which do not receive responses. Using the cNBBO instead of the dcMBBO better reflects the current state of the market and may result in Complex Auctions that receive responses which in turn may result in price improvement for the initiating order.

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

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<sup>26</sup> The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

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 that the proposed rule change to replace the dcMBBO value with the cNBBO value in the calculation used to determine whether a complex order is qualified to initiate a Complex Auction will impose any burden on inter-market competition.

The Exchange believes its proposal may benefit competition as using the cNBBO in the calculation better reflects current market prices and may result in the initiation of Complex Auctions which result in price improvement for the initiating order. The Exchange believes the proposed rule change will enhance competition among the various markets for complex order execution, potentially resulting in more active complex order trading on all exchanges.

Additionally, the Exchange believes that this change will result in a reduction of the overall number of Complex Auctions initiated on the Exchange but will in turn increase the percentage of auctions that result in price improvement, as the auction start price will be more closely aligned to prevailing market prices.

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition as all complex orders submitted to the Exchange will be evaluated, and re-evaluated, equally under the Exchange's Rules.

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

No written comments were either solicited or received.

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

Not applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act<sup>27</sup> and Rule 19b-4(f)(6)<sup>28</sup> thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange does not believe its proposal to replace the dcMBBO value with the cNBBO value in the calculation used to determine whether a complex order is qualified to initiate a Complex Auction significantly impacts the protection of investors or the public interest. Conversely, the Exchange believes that its proposal benefits investors and the public interest by improving its calculation which may result in the generation of Complex Auctions which result in price improvement for the initiating order. The Exchange believes that its proposal will result in a reduction of the overall number of Complex Auctions initiated on the Exchange but will in turn increase the percentage of auctions that result in price improvement, as the auction start price will be more closely aligned to prevailing market prices.

The Exchange does not believe its proposal will impose any significant burden on competition as its proposal simply improves an existing calculation. The Exchange believes its proposal will enhance competition among the various markets for complex order execution, potentially resulting in more active complex order trading on all exchanges. Additionally, the Exchange believes its proposal will make the Exchange more competitive with other options exchanges that offer complex auctions.

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<sup>27</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>28</sup> 17 CFR 240.19b-4(f)(6).

Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act<sup>29</sup> and Rule 19b-4(f)(6) thereunder.<sup>30</sup>

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.

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**

Not applicable.

**9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**11. Exhibits**

1. Notice of proposed rule for publication in the Federal Register.

5. Text of proposed rule change.

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<sup>29</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>30</sup> 17 CFR 240.19b-4(f)(6).

**EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-MIAX-2022-13)

April \_\_\_\_\_, 2022

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

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 1, 2022, Miami International Securities Exchange, LLC (“MIAX Options” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing a proposal to amend Exchange Rule 518, Complex Orders.

The text of the proposed rule change is available on the Exchange’s website at

<http://www.miaxoptions.com/rule-filings/> at MIAX Options’ principal office, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Exchange Rule 518, Complex Orders, to change the value used in the calculation that determines whether a complex order is eligible to initiate a Complex Auction.<sup>3</sup>

Currently the Exchange uses the following methods to determine whether a complex order is qualified to initiate a Complex Auction:

Initial Improvement Percentage (“IIP”)

For complex orders received prior to the opening of all individual components of a complex strategy, the System<sup>4</sup> will calculate an IIP value, which is a defined percentage of the current dcMBBO<sup>5</sup> bid/ask differential once all of the components of the complex strategy have

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<sup>3</sup> Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an “eligible class”). Upon evaluation as set forth in subparagraph (c)(5) of Exchange Rule 518, the Exchange may determine to automatically submit a Complex Auction-eligible order into a Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses (“RFR”). See Exchange Rule 518(d).

<sup>4</sup> The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

<sup>5</sup> The Displayed Complex MIAX Best Bid or Offer (“dcMBBO”) is calculated using the best displayed price for each component of a complex strategy from the Simple Order Book. For stock-option orders, the dcMBBO for a complex strategy will be calculated using the Exchange’s best displayed bid or offer in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(8).

opened. Such percentage will be defined by the Exchange and communicated to Members<sup>6</sup> via Regulatory Circular.<sup>7</sup> If a Complex Auction-eligible order is priced equal to, or improves, the IIP value<sup>8</sup> and is also priced equal to, or improves, other complex orders and/or quotes resting at the top of the Strategy Book, the complex order will be eligible to initiate a Complex Auction.<sup>9</sup>

Upon Receipt Improvement Percentage (“URIP”)

Upon receipt of a complex order when the complex strategy is open, the System will calculate a URIP value, which is a defined percentage of the current dcMBBO bid/ask differential. Such percentage will be defined by the Exchange and communicated to Members via Regulatory Circular.<sup>10</sup> If a Complex Auction-eligible order is priced equal to, or improves, the URIP value<sup>11</sup> and is also priced to improve other complex orders and/or quotes resting at the top of the Strategy Book, the complex order will be eligible to initiate a Complex Auction.<sup>12</sup>

Re-evaluation Improvement Percentage (“RIP”)

Upon evaluation of a complex order resting at the top of the Strategy Book, the System will calculate a Re-evaluation Improvement Percentage (“RIP”) value, which is a defined percentage of the current dcMBBO bid/ask differential. Such percentage will be defined by the

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<sup>6</sup> 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.

