Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2024 - * 05

Amendment No. (req. for Amendments *)

Filing by   MIAX Sapphire, LLC

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

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

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

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

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

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

Proposal to amend Exchange Rule 531 to 1) adopt rule text for the Liquidity Taker Event Report for Complex Orders; 2) adopt rule text for the Liquidity Taker Event Report for Resting Simple Orders; and 3) making non-substantive, clarifying changes.

Contact Information

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

First Name * Michael   Last Name * Slade

Title * AVP, Associate Counsel

E-mail * mslade@miaxglobal.com

Telephone * (609) 955-0460   Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934,   MIAX Sapphire, LLC
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 07/24/2024

(Title *)

By   Michael Slade

(Name *)

AVP, Associate Counsel

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.

Michael Slade   Date: 2024.07.24 14:24:21 -04'00'

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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SR-SAPPHIRE-2024-05 - 19b4 (Comp

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

Exhibit 1 - Notice of Proposed Rule Change *

Add	Remove	View

SR-SAPPHIRE-2024-05 - Exhibit 1.dc

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

Add	Remove	View

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

Add	Remove	View

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

Exhibit 5 - Proposed Rule Text

Add	Remove	View

SR-SAPPHIRE-2024-05 - Exhibit 5 (C

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

Partial Amendment

Add	Remove	View

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

1.   Text of Proposed Rule Change

(a) MIAX Sapphire, LLC ("MIAX Sapphire" or "Exchange"), pursuant to the provisions

of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")[1] and Rule

19b-4 thereunder,[2] proposes to amend Exchange Rule 531, Reports and Market Data Products,

to: (1) adopt rule text for the "Liquidity Taker Event Report – Complex Orders"; (2) adopt rule

text for the "Liquidity Taker Event Report – Resting Simple Orders"; and (3) make non-

substantive, clarifying changes to current Exchange Rules 531(a) and (b).

A notice of the proposed rule change for publication in the Federal Register is attached

hereto as Exhibit 1. The proposed amendment to the Exchange's rules is attached 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 Sapphire Board of Directors on

July 23, 2024. Exchange staff will advise the Board of Directors of any action taken pursuant to

delegated authority. No other action by the Exchange is necessary for the filing of the proposed

rule change.

Questions and comments on the proposed rule change may be directed to Michael Slade,

Assistant Vice President and Associate Counsel, at (609) 955-0460.

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

a.   Purpose

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

[2]   17 CFR 240.19b-4.

The Exchange currently offers the Liquidity Taker Event Report (referred to herein as the "Simple Order Report"), which is a Member[3]-specific report and helps Members to better understand by how much time a particular order missed executing against a specific order resting on the Exchange's Simple Order Book.[4] The current Liquidity Taker Event Report is described under Exchange Rule 531(a).[5] The Exchange now proposes to: (1) amend Exchange Rule 531(b)[6] to provide for the new "Liquidity Taker Event Report – Complex Orders" (referred to herein as the "Complex Order Report");[7] (2) adopt new Exchange Rule 531(c) to provide for the new "Liquidity Taker Event Report – Resting Simple Orders" (referred to herein as the "Resting Simple Order Report");[8] (3) make corresponding changes to current Exchange Rule 531(a) to specify that it is for the Simple Order Report; and (4) renumber current Exchange Rule 531(b), Market Data Products, to Exchange Rule 531(d).

Complex Order Report

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[3]   The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of MIAX Sapphire Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

[4]   The "Simple Order Book" is the Exchange's regular electronic book of orders and quotes. See Exchange Rule 100.

[5]   See Exchange Rule 531(a) and Securities Exchange Act Release No. 100539 (July 15, 2024) (In the Matter of the Application of MIAX Sapphire, LLC for Registration as a National Securities Exchange; Findings, Opinion, and Order of the Commission).

[6]   Currently, Exchange Rule 531(b) is titled "Market Data Products" and provides the rule text for the Open-Close Report. See current Exchange Rule 531(b). Pursuant to this proposal, the Exchange proposes to move the rule text for Market Data Products to now be renumbered as Exchange Rule 531(d). Proposed Exchange Rule 531(c) will be for the Resting Simple Order Report, described below. The Exchange does not propose to amend any of the rule text for Market Data Products as currently stated in Exchange Rule 531.

[7]   The proposed rule change is substantively identical to Complex Order Reports available through the Exchange's affiliates (Miami International Securities Exchange, LLC ("MIAX") and MIAX Emerald, LLC ("MIAX Emerald")) as it relates to MIAX and MIAX Emerald markets. See MIAX Rule 531(b) and MIAX Emerald Rule 531(b).

[8]   The proposed rule change is substantively identical to Resting Simple Order Reports available through the Exchange's affiliates, MIAX and MIAX Emerald, as it relates to MIAX and MIAX Emerald markets. See MIAX Rule 531(c) and MIAX Emerald Rule 531(c).

The proposed Complex Order Report would be substantially similar to the existing Simple Order Report, but would include data concerning a Member's complex orders.[9] The Exchange also proposes to amend the name of the existing Liquidity Taker Event Report in Exchange Rule 531(a) to now be titled the "Liquidity Taker Event Report – Simple Orders" and amend references in Exchange Rule 531(a) accordingly.

The Simple Order Report includes information about incoming orders seeking to remove resting orders from the Simple Order Book. The proposed Complex Order Report would include the same information about incoming complex orders that seek to remove complex orders resting on the Strategy Book.[10] Two other differences between the proposed Complex Order Report and the Simple Order Report are that the proposed Complex Order Report will include the Complex SBBO[11] in place of the SBBO and Complex ABBO[12] in place of the ABBO, as described further

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[9]   In sum, a "complex order" is "any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the 'legs' or 'components' of the complex order), for the same account, in a conforming or non-conforming ratio…." See Exchange Rule 518(a).

[10]   The term "complex strategy" means a particular combination of components and their ratios to one another. New complex strategies can be created as the result of the receipt of a complex order or by the Exchange for a complex strategy that is not currently in the System. The Exchange may limit the number of new complex strategies that may be in the System at a particular time and will communicate this limitation to Members via Regulatory Circular. See Exchange Rule 518(a). The "Strategy Book" is the Exchange's electronic book of complex orders. See Exchange Rule 100. The Strategy Book is organized by complex strategy in that individual orders for a defined complex strategy are organized together in a book that is separate from the orders for a different complex strategy.

[11]   The term "SBBO" means the Exchange's best bid and offer on the Simple Order Book. See Exchange Rule 100. The Complex SBBO for a particular complex strategy is calculated using the Implied Complex Sapphire Best Bid or Offer ("icSBBO") combined with the best price currently available for that particular complex strategy on the Strategy Book to establish the Exchange's best net bid or offer for that complex strategy. The icSBBO is calculated using the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. For stock-option orders, the icSBBO for a complex strategy is calculated using the best price (whether displayed or non-displayed) on the Simple Order Book in the individual option component(s), and the NBBO in the stock component. See Exchange Rule 518(a). 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.

[12]   The term "ABBO" or "Away Best Bid or Offer" means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Exchange Rule 1400(g)) and calculated by the Exchange based on market information received by the Exchange from the Options Price Reporting Authority ("OPRA"). See Exchange Rule 100. The Complex ABBO is calculated using the ABBO for each component of a complex strategy to establish the away markets' best net bid or offer for a complex strategy.

below. These are minor differences designed to provide the SBBO and ABBO that are relevant

to trading complex orders. Otherwise, the content and dissemination of the proposed Complex

Order Report set forth under amended Exchange Rule 531(b) will be identical to that of the

Simple Order Report under Exchange Rule 531(a). Other than the difference set forth above, the

Exchange represents that there are no other differences between simple orders and complex

orders that would necessitate any other changes to the proposed Complex Order Report or render

the effects or use of the proposed Complex Order Report as different from the Simple Order

Report.

Like the Simple Order Report, the proposed Complex Order Report is an optional

product[13] available to Members. Currently, the Exchange provides real-time prices and analytics

in the marketplace. The Exchange believes the additional data points from the matching engine

outlined below may help Members gain a better understanding about their complex order

interactions with the Exchange. The Exchange believes the proposed Complex Order Report

will provide Members with an opportunity to learn more about better opportunities to access

liquidity and receive better execution rates when trading complex orders. The proposed

Complex Order Report will increase transparency and democratize information so that all firms

that subscribe to the proposed Complex Order Report have access to the same information on an

equal basis, even for firms that do not have the appropriate resources to generate a similar report

regarding interactions with the Exchange. Like the Simple Order Report, none of the

components of the proposed Complex Order Report include real-time market data.

Members generally would use a liquidity accessing order if there is a high probability that

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[13]   The Exchange intends to submit a separate filing with the Commission pursuant to Section 19(b)(1) to
         propose fees for the Simple Order Report, proposed Complex Order Report, and proposed Resting Simple
         Order Report.

it will execute against an order resting on the Exchange's Simple Order Book. Like the Simple Order Report, the proposed Complex Order Report would identify by how much time an order that may have been marketable missed an execution. In the case of the proposed Complex Order Report, the incoming order would be a complex order submitted to trade against a resting order for a complex strategy. The proposed Complex Order Report will provide greater visibility into the missed trading execution, which will allow Members to optimize their models and trading patterns to yield better execution results when trading complex orders.

Like the Simple Order Report, the proposed Complex Order Report will be a Member-specific report and will help Members to better understand by how much time a particular order, in this case a complex order, missed executing against a specific resting order, thus allowing that Member to determine whether it wants to invest in the necessary resources and technology to mitigate missed executions against certain resting orders on the Exchange's Strategy Book. For example, Member A submits a complex order that is posted to the Strategy Book and then, within 400 microseconds of the entry of Member A's complex order, Member B enters a marketable complex order to execute against Member A's resting complex order. Immediately thereafter, Member C, also within 400 microseconds of the entry of Member A's complex order, sends a marketable complex order to execute against Member A's resting complex order. Because Member B's complex order is received by the Exchange before the complex order for Member C, Member B's complex order executes against Member A's resting complex order. If Member C were to subscribe to the proposed Complex Order Report, it would be provided the data points necessary for that firm to calculate by how much time it missed executing against Member A's resting complex order.

Like the Simple Order Report, the Exchange proposes to provide the proposed Complex

Order Report on a T+1 basis. As further described below, the proposed Complex Order Report will be specifically tailored to the Member that is subscribed to the Complex Order Report and any data included in the Complex Order Report that relates to a Member other than the Member receiving the Complex Order Report will be anonymized.

The Exchange's affiliates, MIAX and MIAX Emerald, adopted their comparable Complex Order Reports in response to demand from their members for data concerning the timeliness of their incoming complex orders and executions against resting orders on those markets.[14] Members of MIAX and MIAX Emerald have found the Simple Order Reports and Complex Order Reports helpful and the Exchange believes that its Members will request similar information from the Exchange regarding their simple orders and complex orders. For MIAX and MIAX Emerald, this came in the form of requests by members to those exchanges' trading operations personnel for information concerning the timeliness of their incoming simple orders and complex orders and efficacy of their attempts to execute against resting liquidity on their books. The purpose of the proposed Complex Order Report is to provide a subscribing Member ("Recipient Member") the necessary data in a standardized format on a T+1 and equal basis.

Similar to current Exchange Rule 531(a) regarding the Simple Order Report, amended Exchange Rule 531(b) would provide that the proposed Complex Order Report is a daily report that provides a Recipient Member with its liquidity response time details for executions of an order resting on the Strategy Book, where that Recipient Member submitted a complex order that attempted to execute against such resting complex order within a certain timeframe.

Complex Order Report Content

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[14]   See MIAX Rule 531(b) and MIAX Emerald Rule 531(b). The Exchange notes that its other affiliate, MIAX PEARL, LLC ("MIAX Pearl") only provides for the similar Simple Order Report and Resting Simple Order Report as complex orders are not available for trading on the options trading facility of MIAX Pearl.

The content of the proposed Complex Order Report would be identical to the Simple Order Report, but for two minor differences discussed below. Proposed paragraph (b)(1) of Exchange Rule 531 would describe the content of the proposed Complex Order Report and delineate which information would be provided regarding the resting order,[15] the response that successfully executed against the resting order, and the response submitted by the Recipient Member that missed executing against the resting order. It is important to note that the content of the proposed Complex Order Report will be specific to the Recipient Member and the proposed Complex Order Report will not include any information related to any Member other than the Recipient Member. The Exchange will restrict all other market participants, including the Recipient Member, from receiving another market participant's data.

Resting Order Information. The content of the proposed Complex Order Report set forth under amended Exchange Rule 531(b)(1)(i) is identical to the content of the Simple Order Report under Exchange Rule 531(a)(1)(i). However, as noted above, the content of the proposed Complex Order Report would be limited to incoming complex orders that seek to remove liquidity from the Exchange's Strategy Book.

