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 email to *rule-comments@sec.gov.* Please include File Number SR–NYSE–2023–07 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR–NYSE–2023–07. This file number should be included on the subject line if email 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 website (*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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSE–2023–07 and should be submitted on or before February 22, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2023–01999 Filed 1–31–23; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–96752; File No. SR–MIAX–2023–01]

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

January 26, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on January 19, 2023, Miami International Securities Exchange, LLC (''MIAX Options'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b–4(f)(6) thereunder.[4] 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 self-regulatory organization 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 self-regulatory organization 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 Rule 518, Complex Orders, to (i) adopt definitions for the terms ''conforming ratio,'' and ''non-conforming ratio;'' (ii) amend the current definition of a complex order to incorporate the proposed conforming and non-conforming ratio definitions; (iii) adopt new subsection (v) to Exchange Rule 518(c)(1) to describe the processing of a complex order with a non-conforming ratio; (iv) amend Exchange Rule 518(c)(2)(ii) to distinguish icMBBO protection for complex orders with conforming ratios and complex orders with non-conforming ratios; and (v) make minor clarifying edits throughout Exchange Rule 518 to distinguish order handling of complex orders with conforming ratios. Additionally, the Exchange proposes to amend Rule 515A, MIAX Price Improvement Mechanism (''PRIME'') and PRIME Solicitation Mechanism, to describe new scenarios which will cause a cPRIME Auction[5] to terminate prior to the end of the RFR period. Finally, the Exchange proposes to update Exchange Rule 515 and Rule 516 to correct internal cross references that have changed as a result of this proposal.

Background

Currently the Exchange defines a ''complex order'' as any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the ''legs'' or ''components'' of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. Mini-options may only be part of a complex order that includes other mini-options. Only those complex orders in the classes designated by the

[14] 17 CFR 200.30–3(a)(12), (59).

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

[2] 17 CFR 240.19b–4.

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

[4] 17 CFR 240.19b–4(f)(6).

[5] Members may use PRIME to execute complex orders at a net price. ''cPRIME'' is the process by which a Member may electronically submit a cPRIME Order (as defined in Rule 518(b)(7)) it represents as agent (a ''cPRIME Agency Order'') against principal or solicited interest for execution (a ''cPRIME Auction''). *See* Exchange Rule 515A, Interpretations and Policies .12(a).

Exchange and communicated to Members [6] via Regulatory Circular with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis and communicated to Members via Regulatory Circular, are eligible for processing.

Proposal

Currently the Exchange will accept a complex order comprised solely of option components in a ratio that is equal to or greater than one-to-three (.333) or less than or equal to three-to-one (3.00).[7] The Exchange now proposes to accept complex orders comprised solely of options with ratios larger than three-to-one or smaller than one-to-three. To support its proposal the Exchange proposes to adopt a definition for a ''conforming ratio'' to refer to complex orders where the ratio between the sizes of the components of a complex order comprised solely of options is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00).[8] Additionally, the Exchange proposes to adopt a definition for a ''non-conforming ratio'' to refer to complex orders where the ratio between the sizes of the components of a complex order comprised solely of options is greater than three-to-one (3.00) or less than one-to-three (.333).[9]

Subsequently, the Exchange proposes to amend Exchange Rule 518(c)(1)(iii) and (c)(1)(iv) to insert the phrase, ''with a conforming ratio,'' to provide additional detail and clarity to the rule text. Specifically, current Rule 518(c)(1)(iii) provides that, ''[i]f any component of a complex strategy would be executed at a price that is equal to a Priority Customer [10] bid or offer on the Simple Order Book, at least one other option component of the complex strategy must trade at a price that is better than the corresponding MBBO.'' [11] The Exchange now proposes to amend this rule to provide that, ''[i]f any component of a complex strategy with a conforming ratio would be executed at a price that is equal to a Priority Customer bid or offer on the Simple Order Book, at least one other option component of the complex strategy must trade at a price that is better than the corresponding MBBO.''

Similarly, current Rule 518(c)(1)(iv) provides that, ''[a] complex order will not be executed at a net price that would cause any option component of the complex strategy to be executed: (A) at a price of zero; or (B) ahead of a Priority Customer Order [12] on the Simple Order Book [13] without improving the MBBO of at least one option component of the complex strategy.'' The Exchange now propose to amend this rule to provide that, ''[a] complex order with a conforming ratio will not be executed at a net price that would cause any option component of the complex strategy to be executed: (A) at a price of zero; or (B) ahead of a Priority Customer Order on the Simple Order Book without improving the MBBO of at least one option component of the complex strategy.'' The proposed changes to Rule 518(c)(1)(iii) and (c)(1)(iv) will make clear that existing complex priority provisions apply only to complex orders with conforming ratios.