<sup>7</sup> See MIAX Options Regulatory Circular 2016-48, MIAX Complex Auction Initiating Percentages (October 20, 2016) available at [https://www.miaxoptions.com/sites/default/files/circular-files/MIAX\\_RC\\_2016\\_48.pdf](https://www.miaxoptions.com/sites/default/files/circular-files/MIAX_RC_2016_48.pdf).

<sup>8</sup> The Initial Improvement Percentage (“IIP”) is currently set to 70%. See Id.

<sup>9</sup> See Policy .03(a) of Exchange Rule 518.

<sup>10</sup> See supra note 7.

<sup>11</sup> The Upon Receipt Improvement Percentage (“URIP”) is currently set to 70%. See supra note 7.

<sup>12</sup> See Policy .03(b) of Exchange Rule 518.

Exchange and communicated to Members via Regulatory Circular.<sup>13</sup> If a complex order resting at the top of the Strategy Book is priced equal to, or improves, the RIP value,<sup>14</sup> the complex order will be eligible to initiate a Complex Auction.<sup>15</sup>

### Proposal

The Exchange now proposes to replace the dcMBBO bid/ask differential with the cNBBO<sup>16</sup> bid/ask differential in the calculations described above for IIP, URIP, and RIP, respectively. The dcMBBO is calculated using the displayed price for each component of a complex strategy from the Simple Order Book<sup>17</sup> on the Exchange, whereas the cNBBO is calculated using the NBBO<sup>18</sup> for each component of a complex strategy to establish the best net bid and offer for a complex strategy.<sup>19</sup> The Exchange believes that using the cNBBO will reduce the number of auctions generated by the Exchange System which do not receive responses or result in price improvement for the initiating order. The cNBBO, which includes the best away markets as well as the MBBO for each component of a complex strategy, will always be equal to or better than the dcMBBO, which includes the MBBO for each component of a complex

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<sup>13</sup> See supra note 7.

<sup>14</sup> The Re-evaluation Improvement Percentage (“RIP”) is currently set to 80%. See supra note 7.

<sup>15</sup> See Policy .03(c) of Exchange Rule 518.

<sup>16</sup> The Complex National Best Bid or Offer (“cNBBO”) is calculated using the NBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy. For stock-option orders, the cNBBO for a complex strategy will be calculated using the NBBO in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(2).

<sup>17</sup> The “Simple Order Book” is the Exchange’s regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

<sup>18</sup> The term “NBBO” means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from the appropriate Securities Information Processor (“SIP”). See Exchange Rule 518(a)(14).

<sup>19</sup> See supra note 5.



strategy. The component prices contained in the cNBBO provide a more accurate indicator of the overall market interest in each component, and therefore, provides a more accurate indicator of the overall market interest in the complex strategy. The Exchange believes that this will result in a reduction of the overall number of Complex Auctions initiated on the Exchange but will in turn increase the percentage of Complex Auctions that result in price improvement, as the auction start price will be more closely aligned to prevailing market prices.

### Implementation

The Exchange proposes to implement the proposed rule change in the second quarter of 2022. The Exchange will announce the implementation date to its Members via Regulatory Circular.

## 2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>20</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>21</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that its proposal to use the cNBBO instead of the dcMBBO in the calculation used to determine whether a complex order is qualified to initiate a Complex Auction promotes just and equitable principles of trade and removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects

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<sup>20</sup> 15 U.S.C. 78f(b).

<sup>21</sup> 15 U.S.C. 78f(b)(5).

investors and the public interest as using the cNBBO provides a better measure of the current market and is more likely to result in price improvement for the initiating order as the cNBBO is calculated using the NBBO (which in turn is calculated by taking the best prices of all exchanges into consideration)<sup>22</sup> for each component of a complex strategy to establish the best net bid and offer for a complex strategy,<sup>23</sup> and therefore is more representative of the prevailing market interest and market prices. The example below demonstrates the difference between the current and proposed calculations.

### Example 1

(Current Auction Evaluation Based on dcMBBO)

Reevaluation Improvement Percentage (RIP) for a complex order at the best price on the Strategy Book<sup>24</sup> subject to dcMBBO.

RIP = 80%

MBBO:<sup>25</sup> Option A 2.00 x 2.10

MBBO: Option B 1.05 x 1.20

Strategy +1A -1B = (2.00-1.20) x (2.10-1.05)

dcMBBO = 0.80 x 1.05

A complex order is resting on the Strategy Book to buy 1 Strategy at a price of 1.00. Upon reevaluation of the Strategy Book it is determined the complex order to buy at 1.00 improves the Strategy bid by 0.20; (1.00-0.80). The improvement percentage is then calculated as the 0.20 improvement divided by the Strategy bid/offer spread; (1.05-0.80), in this case resulting in 80% improvement. Because the 80% improvement equals the configured RIP of 80% an auction is initiated.