Amended Exchange Rule 531(b)(1)(i) would provide that the following information would be included in the proposed Complex Order Report regarding the resting order: (A) the time the resting order was received by the Exchange;[16] (B) symbol;[17] (C) order reference number, which is a unique reference number assigned to a new complex order at the time of

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[15]   Like the Simple Order Report, only displayed orders will be included in the proposed Complex Order Report. The Exchange notes that it does not currently offer any non-displayed order types.

[16]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(A).

[17]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(B).

receipt;[18] (D) whether the Recipient Member is an Affiliate[19] of the Member that entered the

resting order[20]; (E) origin type (e.g., Priority Customer,[21] Market Maker[22]);[23] (F) side (buy or

sell);[24] and (G) displayed price and size of the resting order.[25]

Execution Information. Amended Exchange Rule 531(b)(1)(ii) would provide that the

following information would be included in the proposed Complex Order Report regarding the

execution of the resting order: (A) the Complex SBBO at the time of execution;[26] (B) the

Complex ABBO at the time of execution;[27] (C) the time the first response that executes against

the resting order was received by the Exchange and the size of the execution and type of the

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[18]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(C).

[19]   The term "affiliate" of or person "affiliated with" another person means a person who, directly, or indirectly, controls, is controlled by, or is under common control with, such other person. See Exchange Rule 100.

[20]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(D). The Complex Order Report will simply indicate whether the Recipient Member is an Affiliate of the Member that entered the resting order and not include any other information that may indicate the identity of the Member that entered the resting order.

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

[22]   The term "Market Maker" or "MM" means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange's Rules. See Exchange Rule 100.

[23]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(E).

[24]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(F).

[25]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(G). The Exchange notes that the displayed price and size are also disseminated via the Exchange's proprietary data feeds.

[26]   Similar information is included in the Simple Order Report. Exchange Rule 531(b)(1)(ii)(A) would similarly provide that if the resting order executes against multiple contra-side responses, only the Complex SBBO at the time of the execution against the first response will be included.

[27]   Similar information is included in the Simple Order Report. See Exchange Rule 531(a)(1)(ii)(B). Exchange Rule 531(b)(1)(ii)(B) would similarly provide that if the resting order executes against multiple contra-side responses, only the Complex ABBO at the time of the execution against the first response will be included.

response;[28] (D) the time difference between the time the resting order was received by the Exchange and the time the first response that executes against the resting order was received by the Exchange;[29] and (E) whether the response was entered by the Recipient Member.[30] If the resting order executes against multiple contra-side responses, only the Complex SBBO and Complex ABBO at the time of the execution against the first response will be included.

The content of the proposed Complex Order Report set forth under amended Exchange Rule 531(b)(1)(ii) is identical to the content of the Simple Order Report under Exchange Rule 531(a)(1)(ii) with two minor differences. The Simple Order Report includes the SBBO, which is the Exchange's best bid or offer, and the ABBO, which is the best bid or offer of away exchanges. In their place, the proposed Complex Order Report would include the Complex SBBO and Complex ABBO. The Complex SBBO is calculated using the SBBO for each component of a complex strategy to establish the Exchange's best net bid or offer for a complex strategy. As discussed above, the Complex SBBO is calculated using the icSBBO[31] combined with the best price currently available on the Strategy Book to establish the Exchange's best net

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[28]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(ii)(C). The time the Exchange received the response order would be in nanoseconds and would be the time the response was received by the Exchange's network, which is before the time the response would be received by the System. The type of responses that would be identified in the proposed Complex Order Report are Standard Quotes. The term "quote" or "quotation" means a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any. When the term order is used in the Exchange's Rules and a bid or offer is entered by the Market Maker in the option series to which such Market Maker is registered, such order shall, as applicable, constitute a quote or quotation for purposes of the Exchange's Rules. See Exchange Rule 100.

[29]   The time difference would be provided in nanoseconds. This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(ii)(D).

[30]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(ii)(E).

[31]   The Implied Complex Sapphire Best Bid or Offer ("icSBBO") 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. For stock-option orders, the icSBBO for a complex strategy will be calculated using the best price (whether displayed or non-displayed) on the Simple Order Book in the individual option component(s), and the NBBO in the stock component. See Exchange Rule 518(a). 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 id.

bid or offer for a complex strategy.[32] The Complex ABBO is calculated using the ABBO for

each component of a complex strategy to establish the away markets' best net bid or offer for a

complex strategy using OPRA data. The Exchange is providing the Complex SBBO and

Complex ABBO because both are relevant and tailored to a Member that is entering a complex

order to remove liquidity as part of a complex strategy and, therefore, more germane to the

purpose of the Complex Order Report.

 Recipient Member's Response Information. The content of the proposed Complex Order

Report set forth under amended Exchange Rule 531(b)(1)(iii) is identical to the content of the

Simple Order Report under Exchange Rule 531(a)(1)(iii). Amended Exchange Rule

531(b)(1)(iii) would provide that the following information would be included in the Complex

Order Report regarding complex order(s) sent by the Recipient Member: (A) Recipient Member

identifier;[33] (B) the time difference between the time the first response that executes against the

resting order was received by the Exchange and the time of each complex order sent by the

Recipient Member, regardless of whether it executed or not;[34] (C) size and type of each complex

order submitted by the Recipient Member;[35] and (D) response reference number, which is a

unique reference number attached to the response by the Recipient Member.[36]

 <u>Timeframe for Data Included in the Complex Order Report</u>

 The timeframe for data to be included the proposed Complex Order Report set forth

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[32]   See <u>supra</u> note 11.

[33]   This information is also included in the Simple Order Report. <u>See</u> Exchange Rule 531(a)(1)(iii)(A).

[34]   This information is also included in the Simple Order Report. <u>See</u> Exchange Rule 531(a)(1)(iii)(B). For purposes of calculating this duration of time, the Exchange will use the time the first response that executes against the resting order and the Recipient Member's response(s) is received by the Exchange's network, both of which would be before the order and response(s) would be received by the System. This time difference would be provided in nanoseconds.

[35]   This information is also included in the Simple Order Report. <u>See</u> Exchange Rule 531(a)(1)(iii)(C).

[36]   This information is also included in the Simple Order Report. <u>See</u> Exchange Rule 531(a)(1)(iii)(D).

under amended Exchange Rule 531(b)(2) is identical to the timeframe for data included in the

Complex Order Reports that are available for MIAX and MIAX Emerald.[37] Proposed paragraph

(b)(2) of Exchange Rule 531 would provide that the Complex Order Report would include the

data set forth under Exchange Rule 531(b)(1) described above for executions and contra-side

responses that occurred within 400 microseconds of the time the resting order was received by

the Exchange. The Exchange believes 400 microseconds is the appropriate timeframe because it

understands most Members that would be interested in subscribing to the proposed Complex

Order Report would submit their incoming liquidity removing complex orders within 400

microseconds of the time a contra-side complex order is posted to the Strategy Book.

Scope of Data Included in the Report

The scope of data to be included the proposed Complex Order Report set forth under

amended Exchange Rule 531(b)(3) is identical to the scope of data included in the Simple Order

Report under Exchange Rule 531(a)(3). Proposed paragraph (b)(3) of Exchange Rule 531 would

provide that the Complex Order Report will only include trading data related to the Recipient

Member and, subject to the proposed paragraph (4) of Exchange Rule 531(b) described below,

will not include any other Member's trading data other than that listed in paragraphs (1)(i) and

(ii) of Exchange Rule 531(b), described above. Like the Simple Order Report, the proposed

Complex Order Report will not include information related to any Member other than the

Recipient Member.[38]

Historical Data

Proposed paragraph (b)(4) of Exchange Rule 531 would specify that the Complex Order

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[37]   See MIAX Rule 531(b)(2) and MIAX Emerald Rule 531(b)(2).

[38]   See Exchange Rule 531(a)(3).

Report will contain historical data from the prior trading day and will be available after the end of

the trading day, generally on a T+1 basis. This is identical to the timeframe for when the Simple

Order Report is made available.[39]

Resting Simple Order Report

The Exchange proposes to amend Exchange Rule 531 to provide for the new Resting

Simple Order Report.[40] The proposed Resting Simple Order Report will be an optional product[41]

available to Members. But for the modified timeframe and one difference described below, the

proposed Resting Simple Order Report would include the same data as the Simple Order Report

currently described under Exchange Rule 531(a), except that the Resting Simple Order Report

will focus on executions and contra-side responses that occurred after 200 microseconds of the

time the resting order was received by the Exchange and within 200 microseconds of receipt of

any Member's first attempt to execute against the resting order after the initial 200 microsecond

time period has expired as described further below.

The Exchange believes the additional data points from the matching engine outlined

below for the proposed Resting Simple Order Report may also help Members gain a better

understanding about their interactions with the Exchange. The Exchange believes the proposed

Resting Simple Order Report will provide Members with an opportunity to learn more about

better opportunities to access liquidity and receive better execution rates. The proposed Resting

Simple Order Report will increase transparency and democratize information so that all firms

that subscribe to the proposed Resting Simple Order Report have access to the same information

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[39]   See Exchange Rule 531(a)(4).

[40]   The proposed rule change to adopt the Resting Simple Order Report is substantively identical to reports
         offered by the Exchange's affiliates, MIAX, MIAX Pearl and MIAX Emerald. See MIAX Rule 531(c),
         MIAX Pearl Rule 531(c), and MIAX Emerald Rule 531(c).

[41]   See supra note 13.

on an equal basis, even for firms that do not have the appropriate resources to generate a similar report regarding interactions with the Exchange. None of the components of the proposed Resting Simple Order Report include real-time market data.

Members generally would use a liquidity accessing order if there is a high probability that it will execute against an order resting on the Simple Order Book. The proposed Resting Simple Order Report would identify by how much time an order that may have been marketable missed an execution but would focus on a later timeframe than the Simple Order Report and Complex Order Report. The proposed Resting Simple Order Report will provide greater visibility into the missed trading execution, which will allow Members to optimize their models and trading patterns to yield better execution results.

The proposed Resting Simple Order Report will be a Member-specific report and will help Members to better understand by how much time a particular order missed executing against a specific resting order, thus allowing that Member to determine whether it wants to invest in the necessary resources and technology to mitigate missed executions against certain resting orders on the Simple Order Book. The Exchange proposes to provide the Resting Simple Order Report on a T+1 basis. As further described below, the proposed Resting Simple Order Report will be specific and tailored to the Member that is subscribed to the Resting Simple Order Report and any data included in the Resting Simple Order Report that relates to a Member other than the Member receiving the Resting Simple Order Report will be anonymized.

The Exchange's affiliates, MIAX, MIAX Pearl, and MIAX Emerald, adopted their comparable Resting Simple Order Reports in response to demand from their members for data concerning the timeliness of their incoming orders and executions against certain resting orders that have been resting on the Simple Order Books of MIAX, MIAX Pearl, and MIAX Emerald,

for at least 200 microseconds and within 200 microseconds of receipt of the first attempt to

execute against the resting order after the initial 200 microsecond time period has expired.[42]

Members of MIAX, MIAX Pearl, and MIAX Emerald have found the Resting Simple Order

Reports helpful and the Exchange believes that its Members will request similar information

from the Exchange regarding their resting simple orders. For MIAX, MIAX Pearl, and MIAX

Emerald, this came in the form of requests by members to those exchanges' trading operations

personnel for information concerning the timeliness of their incoming simple orders and efficacy

of their attempts to execute against resting liquidity on their books. The purpose of the proposed

Resting Simple Order Report is to provide Members the necessary data in a standardized format

on a T+1 basis to those that subscribe to the Resting Simple Order Report on an equal basis.

Proposed Exchange Rule 531(c) would provide that the Resting Simple Order Report is a

daily report that provides a Recipient Member with its liquidity response time details for

executions of an order resting on the Simple Order Book, where that Recipient Member

attempted to execute against such resting order within an extended timeframe that meets certain

criteria described below.

Resting Simple Order Report Content

The content of the proposed Resting Simple Order Report is basically identical to that of

the existing Simple Order Report described under Exchange Rule 531(a) with two differences.

The first difference is the timeframe of the proposed Resting Simple Order Report mentioned

above and described in more detail below. The second difference is that, unlike the existing

Simple Order Report, the proposed Resting Simple Order Report would not include the time

difference between the time the resting order was received by the Exchange and the time the first

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[42]   See supra note 40.

response that executes against the resting order was received by the Exchange. Each of these differences are described below. All other aspects of the proposed Resting Simple Order Report are identical to the existing Simple Order Report described under Exchange Rule 531(a).

Like current paragraph (a)(1) of Exchange Rule 531 for the existing Simple Order Report, proposed paragraph (c)(1) of Exchange Rule 531 would describe the content of the proposed Resting Simple Order Report and delineate which information would be provided regarding the resting order,[43] the response that successfully executed against the resting order, and the response submitted by the Recipient Member that missed executing against the resting order. It is important to note that the content of the Resting Simple Order Report will be specific to the Recipient Member and the Resting Simple Order Report will not include any information related to any Member other than the Recipient Member, other than certain information about the resting order described below. The Exchange will restrict all other market participants, including the Recipient Member, from receiving another market participant's data.