The Exchange proposes to renumber current paragraph (c)(1)(v) to new paragraph (c)(1)(vi) and to adopt new paragraph (v) to provide that, ''[a] complex order with a non-conforming ratio will not be executed at a net price that would cause any option component of the complex strategy to be executed: (A) at a price of zero; (B) ahead of a Priority Customer Order at the MBBO on the Simple Order Book; or (C) at a price that is through the NBBO.'' [14] Therefore, a complex order with any ratio less than one-to-three or greater than three-to-one may be executed at a net price only if each leg of the complex order betters the corresponding bid (offer) of a Priority Customer Order(s) on the Simple Order Book, and is not at a price that is through the NBBO. These requirements are consistent with the rules of other option exchanges that process complex orders in the same ratios.[15]

In addition, icMBBO [16] protection will apply to both conforming and non-conforming strategies as executions of complex orders (with either conforming or non-conforming ratios) must comply with Exchange Rule 518(c)(2)(ii).[17] Accordingly, the Exchange proposes to amend Rule 518(c)(2)(ii) to provide additional detail related to pricing for conforming and non-conforming strategies. Specifically, the Exchange proposes to add a clarifying parenthetical statement to the first sentence to clearly differentiate the rules that apply to executions of complex orders with conforming ratios and complex orders with non-conforming rations when there is Priority Customer interest at the MBBO. Specifically, the proposed sentence will state, ''Incoming complex orders and quotes will be executed by the System in accordance with the provisions set forth herein, and will not be executed at prices inferior to the icMBBO or at a price that is equal to the icMBBO when there is a Priority Customer Order (as defined in Rule 100) at the best icMBBO price (complex orders with conforming ratios will be executed in accordance with Rule 518(c)(1)(iv) and complex orders with non-conforming ratios will be executed in accordance with Rule 518(c)(1)(v).'' With this amendment the Exchange represents that the complex order priority rules will protect Priority Customer interest on the Simple Order Book.

The Exchange does not propose to extend the complex order priority afforded to complex orders with conforming ratios to those with non-conforming ratios. Execution of complex orders with conforming ratios will be unchanged under the Exchange's proposal and these orders will continue to not be executed at a net price that would cause any option component of the complex strategy to be executed: (A) at a price of zero; or (B) ahead of a Priority Customer Order on the Simple Order Book without improving the MBBO of at least one option component of the complex strategy.

The Exchange also proposes to amend the current definition of a complex order as described in Rule 518(a)(5) to include the terms conforming or non-conforming ratios as those terms are defined in the Rule.

[6] 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.

[7] *See* Exchange Rule 518(a)(5).

[8] *See* proposed Rule 518(a)(8).

[9] *See* proposed Exchange Rule 518(a)(16).

[10] The term ''Priority Customer'' means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). *See* Exchange Rule 100.

[11] The term ''MBBO'' means the best bid or offer on the Exchange. *See* Exchange Rule 100.

[12] The term ''Priority Customer Order'' means an order for the account of a Priority Customer. *See* Exchange Rule 100.

[13] The ''Simple Order Book'' is the Exchange's regular electronic book of orders and quotes. *See* Exchange Rule 518(a)(15).

[14] The term ''NBBO'' means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from OPRA. *See* Exchange Rule 100.

[15] *See* Cboe Exchange Rule 5.33(f)(2)(A)(iv)(b), and BOX Options Rule 7240(b)(2)(iii).

[16] The Implied Complex MIAX Best Bid or Offer (''icMBBO'') is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. *See* Exchange Rule 518(a)(11).

[17] Exchange Rule 518(c)(2)(ii) provides that incoming complex orders and quotes will be executed by the System in accordance with the provisions set forth in Exchange Rule 518, and will not be executed at prices inferior to the icMBBO or at a price that is equal to the icMBBO when there is a Priority Customer Order (as defined in Rule 100) at the best icMBBO price.