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<sup>22</sup> See supra note 19.

<sup>23</sup> See supra note 16

<sup>24</sup> The “Strategy Book” is the Exchange’s electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

<sup>25</sup> The term “MBBO” means the best bid or offer on the Exchange. See Exchange Rule 100.

Example 2

(Proposed Auction Evaluation Based on cNBBO)

Reevaluation Improvement Percentage (RIP) for a complex order at the best price on the Strategy Book subject to cNBBO.

RIP = 80%

NBBO: Option A 2.05 x 2.10

NBBO: Option B 1.05 x 1.10

Strategy +1A -1B = (2.05-1.10) x (2.10-1.05)

cNBBO = 0.95 x 1.05

A complex order is resting on the Strategy Book to buy 1 Strategy at a price of 1.00. Upon reevaluation of the Strategy Book it is determined the complex order to buy at 1.00 improves the Strategy bid by 0.05; (1.00-0.95). The improvement percentage is then calculated as the 0.05 improvement divided by the Strategy bid/offer spread; (1.05-0.95), in this case resulting in 50% improvement. Because the 50% improvement is less than the configured RIP of 80% an auction is not initiated.

The Exchange believes that using the cNBBO in its calculation to determine whether a complex order is qualified to initiate a Complex Auction will reduce the number of Complex Auctions initiated by the Exchange System<sup>26</sup> which do not receive responses. Using the cNBBO instead of the dcMBBO better reflects the current state of the market and may result in Complex Auctions that receive responses which in turn may result in price improvement for the initiating order.

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

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<sup>26</sup> The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

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 that the proposed rule change to replace the dcMBBO value with the cNBBO value in the calculation used to determine whether a complex order is qualified to initiate a Complex Auction will impose any burden on inter-market competition.

The Exchange believes its proposal may benefit competition as using the cNBBO in the calculation better reflects current market prices and may result in the initiation of Complex Auctions which result in price improvement for the initiating order. The Exchange believes the proposed rule change will enhance competition among the various markets for complex order execution, potentially resulting in more active complex order trading on all exchanges.

Additionally, the Exchange believes that this change will result in a reduction of the overall number of Complex Auctions initiated on the Exchange but will in turn increase the percentage of auctions that result in price improvement, as the auction start price will be more closely aligned to prevailing market prices.

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition as all complex orders submitted to the Exchange will be evaluated, and re-evaluated, equally under 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.

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<sup>27</sup> and Rule 19b-4(f)(6)<sup>28</sup> thereunder.

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

#### IV. Solicitation of Comments

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

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail [to rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2022-13 on the subject line

Paper comments:

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<sup>27</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>28</sup> 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 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-2022-13. 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-2022-13 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.<sup>29</sup>

Vanessa Countryman  
Secretary

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<sup>29</sup> 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 518. Complex Orders**

(a) – (e) No change.

**Interpretations and Policies:**

.01 – .02 No change,

.03 **Improvement Percentages.** The Exchange will use the following methods to determine whether a complex order is qualified to initiate a Complex Auction.

(a) **Initial Improvement Percentage (“IIP”).** For complex orders received prior to the opening of all individual components of a complex strategy, the System will calculate an IIP value, which is a defined percentage of the current [dcMBBO]cNBBO bid/ask differential once all of the components of the complex strategy have opened. Such percentage will be defined by the Exchange and communicated to Members via Regulatory Circular. If a Complex Auction-eligible order is priced equal to, or improves, the IIP value and is also priced equal to, or improves, other complex orders and/or quotes resting at the top of the Strategy Book, the complex order will be eligible to initiate a Complex Auction.

(b) **Upon Receipt Improvement Percentage (“URIP”).** Upon receipt of a complex order when the complex strategy is open, the System will calculate a URIP value, which is a defined percentage of the current [dcMBBO]cNBBO bid/ask differential. Such percentage will be defined by the Exchange and communicated to Members via Regulatory Circular. If a Complex Auction-eligible order is priced equal to, or improves, the URIP value and is also priced to improve other complex orders and/or quotes resting at the top of the Strategy Book, the complex order will be eligible to initiate a Complex Auction.

(c) **Re-evaluation Improvement Percentage (“RIP”).** Upon evaluation of a complex order resting at the top of the Strategy Book, the System will calculate a RIP value, which is a defined percentage of the current [dcMBBO]cNBBO bid/ask differential. Such percentage will be defined by the Exchange and communicated to Members via Regulatory Circular. If a complex order resting at the top of the Strategy Book is priced equal to, or improves, the RIP value, the complex order will be eligible to initiate a Complex Auction.

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