Resting Order Information. Like current paragraph (a)(1)(i) of Exchange Rule 531 for the existing Simple Order Report, proposed Exchange Rule 531(c)(1)(i) would provide that the following information would be included in the Resting Simple Order Report regarding the resting order: (A) the time the resting order was received by the Exchange;[44] (B) symbol; (C) order reference number, which is a unique reference number assigned to a new order at the time of receipt; (D) whether the Recipient Member is an Affiliate of the Member that entered the

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[43]   Only displayed orders will be included in the Resting Simple Order Report. The Exchange notes that it does not currently offer any non-displayed orders types on its options trading platform.

[44]   The time the Exchange received the resting order would be in nanoseconds and is the time the resting order was received by the Exchange's network.

resting order[45]; (E) origin type (e.g., Priority Customer, Market Maker); (F) side (buy or sell);

and (G) displayed price and size of the resting order.[46]

Execution Information. Like current paragraph (a)(1)(ii) of Exchange Rule 531 for the

existing Simple Order Report, proposed Exchange Rule 531(c)(1)(ii) would provide that the

following information would be included in the Resting Simple Order Report regarding the

execution of the resting order: (A) the SBBO at the time of execution;[47] (B) the ABBO at the

time of execution;[48] (C) the time first response that executes against the resting order was

received by the Exchange and the size of the execution and type of the response;[49] and (D)

whether the response was entered by the Recipient Member. If the resting order executes against

multiple contra-side responses, only the SBBO and ABBO at the time of the execution against

the first response will be included.

Exchange Rule 531(a)(1)(ii)(D) provides that the existing Simple Order Report also

includes the time difference between the time the resting order was received by the Exchange

and the time the first response that executes against the resting order was received by the

Exchange. The proposed Resting Simple Order Report would not include the same information

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[45] The Resting Simple Order Report will simply indicate whether the Recipient Member is an Affiliate of the Member that entered the resting order and not include any other information that may indicate the identity of the Member that entered the resting order.

[46] The Exchange notes that the displayed price and size are also disseminated via the Exchange's proprietary data feeds and OPRA. The Exchange also notes that the displayed price of the resting order may be different than the ultimate execution price. This may occur when a resting order is displayed and ranked at different prices upon entry to avoid a locked or crossed market.

[47] Exchange Rule 531(c)(1)(ii)(A) would further provide that if the resting order executes against multiple contra-side responses, only the SBBO at the time of the execution against the first response will be included.

[48] Exchange Rule 531(c)(1)(ii)(B) would further provide that if the resting order executes against multiple contra-side responses, only the ABBO at the time of the execution against the first response will be included.

[49] The time the Exchange received the response order would be in nanoseconds and would be the time the response was received by the Exchange's network, which is before the time the response would be received by the System.

because that timeframe could be for an extended period of time since the proposed Resting

Simple Order Report focuses on orders that have been resting on the Simple Order Book for

longer than 200 microseconds and, therefore, the Exchange believes is less likely to be valuable

to the Recipient Member.

Recipient Member's Response Information. Like current paragraph (a)(1)(iii) of

Exchange Rule 531 for the existing Simple Order Report, proposed Rule 531(c)(1)(iii) would

provide that the following information would be included in the Resting Simple Order Report

regarding response(s) sent by the Recipient Member: (A) Recipient Member identifier; (B) the

time difference between the time the first response that executes against the resting order was

received by the Exchange and the time of each response sent by the Recipient Member,

regardless of whether it executed or not;[50] (C) size and type of each response submitted by

Recipient Member; and (D) response reference number, which is a unique reference number

attached to the response by the Recipient Member.

Timeframe for Data Included in Report

The timeframe covered by the proposed Resting Simple Order Report is the primary

difference between it and the existing Simple Order Report. The existing Simple Order Report

provides data for executions and contra-side responses that occurred within 200 microseconds of

the time the resting order was received by the Exchange. Meanwhile, the proposed Resting

Simple Order Report would include the same data as the Simple Order Report but would focus

on executions and contra-side responses that occurred after 200 microseconds of the time the

resting order was received by the Exchange, and within 200 microseconds of receipt of any

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[50]   For purposes of calculating this duration of time, the Exchange will use the time the first response
that executes against the resting order and the Recipient Member's response(s) is received by the
Exchange's network, both of which would be before the order and response(s) would be received
by the System. This time difference would be provided in nanoseconds.

Member's first attempt to execute against the resting order after the initial 200 microsecond time period has expired. More specifically, the resting order must rest on the Simple Order Book for at least 200 microseconds and once that initial 200 microsecond period has passed, a Member must then submits an order to attempt to execute against that resting order. This event starts a second 200 microsecond period within which the proposed Resting Simple Order Report would include data on executions and contra-side responses submitted by the Recipient Member to execute against that resting order.

For example, Member A submits an order that is posted to the Simple Order Book. 200 microseconds passes and Member A's order remains posted to the Simple Order Book. Then Member B enters a marketable order to execute against Member A's resting order, starting the second 200 microsecond window. Within this next 200 microsecond window, Member C sends a marketable order to execute against Member A's resting Order. Because Member B's order is received by the Exchange before Member C's order, Member B's order executes against Member A's resting order. The proposed Resting Simple Order Report would provide Member C the data points necessary for that firm to calculate by how much time it missed executing against Member A's resting order.

The above timeframe would be codified under proposed paragraph (c)(2) of Exchange Rule 531 which would provide that the proposed Resting Simple Order Report would include the data set forth under Exchange Rule 531(c)(1) described above for executions and contra-side responses that occurred (i) after 200 microseconds of the time the resting order was received by the Exchange and (ii) within 200 microseconds of receipt of the first attempt to execute against the resting order after the initial 200 microsecond time period under (c)(2)(i) of this paragraph has expired.

Scope of Data Included in the Resting Simple Order Report

Like current paragraph (a)(3) of Exchange Rule 531 for the existing Simple Order

Report, proposed paragraph (c)(3) of Exchange Rule 531 would provide that the proposed

Resting Simple Order Report will only include trading data related to the Recipient Member and,

subject to the proposed paragraph (4) of Exchange Rule 531(c) described below, will not include

any other Member's trading data other than that listed in paragraphs (1)(i) and (ii) of proposed

Exchange Rule 531(c), described above.

Historical Data

Like current paragraph (a)(4) of Exchange Rule 531 for the existing Simple Order Report,

proposed paragraph (c)(4) of Exchange Rule 531 would specify that the proposed Resting Simple

Order Report will contain historical data from the prior trading day and will be available after the

end of the trading day, generally on a T+1 basis.

b.   Statutory Basis

The Exchange believes the proposed rule changes are 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.[51] Specifically, the Exchange believes the proposed rule change is

consistent with the Section 6(b)(5)[52] requirements that the rules of an exchange be designed to

prevent fraudulent and manipulative acts and practices, to promote just and equitable principles

of trade, to foster cooperation and coordination with persons engaged in regulating, clearing,

settling, processing information with respect to, and facilitating transactions in securities, to

remove impediments to and perfect the mechanism of a free and open market and a national

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[51]   15 U.S.C. 78f(b).

[52]   15 U.S.C. 78f(b)(5).

market system, and, in general, to protect investors and the public interest. This proposal is in

keeping with those principles in that it promotes increased transparency through the

dissemination of the optional Complex Order Report and Resting Simple Order Report to those

interested in subscribing to receive the data. Additionally, the Exchange believes the proposed

rule change is consistent with the Section 6(b)(5)[53] requirement that the rules of an exchange not

be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

But for three differences, the description of the proposed Complex Order Report under

Exchange Rule 531(b) is identical to that of the Simple Order Report under Exchange Rule

531(a). The first difference concerns the content of the proposed Complex Order Report, which

would be limited to incoming complex orders that seek to remove liquidity from the Exchange's

Strategy Book. The Simple Order Report includes information about incoming orders seeking to

remove liquidity from the Simple Order Book. This difference is immaterial because both

reports include basically the same information and seek to serve the same purpose, to provide the

Recipient Member with the same type of data necessary for them to evaluate their own trading

behavior and order interactions on the Exchange; however, the Simple Order Report contains

data relevant to the Simple Order Book while the proposed Complex Order Report contains data

relevant to the Strategy Book.

The other two differences are that the Simple Order Report includes the SBBO, which is

the Exchange's best bid or offer, and the ABBO, which is the best bid or offer of away

exchanges. In their place, the proposed Complex Order Report would include the Complex

SBBO and Complex ABBO. As discussed above, the Complex SBBO is calculated using the

icSBBO combined with the best price currently available on the Strategy Book to establish the

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[53]   Id.

Exchange's best net bid or offer for a complex strategy.[54] The Complex ABBO is calculated

using the ABBO for each component of a complex strategy to establish the away markets' best

net bid or offer for a complex strategy using OPRA data. The Exchange is providing the

Complex SBBO and Complex ABBO because both are relevant and tailored to a Member that is

entering a complex order to remove liquidity as part of a complex strategy and, therefore, more

germane to the purpose of the Complex Order Report. The Exchange believes these differences

are appropriate because providing the Complex SBBO in place of the SBBO and the Complex

ABBO in place of the ABBO are more germane to the purpose of the proposed Complex Order

Report.

The timeframe covered by the proposed Resting Simple Order Report is the primary

difference between it and the existing Simple Order Report. However, this difference only

pertains to the timeframe covered by each report, with each report containing the exact same data

fields with one exception described here. The existing Simple Order Report provides data for

executions and contra-side responses that occurred within 200 microseconds of the time the

resting order was received by the Exchange. Meanwhile, the proposed Resting Simple Order

Report would basically include the same data as the Simple Order Report but would focus on

executions and contra-side responses that occurred after 200 microseconds of the time the resting

order was received by the Exchange and one additional difference. The one difference is that

unlike the existing Simple Order Report, the proposed Resting Simple Order Report would not

include the time difference between the time the resting order and first response that executes

against the resting order are received by the Exchange. Each report focuses on 200 microsecond

windows with the existing Simple Order Report's window starting at the time of receipt of the

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resting order and the proposed Resting Simple Order Report's window starting with the first

attempt to execute against the resting order after the order was resting on the Simple Order Book

for at least 200 microseconds.

Like the Simple Order Report, the Exchange believes the proposed Complex Order

Report and Resting Simple Order Report will serve to promote just and equitable principles of

trade, remove impediments to and perfect the mechanism of a free and open market and a

national market system, and, in general protect investors and the public interest by providing

Members access to information regarding their trading activity that they may utilize to evaluate

their own trading behavior and order interactions. Also, like the Simple Order Report, the

proposed Complex Order Report is designed for Members that are interested in gaining insight

into latency in connection with complex orders that failed to execute against an order resting on

the Exchange's Strategy Book by providing those Members data to analyze by how much time

their complex order may have missed an execution against a contra-side order resting on the

Strategy Book. Like the existing Simple Order Report, the proposed Resting Simple Order

Report is designed for Members that are interested in gaining insight into latency in connection

with orders that failed to execute against an order resting on the Exchange's Simple Order Book

by providing those Members data to analyze by how much time their order may have missed an

execution against a contra-side order resting on the Simple Order Book. The Exchange believes

that providing this optional latency data to interested Members is consistent with facilitating

transactions in securities, removing impediments to and perfecting the mechanism of a free and

open market and a national market system, and, in general, protecting investors and the public

interest because it provides greater visibility into the latency of Members' incoming orders that

they may use to optimize their models and trading patterns in an effort to yield better execution

results by calculating by how much time their order may have missed an execution. This would, in turn, benefit other market participants who may experience better executions on the Exchange because those that use the proposed Complex Order Report and/or Resting Simple Order Report may re-calibrate their trading models and then increase their trading on the Exchange and volume of liquidity removing orders. This could lead to an increase in incoming liquidity removing orders resulting in higher execution rates for Members who primarily place resting orders on either the Strategy Book or Simple Order Book, or both. The proposed Complex Order Report and Resting Simple Order Report may benefit other market participants who would receive greater fill rates, thereby facilitating transactions in securities and perfecting the mechanism of the national market system.

As discussed above, the Exchange's affiliates, MIAX, MIAX Pearl and MIAX Emerald, received ad hoc requests from their members for information regarding the timeliness of their attempts to execute against resting options liquidity on Strategy Books and Simple Order Books of those markets. The proposal promotes just and equitable principles of trade because it would provide latency information in a systematized way and standardized format to any Member that chooses to subscribe to the proposed Complex Order Report or Resting Simple Order Report. As a result, the proposal would also remove impediments to and perfect the mechanism of a free and open market and a national market system by making latency information for liquidity-seeking orders available in a more equalized manner.