The Exchange also proposes to amend Interpretations and Policies .12(d) of Exchange Rule 515A, MIAX Price Improvement Mechanism (''PRIME'') and PRIME Solicitation Mechanism to adopt two new paragraphs which will describe new scenarios that arise as a result of the Exchange processing complex orders with non-conforming ratios, which will cause a cPRIME Auction to terminate prior to the end of the RFR period.

Currently Interpretations and Policies .12(d) of Exchange Rule 515A, provides that, a cPRIME Auction shall conclude at the sooner of (i) [18] through (vii) as listed in the Rule below with the cPRIME Agency Order executing pursuant to Rule 515A(2)(iii). The Exchange proposes to describe two new scenarios that will terminate a cPRIME Auction prior to the conclusion of the RFR period as subparagraphs (viii) and (ix), as described more fully below. Consequently, the Exchange proposes to amend the first sentence of Interpretations and Policies .12(d) of Exchange Rule 515A to account for the addition of these scenarios. As proposed, the new sentence would provide that, ''[a] cPRIME Auction shall conclude at the sooner of (i) through (ix) below with the cPRIME Agency Order executing pursuant to Rule 515A(2)(iii) below:''

The Exchange proposes to adopt paragraph (viii) to Interpretations and Policies .12(d) of Rule 515A to provide that, ''a Priority Customer Order, eligible to rest on the Simple Order Book, is received on either side of the market as the cPRIME Agency Order with a non-conforming ratio, and causes any component of the cPRIME Agency Order to lock or cross a Priority Customer Order at (A) the best price opposite the cPRIME Agency Order; or (B) the initiating price.'' The Exchange also proposes to adopt paragraph (ix) to provide that, ''the NBBO for a component of a cPRIME Agency Order with a non-conforming ratio updates to a price that would cause any option component of the cPRIME Agency Order to be executed at a price through the NBBO for that series.''

These provisions ensure that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market by preventing a component of an order with a non-conforming ratio from trading ahead of Priority Customer interest or trading through the NBBO.

[18] The end of the RFR Period. *See* Interpretations and Policies .12(d)(i) of Exchange Rule 515A.

Example 1

A Priority Customer Order in a component of the strategy, eligible to rest on the Simple Order Book, is received on the same side of the market as the cPRIME Agency Order with a non-conforming ratio, and causes a component of the cPRIME Agency Order to lock a Priority Customer Order at the best price opposite the cPRIME Agency Order.

MIAX—LMM [19] Sep 50 Call 1.81–1.82 (10 × 10)
MIAX—LMM Sep 55 Call 1.29–1.30 (10 × 10)
MIAX—Priority Customer Sep 55 Call order to sell 10 at 1.30 [20]
Strategy: Buy 1 Sep 50 Call, Sell 1 Sep 55 Call
The icMBBO [21] is 0.51 debit bid and 0.53 credit offer

The Exchange receives a cPRIME Order with a non-conforming ratio with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 0.52, (Buy Sep 50 Call at 1.82, Sell Sep 55 Call at 1.30) 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)

Since the order price is at least $0.01 better than (inside) the icMBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.[22]

A Request for Responses (''RFR'') is broadcast to all subscribers and the RFR period is started.

[19] The term ''Lead Market Maker'' means a Member registered with the Exchange for the purpose of making markets in securities traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of these Rules with respect to Lead Market Makers. When a Lead Market Maker is appointed to act in the capacity of a Primary Lead Market Maker, the additional rights and responsibilities of a Primary Lead Market Maker specified in Chapter VI of these Rules will apply. *See* Exchange Rule 100.

[20] A leg of a non-conforming strategy may not execute ahead of a Priority Customer Order at the MBBO on the Simple Order Book, therefore while there is a Priority Customer Order priced at 1.30 for the Sep 55 Call, the price used for this leg to establish the net price will be 1.29. *See* proposed Exchange Rule 518(c)(1)(v). (The Auction starts as the net price of 0.52 may still be achieved if the other leg in the strategy (Sep 50 Call) can be executed at 1.81.)

[21] The Implied Complex MIAX Best Bid or Offer (''icMBBO'') is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. *See* Exchange Rule 518(a)(11).

[22] The initiating price for a cPRIME Agency Order must be better than (inside) the icMBBO for the strategy and any other complex orders on the Strategy Book. The System will reject cPRIME Agency Orders submitted with an initiating price that is equal to or worse than (outside) the icMBBO or any other complex orders on the Strategy Book. *See* Interpretations and Policies .12(a)(i) of Exchange Rule 515A.

The following responses are received:

- @70 milliseconds MM1 response, cAOC eQuote @0.52 credit sell of 100 arrives

The cPRIME Auction process will continue until the Response Time Interval ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

- @85 milliseconds a Priority Customer simple order bid to pay 1.81 for 10 Sep 50 Calls arrives

Since the pre-existing simple order to sell at 1.30 is Priority Customer, the tradable component prices of the cPRIME Order are 1.81 for the Sep 50 Call and 1.29 for the Sep 55 Call, for a net debit price of 0.52.

However, because the new order to buy at 1.81 is also Priority Customer and causes a tradable component of the cPRIME Agency Order (Sep 50 Call) to lock a Priority Customer Order at the best price opposite the cPRIME Agency Order, the cPRIME Auction will terminate.

The cPRIME Auction is concluded prior to the end of the Response Time Interval to prevent the cPRIME Agency Order from trading ahead of a Priority Customer in any component of the cPRIME Agency Order.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:

- The cPRIME Agency Order buys 400 from the Contra side @0.52
- The cPRIME Agency Order buys 100 from MM1 @0.52

Example 2

A Priority Customer Order in a component of the strategy, eligible to rest on the Simple Order Book, is received on the opposite side of the market from the cPRIME Agency Order with a non-conforming ratio, and causes a component of the cPRIME Agency Order to lock a Priority Customer at the initiating price.

MIAX—LMM Sep 50 Call 1.81–1.82 (10 × 10)
MIAX—LMM Sep 55 Call 1.29–1.30 (10 × 10)
MIAX—Priority Customer Sep 55 Call order to buy 10 at 1.29
Strategy: Buy 1 Sep 50 Call, Sell 1 Sep 55 Call
The icMBBO is 0.51 debit bid and 0.53 credit offer

The Exchange receives a cPRIME Order with a non-conforming ratio with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 0.52, (Buy Sep 50 Call at 1.82, Sell Sep 55 Call at 1.30), 500 times.

(Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)

Since the order price is at least $0.01 better than (inside) the icMBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

A Request for Responses (''RFR'') is broadcast to all subscribers and the RFR period is started.

The following responses are received:

• @70 milliseconds MM1 response, cAOC eQuote @0.52 credit sell of 100 arrives

The cPRIME Auction process will continue until the Response Time Interval ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

• @85 milliseconds a Priority Customer simple order offer to sell at 1.82 for 10 Sep 50 Calls arrives

Since the pre-existing simple order to buy Sep 55 Call at 1.29 is Priority Customer, the tradable component prices of the cPRIME Order are 1.82 for the Sep 50 Call and 1.30 for the Sep 55 Call, for a net debit price of 0.52.

However, because the new order to sell at 1.82 is also Priority Customer and causes a tradable component of the cPRIME Agency Order (Sep 50 Call) to lock a Priority Customer Order at the initiating price; the cPRIME Auction will terminate.

The cPRIME Auction is concluded prior to the end of the Response Time Interval to prevent the cPRIME Agency Order from trading ahead of a Priority Customer in any component of the cPRIME Agency Order.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:

• The cPRIME Agency Order buys 400 from the Contra side @0.52
• The cPRIME Agency Order buys 100 from MM1 @0.52

Example 3

The NBBO for a component of a cPRIME Agency Order with a non-conforming ratio updates to a price that would cause a component to trade through the NBBO.

MIAX—LMM Sep 50 Call 1.81–1.82 (10 × 10)

MIAX—LMM Sep 55 Call 1.29–1.30 (10 × 10)

MIAX—Priority Customer Sep 55 Call order to buy 10 at 1.29

Strategy: Buy 1 Sep 50 Call, Sell 1 Sep 55 Call

The icMBBO is 0.51 debit bid and 0.53 credit offer

The Exchange receives a cPRIME Order with a non-conforming ratio with the cPRIME Agency Order representing the purchase of the Strategy at a net debit of 0.52, (Buy Sep 50 Call at 1.82, Sell Sep 55 Call at 1.30), 500 times. (Auto-match is not enabled and there are no orders for the Strategy on the Strategy Book.)

Since the order price is at least $0.01 better than (inside) the icMBBO and the best net price of any order for the Strategy on the Strategy Book, a cPRIME Auction can begin.

A Request for Responses (''RFR'') is broadcast to all subscribers and the RFR period is started.