The proposal further promotes just and equitable principles of trade by increasing transparency, particularly for Recipient Members of either or both the Complex Order Report and Resting Simple Order Report that may not have the expertise to generate the same information on their own. The proposed Complex Order Report may better enable Recipient

Members to increase the fill rates for their liquidity-seeking Complex Orders and the Resting

Simple Order Report may better enable Recipient Members to increase the fill rates for their

liquidity-seeking orders. At the same time, as is also discussed above, the Complex Order

Report and Resting Simple Order Report promote just and equitable principles of trade and

protect investors and the public interest because they are designed to prevent a Recipient

Member of either report from learning other Members' sensitive trading information. The

Complex Order Report and Resting Simple Order Report would not be real-time market data

products, as they would provide only historical trading data for the previous trading day,

generally on a T+1 basis. In addition, the data in the Complex Order Report regarding incoming

orders that failed to execute would be specific to the Recipient Member's complex orders, and

other information in the proposed Complex Order Report regarding resting orders and executions

would be anonymized if it relates to a Member other than the Recipient Member. The same is

true for the Resting Simple Order Report.

The Complex Order Report and Resting Simple Order Report generally would contain

three buckets of information each. The first two buckets include information about the resting

order and the execution of the resting order. The Exchange anticipates that this information will

be available from the Exchange's proprietary data feeds or derivable from OPRA. For example,

for the Complex Order Report, the Exchange plans to offer the Complex Top of Market

("cToM") data feed which will provide real-time quote and last sale information for all displayed

orders on the Strategy Book.[55] For the Resting Simple Order Report, OPRA provides bids,

offers, and consolidated last sale and quotation information for options trading on all national

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[55]   See MIAX Sapphire Options Exchange User Manual, Version 1.0.0, Section 5.07 (dated December 11,
         2023), available at https://www.miaxglobal.com/sites/default/files/job-
         files/MIAX_Sapphire_User_Manual_v1.0.0_2024_06_18.pdf.

securities exchanges, including the Exchange. In addition, the Exchange plans to offer the Top

of Market ("ToM") data feed which will provide real-time quote and last sale information for all

displayed orders on the Simple Order Book.[56]

The first bucket of information contained in the proposed Complex Order Report and

Resting Simple Order Report for the resting order includes the time the resting order was

received by the Exchange, the symbol, unique reference number assigned at the time of receipt,

side (buy or sell), and the displayed price and size of the resting order. The symbol, origin type,

side (buy or sell), and displayed price and size are also available via the Exchange's proprietary

data feeds depending on which report a Member subscribes to. The first bucket of information

for both proposed reports would also indicate whether the Recipient Member is an Affiliate of

the Member that entered the resting order. This data field for both proposed reports would not

indicate the identity of the Member that entered the resting order and would simply allow the

Recipient Member to better understand the scenarios in which it may execute against the orders

of its Affiliates.[57]

For the proposed Complex Order Report, the second bucket of information pertains to the

execution of the resting order and includes the Complex SBBO and Complex ABBO at the time

of execution and for the proposed Resting Simple Order Report, pertains to the execution of the

resting order and includes the SBBO and ABBO at the time of execution. These data points for

both proposed reports are also derivable from information disseminated via OPRA or available

via the Exchange's proprietary data feeds, depending on the type of report. The second bucket of

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[56]   See MIAX Sapphire Options Exchange User Manual, Version 1.0.0, Section 5.06 (dated December 11, 2023), available at https://www.miaxglobal.com/sites/default/files/job-files/MIAX_Sapphire_User_Manual_v1.0.0_2024_06_18.pdf.

[57]   The Exchange surveils to monitor for aberrant behavior related to internalized trades and identify potential wash sales.

information for both reports would also indicate whether the response was entered by the

Recipient Member. For both reports, this data point would be simply provided as a convenience

and, if not entered by the Recipient Member, this data point would be left blank so as not to

include any identifying information about other Member activity. For the Complex Order

Report, the second bucket of information would also include the size, time and type of first

response[58] that executes against the resting order; as well as the time difference between the time

the resting order and first response that executes against the resting order are received by the

Exchange. These data points would assist the Recipient Member in analyzing by how much time

their order may have missed an execution against a contra-side order resting on the Strategy

Book. For the Resting Simple Order Report, the second bucket of information also includes the

size, as well as the time and type of first response that executes against the resting order. These

data points would assist the Recipient Member in analyzing by how much time their order may

have missed an execution against a contra-side order resting on the Simple Order Book. Unlike

the existing Simple Order Report and proposed Complex Order Report, the proposed Resting

Simple Order Report would not include the time difference between the time the resting order

and first response that executes against the resting order are received by the Exchange. The

proposed Resting Simple Order Report would not include this data point because the Exchange

understands Recipient Members may not find it useful due to the fact that the proposed Resting

Simple Order Report focuses on orders that have been resting on the Simple Order Book for

longer than 200 microseconds. Therefore, the Exchange does not propose to include this data

point as a means to streamline the proposed Resting Simple Order Report and remove

unnecessary data.

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[58]   See supra note 25.

For both proposed reports, the third bucket of information would be about the Recipient Member's response(s) and the time their response(s) is received by the Exchange. This would include the time difference between the time the first response that executes against the resting order was received by the Exchange and the time of each response sent by the Recipient Member, regardless of whether it executed or not. As above, for both proposed reports, this data point would assist the Recipient Member in analyzing by how much time their order may have missed an execution against a contra-side order resting on the Strategy Book. This bucket would also include the size and type of each response submitted by the Recipient Member, the Recipient Member identifier, and a response reference number, which is selected by the Recipient Member. Each of these data points are unique to the Recipient Member and should already be known by the Recipient Member even if not included in the Complex Order Report or Resting Simple Order Report, as the case may be.

The Exchange proposes to provide the Complex Order Report and Resting Simple Order Report on a voluntary basis and no Member will be required to subscribe to either report. The Exchange notes that there is no rule or regulation that requires the Exchange to produce, or that a Member elect to receive, either proposed report. It would be entirely a business decision of each Member to subscribe to either proposed report. The Exchange proposes to offer the Complex Order Report and Resting Simple Order Report as a convenience to Members to provide them with additional information regarding trading activity on the Exchange on a delayed basis after the close of regular trading hours. A Member that chooses to subscribe to either proposed report may discontinue receiving either at any time if that Member determines that the information contained in the Complex Order Report or Resting Simple Order Report is no longer useful.

In summary, the proposed Complex Order Report and Resting Simple Order Report will

help to protect a free and open market by providing additional data (offered on an optional basis)

to the marketplace and by providing investors with greater choices.[59] Additionally, the proposal

would not permit unfair discrimination because the proposed Complex Order Report and Resting

Simple Order Report will be available to all Exchange Members.

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

The Exchange does not believe that the proposed rule change will result in any burden on

competition that is not necessary or appropriate in furtherance of the purposes of the Act, as

amended.

Inter-Market Competition

The proposed Complex Order Report and Resting Simple Order Report will allow the

Exchange to provide new options for Members to receive historical market data. The proposed

Complex Order Report and Resting Simple Order Report will also further enhance inter-market

competition between exchanges by allowing the Exchange to expand its product offerings to

include additional reports to provide latency information requested by Members. The latency

information that would be provided in the proposed Complex Order Report and Resting Simple

Order Report would enhance competition between exchanges because it would allow Recipient

Members to recalibrate their models and trading strategies to improve their overall trading

experience on the Exchange. This may improve the Exchange's overall trading environment

resulting in increased liquidity and order flow on the Exchange. In response, other exchanges

may similarly seek ways to provide latency related data in an effort to improve their own market

quality. Further, at least one other competing exchange offers substantively identical reports as

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[59]   See Sec. Indus. Fin. Mkts. Ass'n (SIFMA), Initial Decision Release No. 1015, 2016 SEC LEXIS 2278
         (ALJ June 1, 2016) (finding the existence of vigorous competition with respect to non-core market data).

the Exchange's Simple Order Report and proposed Complex Order Report.[60]

Intra-Market Competition

The proposed rule change to offer the optional Complex Order Report and Resting

Simple Order Report is in response to Member interest and requests for such information at the

Exchange's affiliates, MIAX and MIAX Emerald. The Exchange does not believe the proposed

Complex Order Report or Resting Simple Order Report will have an inappropriate burden on

intra-market competition between Recipient Members and other Members who choose not to

receive either report. As discussed above, the first two buckets of information included in the

Complex Order Report and Resting Simple Order Report (with one minor exception described

above) contain information about the resting order and the execution of the resting order, both of

which are generally available to Members that choose not to receive the Complex Order Report

or Resting Simple Order Report from other sources, such as by deriving these data points from

OPRA or obtaining them from the Exchange's proprietary data feeds. The third bucket of

information pertains to the Recipient Member's response and the time their response is received

by the Exchange, information which latency sensitive Members that do not subscribe to the

proposed Complex Order Report or Resting Simple Order Report could obtain on their own

based on their knowledge of when they sent their response to the Exchange and via timestamp

information provided by the acknowledgment message received from the Exchange. However,

latency sensitive Members that do not subscribe to the proposed Complex Order Report or

Resting Simple Order Report would not be able to obtain the time difference between the time

the first response that executes against the resting order was received by the Exchange and the

time of each response sent by the Recipient Member. Such latency sensitive Members may not

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[60]   See BOX Exchange LLC Rules 7350(b)-(c).

view this information as beneficial based on their own trading models and systems. Other

Members that do not subscribe to the proposed Complex Order Report or Resting Simple Order

Report may not view either proposed report as useful due to their own trading behaviors and

business models. Such Members may not be latency sensitive and may be interested primarily in

providing resting liquidity on the Exchange's Simple Order Book or Strategy Book, or they may

simply be connected to the Exchange for best execution purposes or to comply with the trade-

through requirements under Chapter XIV of the Exchange's Rules.[61] Additionally, some

Members may already be able to derive a substantial amount of the same data that is provided by

some of the components based on their own executions and algorithms.

      In sum, if the proposed Complex Order Report or Resting Simple Order Report is

unattractive to Members, Members will opt not to receive either report. Accordingly, the

Exchange does not believe that the proposed change will impair the ability of Members or

competing order execution venues to maintain their competitive standing in the financial

markets.

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)**

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[61]   Chapter XIV of the Exchange Rules incorporates by reference Rule 1401, Order Protection, of the Exchange's affiliate, MIAX.

Pursuant to Section 19(b)(3)(A) of the Act[62] and Rule 19b-4(f)(6)[63] 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. Rule 19b-4(f)(6) requires a self-regulatory

organization to give the Commission written notice of its intent to file the proposed rule change

at least five business days prior to the date of filing of the proposed rule change, or such shorter

time as designated by the Commission. The Exchange has satisfied this requirement.

Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act[64] normally

does not become operative for 30 days after the date of its filing. Accordingly, the Exchange

believes that the proposed rule change is eligible for immediately effective treatment under the

Commission's current procedures for processing rule filings.

The Exchange believes that the proposed rule change meets the criteria of subparagraph

(f)(6) of Rule 19b-4[65] because the proposed rule change would not significantly affect the

protection of investors or the public interest because the proposed Complex Order Report and

Resting Simple Order Report will make latency information for liquidity-seeking orders

available to Exchange Members in a more equalized manner and will increase transparency,

particularly for Recipient Members that may not have the expertise to generate the same

information on their own.

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[62]   15 U.S.C. 78s(b)(3)(A).

[63]   17 CFR 240.19b-4(f)(6).

[64]   Id.

[65]   Id.

But for three differences, the description of the proposed Complex Order Report under amended Exchange Rule 531(b) would be identical to that of the Simple Order Report under Exchange Rule 531(a). The first difference concerns the content of the proposed Complex Order Report, which would be limited to incoming complex orders that seek to remove liquidity from the Exchange's Strategy Book. The Simple Order Report includes information about incoming orders seeking to remove liquidity from the Simple Order Book. This difference is immaterial because both reports include basically the same information and seek to serve the same purpose – provide the Recipient Member with data necessary for them to evaluate their own trading behavior and order interactions on the Exchange. The other differences are that the Simple Order Report includes the SBBO, which is the Exchange's best bid or offer and the ABBO, which is the best bid or offer of away exchanges. In their place, the proposed Complex Order Report would include the Complex SBBO and Complex ABBO. The Complex SBBO is calculated using the SBBO for each component of a complex strategy to establish the Exchange's best net bid or offer for a complex strategy. As discussed above, the Complex SBBO is calculated using the icSBBO combined with the best price currently available on the Strategy Book to establish the Exchange's best net bid or offer for a complex strategy.[66] The Complex ABBO is calculated using the ABBO for each component of a complex strategy to establish the away markets' best net bid or offer for a complex strategy using OPRA data. The Exchange is providing the Complex SBBO and Complex ABBO because both are relevant and tailored to a Member that is entering a complex order to remove liquidity as part of a complex strategy and, therefore, more germane to the purpose of the Complex Order Report. The Complex SBBO and Complex ABBO are basically the same as the SBBO and ABBO but more

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[66]   See supra note 11.

relevant to a Member for purposes of the proposed Complex Order Report because the Recipient Member is seeking to understand their complex order interactions on the Exchange's Strategy Book. Therefore, the Exchange believes these differences are immaterial because both reports include basically the same information as the Complex SBBO and Complex ABBO serve similar functions as the SBBO and ABBO, respectively, but are instead focused on complex orders and are more relevant to the Recipient Member.