The following responses are received:

• @70 milliseconds MM1 response, cAOC eQuote @0.52 credit sell of 100 arrives

The cPRIME Auction process will continue until the Response Time Interval ends or an event eligible to cause the cPRIME Auction to end sooner occurs.

The ABBO updates to 1.80–1.81 (10×10) for the Sep 50 Call

Since the pre-existing simple order to buy Sep 55 Call at 1.29 is Priority Customer, the tradable component prices of the cPRIME order are 1.82 for the Sep 50 Call and 1.30 for the Sep 55 Call, for a net debit price of 0.52.

However, because the ABBO update to sell Sep 50 Call at 1.81 is better than the local best offer (1.82), this causes the tradable price to be through the NBBO for that component and is no longer tradable.

The cPRIME Auction is concluded prior to the end of the Response Time Interval to prevent the non-conforming strategy trading through any component NBBO.

The cPRIME Auction process will trade the cPRIME Agency Order with the best priced responses. The cPRIME Agency order will be filled as follows:

• The cPRIME Agency Order buys 400 from the Contra side @0.52
• The cPRIME Agency Order buys 100 from MM1 @0.52

The Exchange also proposes to allow bids and offers on complex orders, quotes and RFR Responses for complex strategies having only option components and a non-conforming ratio to be expressed in $0.01 increments, and the component(s) of such a complex order may be executed in $0.01 increments, regardless of the minimum increments otherwise applicable to individual components of the complex order. The Exchange notes that electronic trading of complex orders with non-conforming ratios in one cent increments was recently established on another exchange.[23] Further, the Exchange notes that complex orders with conforming ratios are currently traded in one cent increments on the Exchange [24] and the proposed change will allow trading of complex orders in one cent increments for all complex orders on the Exchange.

The Exchange understands that there may be some concerns that if the ratios of complex orders, where each component leg is allowed to trade in one cent increments, are too greatly expanded, market participants will, for example, enter complex orders with non-conforming ratios designed primarily to trade orders in a class in pennies that cannot otherwise execute as simple orders in that class in pennies. The Exchange believes it is highly unlikely that market participants will submit non-bona-fide trading strategies with larger ratios just to trade in penny increments. Adding a single leg to a larger order just to obtain penny pricing may further reduce execution opportunities for such an order because it may be less likely that sufficient contracts in the appropriate ratio would be available and because it is unlikely that other market participants would be willing to execute against an order that is not a bona-fide trading strategy. Further, the Exchange notes that all option series traded on the Exchange can currently trade in penny increments in the Exchange's Price Improvement Mechanism (''PRIME'') regardless of the minimum increment otherwise applicable.[25] Lastly, the Exchange notes that pursuant to Exchange Rule 301, no Member shall engage in acts or practices inconsistent with just and equitable principles of trade, and entering orders for non-bona-fide trading strategies may constitute acts or practices inconsistent with just and equitable principles of trade.

Finally, the Exchange proposes to make non-substantive edits to Exchange Rule 515 and Rule 516, to update internal cross references to the location of certain definitions that have changed as a result of this proposal.

Implementation

The Exchange will announce the implementation of complex orders with non-conforming strategies by Regulatory Circular at least 48 hours prior to implementation of this functionality, as

[23] *See* Securities Exchange Act Release No. 94204 (February 9, 2022), 87 FR 8625 (February 15, 2022) (SR–CBOE–2021–046) and Cboe Rule 5.4(b); *see also* BOX Options Rule 7240(b)(1).

[24] *See* Exchange Rule 518(c)(1)(i).

[25] *See* Exchange Rule 515A(a)(2)(i)(F).

the Exchange believes that 48 hours of notice is adequate for Members.

2. Statutory Basis

The Exchange believes that its 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,[26] 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section (6)(b)(5)[27] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange currently only processes complex orders that fit within the proposed definition of a conforming ratio, that is complex orders with a ratio between the sizes of the option components equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy.[28]

In particular, the Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and benefit investors, because it will allow market participants to execute complex strategies with option components only in ratios greater than three-to-one or less than one-to-three (''non-conforming ratios'' as proposed herein). The proposed rule change will further remove impediments to and perfect the mechanism of a free and open market and a national market system, as other options exchanges permit the trading of complex orders with any ratio.[29]

The proposed change rule change will continue to protect Priority Customer Order interest on the Simple Order Book in the same manner as it does today, as all complex orders with a conforming ratio will continue to be executed on the Exchange without change. The proposed rule change has no impact on the priority of complex orders with a conforming ratio, as complex orders with a conforming ratio will continue to be required to improve the price of a leg of the complex order for which a Priority Customer Order is resting at the BBO in the Simple Order Book,[30] and thus will continue to protect Priority Customer Orders in the Simple Order Book. Additionally, the Exchange will not allow any component of a complex order with a non-conforming strategy to execute ahead of a Priority Customer resting at the BBO in the Simple Order Book.[31]

Additionally, the Exchange believes the proposed amendment to revise Exchange Rule 518(c)(2) to indicate icMBBO protection for complex orders with conforming ratios will require those orders to be executed in accordance with Rule 518(c)(1)(iv) and complex orders with non-conforming ratios to be executed in accordance with Rule 518(c)(1)(v) will clarify the operation of the icMBBO protection for complex orders with a conforming ratio and complex orders with a non-conforming ratio. This change benefits investors and the public as it clarifies that the complex order priority rules will continue to protect Priority Customer interest on the Simple Order Book.

The Exchange believes the proposed changes will increase opportunities for execution of complex orders and lead to tighter spreads on the Exchange, which will benefit all investors. The Exchange also believes that the proposed rule change is designed to not permit unfair discrimination among market participants, as all market participants may trade complex orders, and the priority and eligibility requirements apply to complex orders of all market participants.

Additionally, the Exchange believes that including additional scenarios which will terminate a cPRIME Auction promotes just and equitable principles of trade and removes impediments to a free and open market by providing greater transparency concerning the operation of Exchange functionality. These provisions ensure that a cPRIME Agency Order will always receive the best price on the Exchange while simultaneously preserving the integrity of the simple market.

The Exchange believes that its proposal is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free an open market and a national market system, and, in general to protect investors and the public interest, by enhancing its System[32] and rules governing complex orders. The Exchange's proposal should provide market participants with trading opportunities more closely aligned with their investment or risk management strategies.

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 that its proposed rule change will impose any burden on intra-market competition as the Rules of the Exchange apply equally to all Members of the Exchange and all Members may submit complex orders. Therefore, any Member of the Exchange may submit a complex order with a conforming or non-conforming ratio and the order will be handled in a uniform fashion by the System.

The Exchange does not believe that its proposed rule change will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, rather the Exchange believes that its proposal will promote inter-market competition. The Exchange notes that other options exchanges provide for the electronic trading of complex orders with only option components with ratios that are less than one-to-three and greater than three-to-one, and allow these orders to be priced and executed in one cent increments.[33] As such, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe the proposed amendment to clarify icMBBO protections imposes any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. Complex orders submitted by Members with conforming ratios will continue to be handled by the System without change. Complex orders submitted by Members with non-conforming ratios will be handled uniformly by the System as described in this proposal. The Exchange does not believe that this proposed change imposes any burden on inter-market competition as the

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

[27] 15 U.S.C. 78(f)(b)(5).

[28] *See* Exchange Rule 518(a)(5).

[29] *See* Cboe Exchange Rules 1.1 (Complex Order) and 5.33; *see also* BOX Exchange Rule 7240(a)(10), (b)(1) and (b)(2)(iii).

[30] *See* Exchange Rule 518(c)(3).

[31] *See* proposed Rule 518(c)(1)(v).

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

[33] *See* Cboe Exchange Rule 5.4(b); *see also* BOX Exchange Rule 7240(b)(1).

icMBBO protection is designed to protect Priority Customer priority on the Exchange's Book and is not a change made for competitive reasons.

Additionally, the Exchange does not believe that its new proposed scenarios to terminate a cPRIME Auction imposes any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposed changes are designed to add additional detail to the rules to further clarify the operation of Exchange functionality and to minimize the potential for confusion. The Exchange does not believe that this proposed change imposes any burden on inter-market competition as this change is designed to protect Priority Customer priority on the Exchange's Book and is not a change made for competitive reasons.