None of these differences significantly affect the protection of investors or the public interest because they do not alter the purpose of the Complex Order Report, which is to provide the Recipient Member with essentially the same information as the Simple Order Report so that they can evaluate their order interactions and trading experience on the Exchange and better understand the latency of their complex orders.

The proposed Resting Simple Order Report is also substantially similar to the existing Simple Order Report with the timeframe covered by each report being the primary difference.[67] However, this difference only pertains to the timeframe covered by each report, with each report containing the exact same data fields with one exception. That one exception is that unlike the existing Simple Order Report, the proposed Resting Simple Order Report would not include the time difference between the time the resting order and first response that executes against the resting order are received by the Exchange. The proposed Resting Simple Order Report would not include this data point because the Exchange understands Recipient Members may not find it useful due to the fact that the proposed Resting Simple Order Report focuses on orders that have been resting on the Simple Order Book for longer than 200 microseconds. Neither of these differences reduce the fact that both reports are meant to serve the same purpose, i.e., provide

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[67]   See Exchange Rule 531(a).

latency information regarding how much time by which an order may have missed executing against resting liquidity.

Further, the proposed rule changes are based on rules for substantively identical products in place at the Exchange's affiliates, MIAX, MIAX Pearl and MIAX Emerald,[68] as well as competing options exchange BOX.[69] Therefore, the Exchange believes that the proposed rule changes do not present any new or novel issues not previously considered by the Commission. Based on the foregoing, the Exchange has designated this rule filing as noncontroversial under Section 19(b)(3)(A) of the Act[70] and paragraph (f)(6) of Rule 19b-4 thereunder.[71]

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. The Exchange is prepared to begin to offer the Complex Order Report and Resting Simple Order Report upon the effectiveness of this proposed rule change. Waiver of the 30-day operative delay would benefit investors by enabling the Exchange to make latency information for liquidity-seeking orders available to Exchange Members in a more equalized and timelier manner. Waiver of the operative delay would also allow the Exchange to provide the Complex Order Report and Resting Simple Order Report on August 12, 2024, the date of the proposed launch of the Exchange. This would, in turn, allow the Exchange to respond to inquiries regarding the latency of complex orders and simple orders during the operative delay period in a more uniform manner and not in response to ad hoc request from Members. Waiver of the operative delay would also provide the Exchange the opportunity to attract additional order flow

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[68]   See supra notes 7, 8 and 14.

[69]   See supra note 60.

[70]   15 U.S.C. 78s(b)(3)(A).

[71]   17 CFR 240.19b-4(f)(6).

during the operative delay period from Members that find value in the proposed Complex Order

Report and Resting Simple Order Report and feel they can improve their overall trading

experience on the Exchange. Waiver of the operative delay is, therefore, consistent with the

protection of investors and the public interest.

At any time within 60 days of the filing of the proposed rule change, the Commission

summarily may temporarily suspend such rule change if it appears to the Commission that such

action is necessary or appropriate in the public interest, for the protection of investors, or

otherwise in furtherance of the purposes of the Act.

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

The proposed rule change is based on substantively identical rules in place at MIAX,

MIAX Pearl, MIAX Emerald and BOX.[72]

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

Not applicable.

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

Not applicable.

11.   **Exhibits**

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

5.   Text of the proposed rule change.

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[72]   See supra notes 7, 8, 14 and 60.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-   ; File No. SR-SAPPHIRE-2024-05)

July_____, 2024

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by MIAX Sapphire, LLC to Amend Rule 531, Reports and Market Data Products to Adopt "Liquidity Taker Event Report – Complex Orders" and "Liquidity Taker Event Report – Resting Simple Orders"

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on July_____, 2024, MIAX Sapphire, LLC ("MIAX Sapphire" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Exchange Rule 531, Reports and Market Data Products, to: (1) adopt rule text for the "Liquidity Taker Event Report – Complex Orders"; (2) adopt rule text for the "Liquidity Taker Event Report – Resting Simple Orders"; and (3) make non-substantive, clarifying changes to current Exchange Rules 531(a) and (b).

The text of the proposed rule change is available on the Exchange's website at https://www.miaxglobal.com/markets/us-options/miax-sapphire/rule-filings, at the Exchange's 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

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

[2]   17 CFR 240.19b-4.

In its filing with the Commission, the Exchange included statements concerning the

purpose of and basis for the proposed rule change and discussed any comments it received on

the proposed rule change. The text of these statements may be examined at the places specified

in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C

below, of the most significant aspects of such statements.

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

        1.   <u>Purpose</u>

The Exchange currently offers the Liquidity Taker Event Report (referred to herein as the

"Simple Order Report"), which is a Member[3]-specific report and helps Members to better

understand by how much time a particular order missed executing against a specific order resting

on the Exchange's Simple Order Book.[4] The current Liquidity Taker Event Report is described

under Exchange Rule 531(a).[5] The Exchange now proposes to: (1) amend Exchange Rule

531(b)[6] to provide for the new "Liquidity Taker Event Report – Complex Orders" (referred to

herein as the "Complex Order Report");[7] (2) adopt new Exchange Rule 531(c) to provide for the

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[3]   The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of MIAX Sapphire Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed "members" under the Exchange Act. <u>See</u> Exchange Rule 100.

[4]   The "Simple Order Book" is the Exchange's regular electronic book of orders and quotes. <u>See</u> Exchange Rule 100.

[5]   <u>See</u> Exchange Rule 531(a) <u>and</u> Securities Exchange Act Release No. 100539 (July 15, 2024) (In the Matter of the Application of MIAX Sapphire, LLC for Registration as a National Securities Exchange; Findings, Opinion, and Order of the Commission).

[6]   Currently, Exchange Rule 531(b) is titled "Market Data Products" and provides the rule text for the Open-Close Report. <u>See</u> current Exchange Rule 531(b). Pursuant to this proposal, the Exchange proposes to move the rule text for Market Data Products to now be renumbered as Exchange Rule 531(d). Proposed Exchange Rule 531(c) will be for the Resting Simple Order Report, described below. The Exchange does not propose to amend any of the rule text for Market Data Products as currently stated in Exchange Rule 531.

[7]   The proposed rule change is substantively identical to Complex Order Reports available through the Exchange's affiliates (Miami International Securities Exchange, LLC ("MIAX") and MIAX Emerald, LLC

new "Liquidity Taker Event Report – Resting Simple Orders" (referred to herein as the "Resting

Simple Order Report");[8] (3) make corresponding changes to current Exchange Rule 531(a) to

specify that it is for the Simple Order Report; and (4) renumber current Exchange Rule 531(b),

Market Data Products, to Exchange Rule 531(d).

Complex Order Report

The proposed Complex Order Report would be substantially similar to the existing

Simple Order Report, but would include data concerning a Member's complex orders.[9] The

Exchange also proposes to amend the name of the existing Liquidity Taker Event Report in

Exchange Rule 531(a) to now be titled the "Liquidity Taker Event Report – Simple Orders" and

amend references in Exchange Rule 531(a) accordingly.

The Simple Order Report includes information about incoming orders seeking to remove

resting orders from the Simple Order Book. The proposed Complex Order Report would include

the same information about incoming complex orders that seek to remove complex orders resting

on the Strategy Book.[10] Two other differences between the proposed Complex Order Report and

the Simple Order Report are that the proposed Complex Order Report will include the Complex

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("MIAX Emerald")) as it relates to MIAX and MIAX Emerald markets. See MIAX Rule 531(b) and MIAX Emerald Rule 531(b).

[8]   The proposed rule change is substantively identical to Resting Simple Order Reports available through the Exchange's affiliates, MIAX and MIAX Emerald, as it relates to MIAX and MIAX Emerald markets. See MIAX Rule 531(c) and MIAX Emerald Rule 531(c).

[9]   In sum, a "complex order" is "any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the 'legs' or 'components' of the complex order), for the same account, in a conforming or non-conforming ratio…." See Exchange Rule 518(a).

[10]   The term "complex strategy" means a particular combination of components and their ratios to one another. New complex strategies can be created as the result of the receipt of a complex order or by the Exchange for a complex strategy that is not currently in the System. The Exchange may limit the number of new complex strategies that may be in the System at a particular time and will communicate this limitation to Members via Regulatory Circular. See Exchange Rule 518(a). The "Strategy Book" is the Exchange's electronic book of complex orders. See Exchange Rule 100. The Strategy Book is organized by complex strategy in that individual orders for a defined complex strategy are organized together in a book that is separate from the orders for a different complex strategy.

SBBO[11] in place of the SBBO and Complex ABBO[12] in place of the ABBO, as described further

below. These are minor differences designed to provide the SBBO and ABBO that are relevant

to trading complex orders. Otherwise, the content and dissemination of the proposed Complex

Order Report set forth under amended Exchange Rule 531(b) will be identical to that of the

Simple Order Report under Exchange Rule 531(a). Other than the difference set forth above, the

Exchange represents that there are no other differences between simple orders and complex

orders that would necessitate any other changes to the proposed Complex Order Report or render

the effects or use of the proposed Complex Order Report as different from the Simple Order

Report.

Like the Simple Order Report, the proposed Complex Order Report is an optional

product[13] available to Members. Currently, the Exchange provides real-time prices and analytics

in the marketplace. The Exchange believes the additional data points from the matching engine

outlined below may help Members gain a better understanding about their complex order

interactions with the Exchange. The Exchange believes the proposed Complex Order Report

will provide Members with an opportunity to learn more about better opportunities to access

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11 The term "SBBO" means the Exchange's best bid and offer on the Simple Order Book. See Exchange Rule
    100. The Complex SBBO for a particular complex strategy is calculated using the Implied Complex
    Sapphire Best Bid or Offer ("icSBBO") combined with the best price currently available for that particular
    complex strategy on the Strategy Book to establish the Exchange's best net bid or offer for that complex
    strategy. The icSBBO is calculated using the best price from the Simple Order Book for each component
    of a complex strategy including displayed and non-displayed trading interest. For stock-option orders, the
    icSBBO for a complex strategy is calculated using the best price (whether displayed or non-displayed) on
    the Simple Order Book in the individual option component(s), and the NBBO in the stock component. See
    Exchange Rule 518(a). 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.

12 The term "ABBO" or "Away Best Bid or Offer" means the best bid(s) or offer(s) disseminated by other
    Eligible Exchanges (defined in Exchange Rule 1400(g)) and calculated by the Exchange based on market
    information received by the Exchange from the Options Price Reporting Authority ("OPRA"). See
    Exchange Rule 100. The Complex ABBO is calculated using the ABBO for each component of a complex
    strategy to establish the away markets' best net bid or offer for a complex strategy.

13 The Exchange intends to submit a separate filing with the Commission pursuant to Section 19(b)(1) to
    propose fees for the Simple Order Report, proposed Complex Order Report, and proposed Resting Simple
    Order Report.

liquidity and receive better execution rates when trading complex orders. The proposed Complex Order Report will increase transparency and democratize information so that all firms that subscribe to the proposed Complex Order Report have access to the same information on an equal basis, even for firms that do not have the appropriate resources to generate a similar report regarding interactions with the Exchange. Like the Simple Order Report, none of the components of the proposed Complex Order Report include real-time market data.

Members generally would use a liquidity accessing order if there is a high probability that it will execute against an order resting on the Exchange's Simple Order Book. Like the Simple Order Report, the proposed Complex Order Report would identify by how much time an order that may have been marketable missed an execution. In the case of the proposed Complex Order Report, the incoming order would be a complex order submitted to trade against a resting order for a complex strategy. The proposed Complex Order Report will provide greater visibility into the missed trading execution, which will allow Members to optimize their models and trading patterns to yield better execution results when trading complex orders.

Like the Simple Order Report, the proposed Complex Order Report will be a Member-specific report and will help Members to better understand by how much time a particular order, in this case a complex order, missed executing against a specific resting order, thus allowing that Member to determine whether it wants to invest in the necessary resources and technology to mitigate missed executions against certain resting orders on the Exchange's Strategy Book. For example, Member A submits a complex order that is posted to the Strategy Book and then, within 400 microseconds of the entry of Member A's complex order, Member B enters a marketable complex order to execute against Member A's resting complex order. Immediately thereafter, Member C, also within 400 microseconds of the entry of Member A's complex order, sends a marketable complex order to execute against Member A's resting complex order.

Because Member B's complex order is received by the Exchange before the complex order for Member C, Member B's complex order executes against Member A's resting complex order. If Member C were to subscribe to the proposed Complex Order Report, it would be provided the data points necessary for that firm to calculate by how much time it missed executing against Member A's resting complex order.

Like the Simple Order Report, the Exchange proposes to provide the proposed Complex Order Report on a T+1 basis. As further described below, the proposed Complex Order Report will be specifically tailored to the Member that is subscribed to the Complex Order Report and any data included in the Complex Order Report that relates to a Member other than the Member receiving the Complex Order Report will be anonymized.

The Exchange's affiliates, MIAX and MIAX Emerald, adopted their comparable Complex Order Reports in response to demand from their members for data concerning the timeliness of their incoming complex orders and executions against resting orders on those markets.[14] Members of MIAX and MIAX Emerald have found the Simple Order Reports and Complex Order Reports helpful and the Exchange believes that its Members will request similar information from the Exchange regarding their simple orders and complex orders. For MIAX and MIAX Emerald, this came in the form of requests by members to those exchanges' trading operations personnel for information concerning the timeliness of their incoming simple orders and complex orders and efficacy of their attempts to execute against resting liquidity on their books. The purpose of the proposed Complex Order Report is to provide a subscribing Member ("Recipient Member") the necessary data in a standardized format on a T+1 and equal basis.

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[14]   See MIAX Rule 531(b) and MIAX Emerald Rule 531(b). The Exchange notes that its other affiliate, MIAX PEARL, LLC ("MIAX Pearl") only provides for the similar Simple Order Report and Resting Simple Order Report as complex orders are not available for trading on the options trading facility of MIAX Pearl.

Similar to current Exchange Rule 531(a) regarding the Simple Order Report, amended

Exchange Rule 531(b) would provide that the proposed Complex Order Report is a daily report

that provides a Recipient Member with its liquidity response time details for executions of an

order resting on the Strategy Book, where that Recipient Member submitted a complex order that

attempted to execute against such resting complex order within a certain timeframe.

Complex Order Report Content

The content of the proposed Complex Order Report would be identical to the Simple

Order Report, but for two minor differences discussed below. Proposed paragraph (b)(1) of

Exchange Rule 531 would describe the content of the proposed Complex Order Report and

delineate which information would be provided regarding the resting order,[15] the response that

successfully executed against the resting order, and the response submitted by the Recipient

Member that missed executing against the resting order. It is important to note that the content

of the proposed Complex Order Report will be specific to the Recipient Member and the

proposed Complex Order Report will not include any information related to any Member other

than the Recipient Member. The Exchange will restrict all other market participants, including

the Recipient Member, from receiving another market participant's data.

Resting Order Information. The content of the proposed Complex Order Report set forth

under amended Exchange Rule 531(b)(1)(i) is identical to the content of the Simple Order Report

under Exchange Rule 531(a)(1)(i). However, as noted above, the content of the proposed

Complex Order Report would be limited to incoming complex orders that seek to remove

liquidity from the Exchange's Strategy Book.

Amended Exchange Rule 531(b)(1)(i) would provide that the following information

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15   Like the Simple Order Report, only displayed orders will be included in the proposed Complex Order
        Report. The Exchange notes that it does not currently offer any non-displayed order types.

would be included in the proposed Complex Order Report regarding the resting order: (A) the time the resting order was received by the Exchange;[16] (B) symbol;[17] (C) order reference number, which is a unique reference number assigned to a new complex order at the time of receipt;[18] (D) whether the Recipient Member is an Affiliate[19] of the Member that entered the resting order[20]; (E) origin type (e.g., Priority Customer,[21] Market Maker[22]);[23] (F) side (buy or sell);[24] and (G) displayed price and size of the resting order.[25]

Execution Information. Amended Exchange Rule 531(b)(1)(ii) would provide that the following information would be included in the proposed Complex Order Report regarding the execution of the resting order: (A) the Complex SBBO at the time of execution;[26] (B) the

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[16]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(A).

[17]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(B).

[18]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(C).

[19]   The term "affiliate" of or person "affiliated with" another person means a person who, directly, or indirectly, controls, is controlled by, or is under common control with, such other person. See Exchange Rule 100.

[20]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(D). The Complex Order Report will simply indicate whether the Recipient Member is an Affiliate of the Member that entered the resting order and not include any other information that may indicate the identity of the Member that entered the resting order.

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

[22]   The term "Market Maker" or "MM" means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange's Rules. See Exchange Rule 100.

[23]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(E).

[24]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(F).

[25]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(i)(G). The Exchange notes that the displayed price and size are also disseminated via the Exchange's proprietary data feeds.

[26]   Similar information is included in the Simple Order Report. Exchange Rule 531(b)(1)(ii)(A) would similarly provide that if the resting order executes against multiple contra-side responses, only the Complex SBBO at the time of the execution against the first response will be included.

Complex ABBO at the time of execution;[27] (C) the time the first response that executes against

the resting order was received by the Exchange and the size of the execution and type of the

response;[28] (D) the time difference between the time the resting order was received by the

Exchange and the time the first response that executes against the resting order was received by

the Exchange;[29] and (E) whether the response was entered by the Recipient Member.[30] If the

resting order executes against multiple contra-side responses, only the Complex SBBO and

Complex ABBO at the time of the execution against the first response will be included.

The content of the proposed Complex Order Report set forth under amended Exchange

Rule 531(b)(1)(ii) is identical to the content of the Simple Order Report under Exchange Rule

531(a)(1)(ii) with two minor differences. The Simple Order Report includes the SBBO, which is

the Exchange's best bid or offer, and the ABBO, which is the best bid or offer of away

exchanges. In their place, the proposed Complex Order Report would include the Complex

SBBO and Complex ABBO. The Complex SBBO is calculated using the SBBO for each

component of a complex strategy to establish the Exchange's best net bid or offer for a complex

strategy. As discussed above, the Complex SBBO is calculated using the icSBBO[31] combined

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[27]   Similar information is included in the Simple Order Report. See Exchange Rule 531(a)(1)(ii)(B).
         Exchange Rule 531(b)(1)(ii)(B) would similarly provide that if the resting order executes against multiple
         contra-side responses, only the Complex ABBO at the time of the execution against the first response will
         be included.

[28]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(ii)(C). The
         time the Exchange received the response order would be in nanoseconds and would be the time the
         response was received by the Exchange's network, which is before the time the response would be received
         by the System. The type of responses that would be identified in the proposed Complex Order Report are
         Standard Quotes. The term "quote" or "quotation" means a bid or offer entered by a Market Maker as a
         firm order that updates the Market Maker's previous bid or offer, if any. When the term order is used in the
         Exchange's Rules and a bid or offer is entered by the Market Maker in the option series to which such
         Market Maker is registered, such order shall, as applicable, constitute a quote or quotation for purposes of
         the Exchange's Rules. See Exchange Rule 100.

[29]   The time difference would be provided in nanoseconds. This information is also included in the Simple
         Order Report. See Exchange Rule 531(a)(1)(ii)(D).

[30]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(ii)(E).

[31]   The Implied Complex Sapphire Best Bid or Offer ("icSBBO") 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

with the best price currently available on the Strategy Book to establish the Exchange's best net

bid or offer for a complex strategy.[32] The Complex ABBO is calculated using the ABBO for

each component of a complex strategy to establish the away markets' best net bid or offer for a

complex strategy using OPRA data. The Exchange is providing the Complex SBBO and

Complex ABBO because both are relevant and tailored to a Member that is entering a complex

order to remove liquidity as part of a complex strategy and, therefore, more germane to the

purpose of the Complex Order Report.

       Recipient Member's Response Information. The content of the proposed Complex Order

Report set forth under amended Exchange Rule 531(b)(1)(iii) is identical to the content of the

Simple Order Report under Exchange Rule 531(a)(1)(iii). Amended Exchange Rule

531(b)(1)(iii) would provide that the following information would be included in the Complex

Order Report regarding complex order(s) sent by the Recipient Member: (A) Recipient Member

identifier;[33] (B) the time difference between the time the first response that executes against the

resting order was received by the Exchange and the time of each complex order sent by the

Recipient Member, regardless of whether it executed or not;[34] (C) size and type of each complex

order submitted by the Recipient Member;[35] and (D) response reference number, which is a

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trading interest. For stock-option orders, the icSBBO for a complex strategy will be calculated using the best price (whether displayed or non-displayed) on the Simple Order Book in the individual option component(s), and the NBBO in the stock component. See Exchange Rule 518(a). 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 id.

[32]   See supra note 11.

[33]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(iii)(A).

[34]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(iii)(B). For purposes of calculating this duration of time, the Exchange will use the time the first response that executes against the resting order and the Recipient Member's response(s) is received by the Exchange's network, both of which would be before the order and response(s) would be received by the System. This time difference would be provided in nanoseconds.

[35]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(iii)(C).

unique reference number attached to the response by the Recipient Member.[36]

Timeframe for Data Included in the Complex Order Report

The timeframe for data to be included the proposed Complex Order Report set forth under amended Exchange Rule 531(b)(2) is identical to the timeframe for data included in the Complex Order Reports that are available for MIAX and MIAX Emerald.[37] Proposed paragraph (b)(2) of Exchange Rule 531 would provide that the Complex Order Report would include the data set forth under Exchange Rule 531(b)(1) described above for executions and contra-side responses that occurred within 400 microseconds of the time the resting order was received by the Exchange. The Exchange believes 400 microseconds is the appropriate timeframe because it understands most Members that would be interested in subscribing to the proposed Complex Order Report would submit their incoming liquidity removing complex orders within 400 microseconds of the time a contra-side complex order is posted to the Strategy Book.

Scope of Data Included in the Report

The scope of data to be included the proposed Complex Order Report set forth under amended Exchange Rule 531(b)(3) is identical to the scope of data included in the Simple Order Report under Exchange Rule 531(a)(3). Proposed paragraph (b)(3) of Exchange Rule 531 would provide that the Complex Order Report will only include trading data related to the Recipient Member and, subject to the proposed paragraph (4) of Exchange Rule 531(b) described below, will not include any other Member's trading data other than that listed in paragraphs (1)(i) and (ii) of Exchange Rule 531(b), described above. Like the Simple Order Report, the proposed Complex Order Report will not include information related to any Member other than the

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[36]   This information is also included in the Simple Order Report. See Exchange Rule 531(a)(1)(iii)(D).

[37]   See MIAX Rule 531(b)(2) and MIAX Emerald Rule 531(b)(2).

Recipient Member.[38]

Historical Data

Proposed paragraph (b)(4) of Exchange Rule 531 would specify that the Complex Order

Report will contain historical data from the prior trading day and will be available after the end of

the trading day, generally on a T+1 basis. This is identical to the timeframe for when the Simple

Order Report is made available.[39]

Resting Simple Order Report

The Exchange proposes to amend Exchange Rule 531 to provide for the new Resting

Simple Order Report.[40] The proposed Resting Simple Order Report will be an optional product[41]

available to Members. But for the modified timeframe and one difference described below, the

proposed Resting Simple Order Report would include the same data as the Simple Order Report

currently described under Exchange Rule 531(a), except that the Resting Simple Order Report

will focus on executions and contra-side responses that occurred after 200 microseconds of the

time the resting order was received by the Exchange and within 200 microseconds of receipt of

any Member's first attempt to execute against the resting order after the initial 200 microsecond

time period has expired as described further below.

The Exchange believes the additional data points from the matching engine outlined

below for the proposed Resting Simple Order Report may also help Members gain a better

understanding about their interactions with the Exchange. The Exchange believes the proposed

Resting Simple Order Report will provide Members with an opportunity to learn more about

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[38]   See Exchange Rule 531(a)(3).

[39]   See Exchange Rule 531(a)(4).

[40]   The proposed rule change to adopt the Resting Simple Order Report is substantively identical to reports
         offered by the Exchange's affiliates, MIAX, MIAX Pearl and MIAX Emerald. See MIAX Rule 531(c),
         MIAX Pearl Rule 531(c), and MIAX Emerald Rule 531(c).

[41]   See supra note 13.

better opportunities to access liquidity and receive better execution rates. The proposed Resting Simple Order Report will increase transparency and democratize information so that all firms that subscribe to the proposed Resting Simple Order Report have access to the same information on an equal basis, even for firms that do not have the appropriate resources to generate a similar report regarding interactions with the Exchange. None of the components of the proposed Resting Simple Order Report include real-time market data.

Members generally would use a liquidity accessing order if there is a high probability that it will execute against an order resting on the Simple Order Book. The proposed Resting Simple Order Report would identify by how much time an order that may have been marketable missed an execution but would focus on a later timeframe than the Simple Order Report and Complex Order Report. The proposed Resting Simple Order Report will provide greater visibility into the missed trading execution, which will allow Members to optimize their models and trading patterns to yield better execution results.

The proposed Resting Simple Order Report will be a Member-specific report and will help Members to better understand by how much time a particular order missed executing against a specific resting order, thus allowing that Member to determine whether it wants to invest in the necessary resources and technology to mitigate missed executions against certain resting orders on the Simple Order Book. The Exchange proposes to provide the Resting Simple Order Report on a T+1 basis. As further described below, the proposed Resting Simple Order Report will be specific and tailored to the Member that is subscribed to the Resting Simple Order Report and any data included in the Resting Simple Order Report that relates to a Member other than the Member receiving the Resting Simple Order Report will be anonymized.