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 (a) significantly affect the protection of investors or the public interest; (b) impose any significant burden on competition; and (c) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act [34] and Rule 19b–4(f)(6) thereunder.[35]

A proposed rule change filed under Rule 19b–4(f)(6) normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),[36] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay. As noted above, other options exchanges currently allow complex orders with a ratio less than one-to-three or greater than three-to-one to trade electronically in $0.01 increments.[37] Under the proposal, no component leg of a complex order with a non-conforming ratio will execute (A) at a price of zero; (B) ahead of a Priority Customer Order at the MBBO on the Simple Order Book; or (C) at a price that is through the NBBO.[38] Accordingly, the Exchange states that a non-conforming ratio complex order may be executed at a net price only if each leg of the complex order betters the corresponding bid (offer) of a Priority Customer Order(s) on the Simple Order Book, and is not at a price that is through the NBBO. The Exchange states that waiver of the operative delay will allow the Exchange to immediately offer market participants the choice of another execution venue for the electronic trading of complex orders with non-conforming ratios. The Exchange further states that market participants may benefit from competition between exchanges, may find the trade execution services and fees on one exchange more favorable than another, or may find it more convenient to access on exchange over another. Accordingly, the Exchange believes that waiving the operative delay will allow the Exchange to immediately make a competitive offering to market participants.

The Commission finds that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The proposal will provide investors with an additional venue for electronically trading complex orders with a ratio less than one-to-three or greater than three-to-one. The Commission believes that proposal does not raise new or novel regulatory issues because other options exchanges currently provide for the electronic trading of complex orders with a ratio less than one-to-three or greater than three-to-one.[39] The proposal protects the priority of resting Priority Customer orders by providing that no component leg of a non-conforming ratio complex order will be executed ahead of a Priority Customer Order at the MBBO on the Simple Order Book.[40] This requirement is consistent with the rules of other options exchanges that provide for the electronic trading of complex orders with a ratio less than one-to-three or greater than three-to-one.[41] As described above, the proposal also revises Exchange Rule 515A, Interpretation and Policy .12(d) to provide that a cPRIME Auction for a non-conforming ratio cPRIME Agency Order will terminate early when a single-leg Priority Customer Order arrives and causes any component of the cPRIME Agency Order to lock or cross a Priority Customer Order at the best price opposite the cPRIME Agency Order or the initiating price.[42] A cPRIME Auction for a non-conforming ratio cPRIME Agency Order also will terminate early when the NBBO for a component of the cPRIME Agency Order updates to a price that would cause any component of the cPRIME Agency Order to be executed at a price that is through the NBBO for that series.[43] The Exchange states that these provisions ensure that a cPRIME Agency Order will always receive the best price on the Exchange while preserving the integrity of the simple market by preventing a component of a non-conforming ratio complex order from trading ahead of Priority Customer interest or trading through the NBBO. In addition, as discussed above, the Exchange believes it is highly unlikely that market participants will submit non-bona-fide trading strategies with larger ratios solely for the purpose of trading in penny increments. The Exchange states that adding a single leg to a larger order to obtain penny pricing could reduce execution opportunities for such an order because it may be less likely that sufficient contracts in the appropriate ratio would be available and because it is unlikely that other market participants would be willing to execute against an order that is not a bona-fide trading strategy. Further, the Exchange notes that all option series traded on the Exchange can currently trade in penny increments in the Exchange's PRIME auction, regardless of the minimum increment otherwise applicable.[44] The Exchange also states that entering orders for non-bona-fide trading strategies could constitute an act or practice inconsistent with just and equitable principles of trade, in violation of

[34] 15 U.S.C. 78s(b)(3)(A).

[35] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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.

[36] 17 CFR 240.19b–4(f)(6)(iii).

[37] *See* BOX Rules 7240(a)(10); 7240(b)(1); and 7240(b)(2)(iii); and Cboe Rules 1.1 (stating, in the definition of complex order, that ''the Exchange determines on a class-by-class basis whether complex orders with ratios less than one-to-three (.333) or greater than three-to-one (3.00) (except for Index Combo orders) are eligible for electronic processing'')); 5.4(b); and 5.33(f)(2)(A)(iv)(b).

[38] *See* proposed Exchange Rule 518(c)(1)(v).

[39] *See* footnote 37, *supra.*

[40] *See* proposed Exchange Rule 518(c)(1)(v). In addition, the proposal revises Exchange Rule 518(c)(2)(ii), which provides that complex orders will not be executed at prices inferior to the icMBBO or at a price that is equal to the icMBBO when there is a Priority Customer Order at the best icMBBO price, to indicate that complex orders with non-conforming ratios will be executed in accordance with proposed Exchange Rule 518(c)(1)(v).