The Exchange's affiliates, MIAX, MIAX Pearl, and MIAX Emerald, adopted their comparable Resting Simple Order Reports in response to demand from their members for data

concerning the timeliness of their incoming orders and executions against certain resting orders

that have been resting on the Simple Order Books of MIAX, MIAX Pearl, and MIAX Emerald,

for at least 200 microseconds and within 200 microseconds of receipt of the first attempt to

execute against the resting order after the initial 200 microsecond time period has expired.[42]

Members of MIAX, MIAX Pearl, and MIAX Emerald have found the Resting Simple Order

Reports helpful and the Exchange believes that its Members will request similar information

from the Exchange regarding their resting simple orders. For MIAX, MIAX Pearl, and MIAX

Emerald, this came in the form of requests by members to those exchanges' trading operations

personnel for information concerning the timeliness of their incoming simple orders and efficacy

of their attempts to execute against resting liquidity on their books. The purpose of the proposed

Resting Simple Order Report is to provide Members the necessary data in a standardized format

on a T+1 basis to those that subscribe to the Resting Simple Order Report on an equal basis.

Proposed Exchange Rule 531(c) would provide that the Resting Simple Order Report is a

daily report that provides a Recipient Member with its liquidity response time details for

executions of an order resting on the Simple Order Book, where that Recipient Member

attempted to execute against such resting order within an extended timeframe that meets certain

criteria described below.

Resting Simple Order Report Content

The content of the proposed Resting Simple Order Report is basically identical to that of

the existing Simple Order Report described under Exchange Rule 531(a) with two differences.

The first difference is the timeframe of the proposed Resting Simple Order Report mentioned

above and described in more detail below. The second difference is that, unlike the existing

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[42]   See supra note 40.

Simple Order Report, the proposed Resting Simple Order Report would not include the time

difference between the time the resting order was received by the Exchange and the time the first

response that executes against the resting order was received by the Exchange. Each of these

differences are described below. All other aspects of the proposed Resting Simple Order Report

are identical to the existing Simple Order Report described under Exchange Rule 531(a).

Like current paragraph (a)(1) of Exchange Rule 531 for the existing Simple Order

Report, proposed paragraph (c)(1) of Exchange Rule 531 would describe the content of the

proposed Resting Simple Order Report and delineate which information would be provided

regarding the resting order,[43] the response that successfully executed against the resting order,

and the response submitted by the Recipient Member that missed executing against the resting

order. It is important to note that the content of the Resting Simple Order Report will be specific

to the Recipient Member and the Resting Simple Order Report will not include any information

related to any Member other than the Recipient Member, other than certain information about the

resting order described below. The Exchange will restrict all other market participants, including

the Recipient Member, from receiving another market participant's data.

Resting Order Information. Like current paragraph (a)(1)(i) of Exchange Rule 531 for

the existing Simple Order Report, proposed Exchange Rule 531(c)(1)(i) would provide that the

following information would be included in the Resting Simple Order Report regarding the

resting order: (A) the time the resting order was received by the Exchange;[44] (B) symbol; (C)

order reference number, which is a unique reference number assigned to a new order at the time

of receipt; (D) whether the Recipient Member is an Affiliate of the Member that entered the

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[43]   Only displayed orders will be included in the Resting Simple Order Report. The Exchange notes that it
         does not currently offer any non-displayed orders types on its options trading platform.

[44]   The time the Exchange received the resting order would be in nanoseconds and is the time the resting order
         was received by the Exchange's network.

resting order[45]; (E) origin type (e.g., Priority Customer, Market Maker); (F) side (buy or sell);

and (G) displayed price and size of the resting order.[46]

Execution Information. Like current paragraph (a)(1)(ii) of Exchange Rule 531 for the

existing Simple Order Report, proposed Exchange Rule 531(c)(1)(ii) would provide that the

following information would be included in the Resting Simple Order Report regarding the

execution of the resting order: (A) the SBBO at the time of execution;[47] (B) the ABBO at the

time of execution;[48] (C) the time first response that executes against the resting order was

received by the Exchange and the size of the execution and type of the response;[49] and (D)

whether the response was entered by the Recipient Member. If the resting order executes against

multiple contra-side responses, only the SBBO and ABBO at the time of the execution against

the first response will be included.

Exchange Rule 531(a)(1)(ii)(D) provides that the existing Simple Order Report also

includes the time difference between the time the resting order was received by the Exchange

and the time the first response that executes against the resting order was received by the

Exchange. The proposed Resting Simple Order Report would not include the same information

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[45]   The Resting Simple Order Report will simply indicate whether the Recipient Member is an Affiliate of the Member that entered the resting order and not include any other information that may indicate the identity of the Member that entered the resting order.

[46]   The Exchange notes that the displayed price and size are also disseminated via the Exchange's proprietary data feeds and OPRA. The Exchange also notes that the displayed price of the resting order may be different than the ultimate execution price. This may occur when a resting order is displayed and ranked at different prices upon entry to avoid a locked or crossed market.

[47]   Exchange Rule 531(c)(1)(ii)(A) would further provide that if the resting order executes against multiple contra-side responses, only the SBBO at the time of the execution against the first response will be included.

[48]   Exchange Rule 531(c)(1)(ii)(B) would further provide that if the resting order executes against multiple contra-side responses, only the ABBO at the time of the execution against the first response will be included.

[49]   The time the Exchange received the response order would be in nanoseconds and would be the time the response was received by the Exchange's network, which is before the time the response would be received by the System.

because that timeframe could be for an extended period of time since the proposed Resting

Simple Order Report focuses on orders that have been resting on the Simple Order Book for

longer than 200 microseconds and, therefore, the Exchange believes is less likely to be valuable

to the Recipient Member.

Recipient Member's Response Information. Like current paragraph (a)(1)(iii) of

Exchange Rule 531 for the existing Simple Order Report, proposed Rule 531(c)(1)(iii) would

provide that the following information would be included in the Resting Simple Order Report

regarding response(s) sent by the Recipient Member: (A) Recipient Member identifier; (B) the

time difference between the time the first response that executes against the resting order was

received by the Exchange and the time of each response sent by the Recipient Member,

regardless of whether it executed or not;[50] (C) size and type of each response submitted by

Recipient Member; and (D) response reference number, which is a unique reference number

attached to the response by the Recipient Member.

Timeframe for Data Included in Report

The timeframe covered by the proposed Resting Simple Order Report is the primary

difference between it and the existing Simple Order Report. The existing Simple Order Report

provides data for executions and contra-side responses that occurred within 200 microseconds of

the time the resting order was received by the Exchange. Meanwhile, the proposed Resting

Simple Order Report would include the same data as the Simple Order Report but would focus

on executions and contra-side responses that occurred after 200 microseconds of the time the

resting order was received by the Exchange, and within 200 microseconds of receipt of any

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[50]   For purposes of calculating this duration of time, the Exchange will use the time the first response
         that executes against the resting order and the Recipient Member's response(s) is received by the
         Exchange's network, both of which would be before the order and response(s) would be received
         by the System. This time difference would be provided in nanoseconds.

Member's first attempt to execute against the resting order after the initial 200 microsecond time period has expired. More specifically, the resting order must rest on the Simple Order Book for at least 200 microseconds and once that initial 200 microsecond period has passed, a Member must then submits an order to attempt to execute against that resting order. This event starts a second 200 microsecond period within which the proposed Resting Simple Order Report would include data on executions and contra-side responses submitted by the Recipient Member to execute against that resting order.

For example, Member A submits an order that is posted to the Simple Order Book. 200 microseconds passes and Member A's order remains posted to the Simple Order Book. Then Member B enters a marketable order to execute against Member A's resting order, starting the second 200 microsecond window. Within this next 200 microsecond window, Member C sends a marketable order to execute against Member A's resting Order. Because Member B's order is received by the Exchange before Member C's order, Member B's order executes against Member A's resting order. The proposed Resting Simple Order Report would provide Member C the data points necessary for that firm to calculate by how much time it missed executing against Member A's resting order.

The above timeframe would be codified under proposed paragraph (c)(2) of Exchange Rule 531 which would provide that the proposed Resting Simple Order Report would include the data set forth under Exchange Rule 531(c)(1) described above for executions and contra-side responses that occurred (i) after 200 microseconds of the time the resting order was received by the Exchange and (ii) within 200 microseconds of receipt of the first attempt to execute against the resting order after the initial 200 microsecond time period under (c)(2)(i) of this paragraph has expired.

Scope of Data Included in the Resting Simple Order Report

Like current paragraph (a)(3) of Exchange Rule 531 for the existing Simple Order

Report, proposed paragraph (c)(3) of Exchange Rule 531 would provide that the proposed

Resting Simple Order Report will only include trading data related to the Recipient Member and,

subject to the proposed paragraph (4) of Exchange Rule 531(c) described below, will not include

any other Member's trading data other than that listed in paragraphs (1)(i) and (ii) of proposed

Exchange Rule 531(c), described above.

Historical Data

Like current paragraph (a)(4) of Exchange Rule 531 for the existing Simple Order Report,

proposed paragraph (c)(4) of Exchange Rule 531 would specify that the proposed Resting Simple

Order Report will contain historical data from the prior trading day and will be available after the

end of the trading day, generally on a T+1 basis.

2.   Statutory Basis

The Exchange believes the proposed rule changes are 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.[51] Specifically, the Exchange believes the proposed rule change is

consistent with the Section 6(b)(5)[52] requirements that the rules of an exchange be designed to

prevent fraudulent and manipulative acts and practices, to promote just and equitable principles

of trade, to foster cooperation and coordination with persons engaged in regulating, clearing,

settling, processing information with respect to, and facilitating transactions in securities, to

remove impediments to and perfect the mechanism of a free and open market and a national

market system, and, in general, to protect investors and the public interest. This proposal is in

keeping with those principles in that it promotes increased transparency through the

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[51]   15 U.S.C. 78f(b).

[52]   15 U.S.C. 78f(b)(5).

dissemination of the optional Complex Order Report and Resting Simple Order Report to those interested in subscribing to receive the data. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[53] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

But for three differences, the description of the proposed Complex Order Report under Exchange Rule 531(b) is identical to that of the Simple Order Report under Exchange Rule 531(a). The first difference concerns the content of the proposed Complex Order Report, which would be limited to incoming complex orders that seek to remove liquidity from the Exchange's Strategy Book. The Simple Order Report includes information about incoming orders seeking to remove liquidity from the Simple Order Book. This difference is immaterial because both reports include basically the same information and seek to serve the same purpose, to provide the Recipient Member with the same type of data necessary for them to evaluate their own trading behavior and order interactions on the Exchange; however, the Simple Order Report contains data relevant to the Simple Order Book while the proposed Complex Order Report contains data relevant to the Strategy Book.

The other two differences are that the Simple Order Report includes the SBBO, which is the Exchange's best bid or offer, and the ABBO, which is the best bid or offer of away exchanges. In their place, the proposed Complex Order Report would include the Complex SBBO and Complex ABBO. As discussed above, the Complex SBBO is calculated using the icSBBO combined with the best price currently available on the Strategy Book to establish the Exchange's best net bid or offer for a complex strategy.[54] The Complex ABBO is calculated using the ABBO for each component of a complex strategy to establish the away markets' best

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[53]   Id.

[54]   See supra note 11.

net bid or offer for a complex strategy using OPRA data. The Exchange is providing the

Complex SBBO and Complex ABBO because both are relevant and tailored to a Member that is

entering a complex order to remove liquidity as part of a complex strategy and, therefore, more

germane to the purpose of the Complex Order Report. The Exchange believes these differences

are appropriate because providing the Complex SBBO in place of the SBBO and the Complex

ABBO in place of the ABBO are more germane to the purpose of the proposed Complex Order

Report.

The timeframe covered by the proposed Resting Simple Order Report is the primary

difference between it and the existing Simple Order Report. However, this difference only

pertains to the timeframe covered by each report, with each report containing the exact same data

fields with one exception described here. The existing Simple Order Report provides data for

executions and contra-side responses that occurred within 200 microseconds of the time the

resting order was received by the Exchange. Meanwhile, the proposed Resting Simple Order

Report would basically include the same data as the Simple Order Report but would focus on

executions and contra-side responses that occurred after 200 microseconds of the time the resting

order was received by the Exchange and one additional difference. The one difference is that

unlike the existing Simple Order Report, the proposed Resting Simple Order Report would not

include the time difference between the time the resting order and first response that executes

against the resting order are received by the Exchange. Each report focuses on 200 microsecond

windows with the existing Simple Order Report's window starting at the time of receipt of the

resting order and the proposed Resting Simple Order Report's window starting with the first

attempt to execute against the resting order after the order was resting on the Simple Order Book

for at least 200 microseconds.