[41] *See* BOX Rule 7240(b)(2)(iii); and Cboe Rule 5.33(f)(2)(iv)(b).

[42] *See* proposed Exchange Rule 515A, Interpretation and Policy .12(d)(viii).

[43] *See* proposed Exchange Rule 515A, Interpretation and Policy .12(d)(ix).

[44] *See* Exchange Rule 515A(a)(2)(i)(F).

Exchange Rule 301. For these reasons, the Commission designates the proposal operative upon filing.[45]

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 email to *rule-comments@sec.gov.* Please include File Number SR–MIAX–2023–01.

Paper Comments

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

All submissions should refer to File Number SR–MIAX–2023–01. This file number should be included on the subject line if email 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 website (*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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–MIAX–2023–01, and should be submitted on or before February 22, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[46]

Sherry R. Haywood,

Assistant Secretary.

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[45] For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[46] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF STATE

[Public Notice 11984]

Overseas Security Advisory Council (OSAC) Meeting Notice; Closed Meeting

The Department of State announces meetings of the U.S. State Department's Overseas Security Advisory Council on February 28, June 7, and November 14, 2023. Pursuant to Section 10(d) of the Federal Advisory Committee Act (5 U.S.C. 1009(d)), 5 U.S.C. 552b(c)(4), and 5 U.S.C. 552b(c)(7)(E), it has been determined that the meetings will be closed to the public. The meetings will focus on an examination of corporate security policies and procedures, will involve extensive discussion of trade secrets and proprietary commercial information that is privileged and confidential, and will discuss law enforcement investigative techniques and procedures. The agendas will include updated committee reports, global threat overviews, and other matters relating to private sector security policies and protective programs and the protection of U.S. business information overseas.

For more information, contact Ellen Tannor, Overseas Security Advisory Council, U.S. Department of State, Washington, DC 20522–2008, phone: 571–345–2223.

Kevin E. Bryant,

Deputy Director, Office of Directives Management, Department of State.

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SURFACE TRANSPORTATION BOARD

[Docket No. AB 1321X]

Ohi-Rail Corporation—Discontinuance of Service Exemption—in Perry and Muskingum Counties, Ohio

Ohi-Rail Corporation (Ohi-Rail) has filed a verified notice of exemption under 49 CFR part 1152 subpart F—*Exempt Abandonments and Discontinuances of Service* to discontinue service and terminate its lease operations over approximately 14.8 miles of rail line owned by the Ohio Rail Development Commission, including the Fultonham Running Track from milepost 0.0 to milepost 3.1 (Glass Rock-East) and Z&W Industrial Track from milepost 45.8 to milepost 57.5 (Glass Rock-West), in Perry and Muskingum Counties, Ohio (the Line).[1] The Line traverses U.S. Postal Service Zip Codes 43701, 43735, 43739, 43760, 43777, and 43791.

Ohi-Rail has certified that: (1) it has not moved any local traffic over the Line for at least two years; (2) it has not moved any overhead traffic over the Line for at least two years, and overhead traffic, if there were any, could be rerouted over other lines; (3) no formal complaint filed by a user of rail service on the Line (or by a state or local government entity acting on behalf of such user) regarding cessation of service on the Line is either pending with the Surface Transportation Board (Board) or with any U.S. District Court or has been decided in favor of a complainant within the two-year period; and (4) the requirements at 49 CFR 1105.12 (newspaper publication) and 49 CFR 1152.50(d)(1) (notice to governmental agencies) have been met.

As a condition to this exemption, any employee adversely affected by the discontinuance of service shall be protected under *Oregon Short Line Railroad—Abandonment Portion Goshen Branch Between Firth & Ammon, in Bingham & Bonneville Counties, Idaho,* 360 I.C.C. 91 (1979). To address whether this condition adequately protects affected employees, a petition for partial revocation under 49 U.S.C. 10502(d) must be filed.

Provided no formal expression of intent to file an offer of financial assistance (OFA)[2] to subsidize

[1] Ohi-Rail was authorized to lease and operate the Line in *Ohi-Rail Corp.—Lease & Operation Exemption—Ohio Department of Transportation,* FD 30986 (ICC served Feb. 27, 1987).

[2] Persons interested in submitting an OFA to subsidize continued rail service must first file a formal expression of intent to file an offer, indicating the intent to file an OFA for subsidy and

Continued