Like the Simple Order Report, the Exchange believes the proposed Complex Order

Report and Resting Simple Order Report will serve to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general protect investors and the public interest by providing Members access to information regarding their trading activity that they may utilize to evaluate their own trading behavior and order interactions. Also, like the Simple Order Report, the proposed Complex Order Report is designed for Members that are interested in gaining insight into latency in connection with complex orders that failed to execute against an order resting on the Exchange's Strategy Book by providing those Members data to analyze by how much time their complex order may have missed an execution against a contra-side order resting on the Strategy Book. Like the existing Simple Order Report, the proposed Resting Simple Order Report is designed for Members that are interested in gaining insight into latency in connection with orders that failed to execute against an order resting on the Exchange's Simple Order Book by providing those Members data to analyze by how much time their order may have missed an execution against a contra-side order resting on the Simple Order Book. The Exchange believes that providing this optional latency data to interested Members is consistent with facilitating transactions in securities, removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest because it provides greater visibility into the latency of Members' incoming orders that they may use to optimize their models and trading patterns in an effort to yield better execution results by calculating by how much time their order may have missed an execution. This would, in turn, benefit other market participants who may experience better executions on the Exchange because those that use the proposed Complex Order Report and/or Resting Simple Order Report may re-calibrate their trading models and then increase their trading on the Exchange and volume of liquidity removing orders. This could lead to an increase in incoming liquidity

removing orders resulting in higher execution rates for Members who primarily place resting orders on either the Strategy Book or Simple Order Book, or both. The proposed Complex Order Report and Resting Simple Order Report may benefit other market participants who would receive greater fill rates, thereby facilitating transactions in securities and perfecting the mechanism of the national market system.

As discussed above, the Exchange's affiliates, MIAX, MIAX Pearl and MIAX Emerald, received ad hoc requests from their members for information regarding the timeliness of their attempts to execute against resting options liquidity on Strategy Books and Simple Order Books of those markets. The proposal promotes just and equitable principles of trade because it would provide latency information in a systematized way and standardized format to any Member that chooses to subscribe to the proposed Complex Order Report or Resting Simple Order Report. As a result, the proposal would also remove impediments to and perfect the mechanism of a free and open market and a national market system by making latency information for liquidity-seeking orders available in a more equalized manner.

The proposal further promotes just and equitable principles of trade by increasing transparency, particularly for Recipient Members of either or both the Complex Order Report and Resting Simple Order Report that may not have the expertise to generate the same information on their own. The proposed Complex Order Report may better enable Recipient Members to increase the fill rates for their liquidity-seeking Complex Orders and the Resting Simple Order Report may better enable Recipient Members to increase the fill rates for their liquidity-seeking orders. At the same time, as is also discussed above, the Complex Order Report and Resting Simple Order Report promote just and equitable principles of trade and protect investors and the public interest because they are designed to prevent a Recipient Member of either report from learning other Members' sensitive trading information. The

Complex Order Report and Resting Simple Order Report would not be real-time market data products, as they would provide only historical trading data for the previous trading day, generally on a T+1 basis. In addition, the data in the Complex Order Report regarding incoming orders that failed to execute would be specific to the Recipient Member's complex orders, and other information in the proposed Complex Order Report regarding resting orders and executions would be anonymized if it relates to a Member other than the Recipient Member. The same is true for the Resting Simple Order Report.

The Complex Order Report and Resting Simple Order Report generally would contain three buckets of information each. The first two buckets include information about the resting order and the execution of the resting order. The Exchange anticipates that this information will be available from the Exchange's proprietary data feeds or derivable from OPRA. For example, for the Complex Order Report, the Exchange plans to offer the Complex Top of Market ("cToM") data feed which will provide real-time quote and last sale information for all displayed orders on the Strategy Book.[55] For the Resting Simple Order Report, OPRA provides bids, offers, and consolidated last sale and quotation information for options trading on all national securities exchanges, including the Exchange. In addition, the Exchange plans to offer the Top of Market ("ToM") data feed which will provide real-time quote and last sale information for all displayed orders on the Simple Order Book.[56]

The first bucket of information contained in the proposed Complex Order Report and Resting Simple Order Report for the resting order includes the time the resting order was

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[55]   See MIAX Sapphire Options Exchange User Manual, Version 1.0.0, Section 5.07 (dated December 11, 2023), available at https://www.miaxglobal.com/sites/default/files/job-files/MIAX_Sapphire_User_Manual_v1.0.0_2024_06_18.pdf.

[56]   See MIAX Sapphire Options Exchange User Manual, Version 1.0.0, Section 5.06 (dated December 11, 2023), available at https://www.miaxglobal.com/sites/default/files/job-files/MIAX_Sapphire_User_Manual_v1.0.0_2024_06_18.pdf.

received by the Exchange, the symbol, unique reference number assigned at the time of receipt,

side (buy or sell), and the displayed price and size of the resting order. The symbol, origin type,

side (buy or sell), and displayed price and size are also available via the Exchange's proprietary

data feeds depending on which report a Member subscribes to. The first bucket of information

for both proposed reports would also indicate whether the Recipient Member is an Affiliate of

the Member that entered the resting order. This data field for both proposed reports would not

indicate the identity of the Member that entered the resting order and would simply allow the

Recipient Member to better understand the scenarios in which it may execute against the orders

of its Affiliates.[57]

For the proposed Complex Order Report, the second bucket of information pertains to the

execution of the resting order and includes the Complex SBBO and Complex ABBO at the time

of execution and for the proposed Resting Simple Order Report, pertains to the execution of the

resting order and includes the SBBO and ABBO at the time of execution. These data points for

both proposed reports are also derivable from information disseminated via OPRA or available

via the Exchange's proprietary data feeds, depending on the type of report. The second bucket of

information for both reports would also indicate whether the response was entered by the

Recipient Member. For both reports, this data point would be simply provided as a convenience

and, if not entered by the Recipient Member, this data point would be left blank so as not to

include any identifying information about other Member activity. For the Complex Order

Report, the second bucket of information would also include the size, time and type of first

response[58] that executes against the resting order; as well as the time difference between the time

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[57]   The Exchange surveils to monitor for aberrant behavior related to internalized trades and identify potential
         wash sales.

[58]   See supra note 25.

the resting order and first response that executes against the resting order are received by the Exchange. These data points would assist the Recipient Member in analyzing by how much time their order may have missed an execution against a contra-side order resting on the Strategy Book. For the Resting Simple Order Report, the second bucket of information also includes the size, as well as the time and type of first response that executes against the resting order. These data points would assist the Recipient Member in analyzing by how much time their order may have missed an execution against a contra-side order resting on the Simple Order Book. Unlike the existing Simple Order Report and proposed Complex Order Report, the proposed Resting Simple Order Report would not include the time difference between the time the resting order and first response that executes against the resting order are received by the Exchange. The proposed Resting Simple Order Report would not include this data point because the Exchange understands Recipient Members may not find it useful due to the fact that the proposed Resting Simple Order Report focuses on orders that have been resting on the Simple Order Book for longer than 200 microseconds. Therefore, the Exchange does not propose to include this data point as a means to streamline the proposed Resting Simple Order Report and remove unnecessary data.

For both proposed reports, the third bucket of information would be about the Recipient Member's response(s) and the time their response(s) is received by the Exchange. This would include the time difference between the time the first response that executes against the resting order was received by the Exchange and the time of each response sent by the Recipient Member, regardless of whether it executed or not. As above, for both proposed reports, this data point would assist the Recipient Member in analyzing by how much time their order may have missed an execution against a contra-side order resting on the Strategy Book. This bucket would also include the size and type of each response submitted by the Recipient Member, the

Recipient Member identifier, and a response reference number, which is selected by the Recipient Member. Each of these data points are unique to the Recipient Member and should already be known by the Recipient Member even if not included in the Complex Order Report or Resting Simple Order Report, as the case may be.

The Exchange proposes to provide the Complex Order Report and Resting Simple Order Report on a voluntary basis and no Member will be required to subscribe to either report. The Exchange notes that there is no rule or regulation that requires the Exchange to produce, or that a Member elect to receive, either proposed report. It would be entirely a business decision of each Member to subscribe to either proposed report. The Exchange proposes to offer the Complex Order Report and Resting Simple Order Report as a convenience to Members to provide them with additional information regarding trading activity on the Exchange on a delayed basis after the close of regular trading hours. A Member that chooses to subscribe to either proposed report may discontinue receiving either at any time if that Member determines that the information contained in the Complex Order Report or Resting Simple Order Report is no longer useful.

In summary, the proposed Complex Order Report and Resting Simple Order Report will help to protect a free and open market by providing additional data (offered on an optional basis) to the marketplace and by providing investors with greater choices.[59] Additionally, the proposal would not permit unfair discrimination because the proposed Complex Order Report and Resting Simple Order Report will be available to all Exchange Members.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as

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[59]   See Sec. Indus. Fin. Mkts. Ass'n (SIFMA), Initial Decision Release No. 1015, 2016 SEC LEXIS 2278 (ALJ June 1, 2016) (finding the existence of vigorous competition with respect to non-core market data).

amended.

<u>Inter-Market Competition</u>

The proposed Complex Order Report and Resting Simple Order Report will allow the Exchange to provide new options for Members to receive historical market data. The proposed Complex Order Report and Resting Simple Order Report will also further enhance inter-market competition between exchanges by allowing the Exchange to expand its product offerings to include additional reports to provide latency information requested by Members. The latency information that would be provided in the proposed Complex Order Report and Resting Simple Order Report would enhance competition between exchanges because it would allow Recipient Members to recalibrate their models and trading strategies to improve their overall trading experience on the Exchange. This may improve the Exchange's overall trading environment resulting in increased liquidity and order flow on the Exchange. In response, other exchanges may similarly seek ways to provide latency related data in an effort to improve their own market quality. Further, at least one other competing exchange offers substantively identical reports as the Exchange's Simple Order Report and proposed Complex Order Report.[60]

<u>Intra-Market Competition</u>

The proposed rule change to offer the optional Complex Order Report and Resting Simple Order Report is in response to Member interest and requests for such information at the Exchange's affiliates, MIAX and MIAX Emerald. The Exchange does not believe the proposed Complex Order Report or Resting Simple Order Report will have an inappropriate burden on intra-market competition between Recipient Members and other Members who choose not to receive either report. As discussed above, the first two buckets of information included in the Complex Order Report and Resting Simple Order Report (with one minor exception described

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[60]   See BOX Exchange LLC Rules 7350(b)-(c).

above) contain information about the resting order and the execution of the resting order, both of

which are generally available to Members that choose not to receive the Complex Order Report

or Resting Simple Order Report from other sources, such as by deriving these data points from

OPRA or obtaining them from the Exchange's proprietary data feeds. The third bucket of

information pertains to the Recipient Member's response and the time their response is received

by the Exchange, information which latency sensitive Members that do not subscribe to the

proposed Complex Order Report or Resting Simple Order Report could obtain on their own

based on their knowledge of when they sent their response to the Exchange and via timestamp

information provided by the acknowledgment message received from the Exchange. However,

latency sensitive Members that do not subscribe to the proposed Complex Order Report or

Resting Simple Order Report would not be able to obtain the time difference between the time

the first response that executes against the resting order was received by the Exchange and the

time of each response sent by the Recipient Member. Such latency sensitive Members may not

view this information as beneficial based on their own trading models and systems. Other

Members that do not subscribe to the proposed Complex Order Report or Resting Simple Order

Report may not view either proposed report as useful due to their own trading behaviors and

business models. Such Members may not be latency sensitive and may be interested primarily in

providing resting liquidity on the Exchange's Simple Order Book or Strategy Book, or they may

simply be connected to the Exchange for best execution purposes or to comply with the trade-

through requirements under Chapter XIV of the Exchange's Rules.[61] Additionally, some

Members may already be able to derive a substantial amount of the same data that is provided by

some of the components based on their own executions and algorithms.

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[61]   Chapter XIV of the Exchange Rules incorporates by reference Rule 1401, Order Protection, of the
         Exchange's affiliate, MIAX.

In sum, if the proposed Complex Order Report or Resting Simple Order Report is unattractive to Members, Members will opt not to receive either report. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing order execution venues to maintain their competitive standing in the financial markets.

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

Pursuant to Section 19(b)(3)(A) of the Act[62] and Rule 19b-4(f)(6)[63] 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.

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.

IV. Solicitation of Comments

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[62]   15 U.S.C. 78s(b)(3)(A).

[63]   17 CFR 240.19b-4(f)(6).

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

  (https://www.sec.gov/rules/sro.shtml); or

- Send an email to rule-comments@sec.gov. Please include file number

  SR-SAPPHIRE-2024-05 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-SAPPHIRE-2024-05. 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 (https://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 a.m. and 3

p.m. Copies of the filing also will be available for inspection and copying at the principal office

of the Exchange. Do not include personal identifiable information in submissions; you should

submit only information that you wish to make available publicly. We may redact in part or

withhold entirely from publication submitted material that is obscene or subject to copyright

protection. All submissions should refer to file number SR-SAPPHIRE-2024-05 and should be

submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE

FEDERAL REGISTER].

       For the Commission, by the Division of Trading and Markets, pursuant to delegated

authority.[64]

Sherry R. Haywood,

Assistant Secretary.

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[64]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is <u>underlined</u>;
Deleted text is in [brackets]

MIAX Sapphire Options Exchange Rules

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Rule 531. Reports and Market Data Products

(a) Liquidity Taker Event Report <u>– Simple Orders</u>. The Liquidity Taker Event Report <u>– Simple Orders</u> is a daily report that provides a Member ("Recipient Member") with its liquidity response time details for executions against an order resting on the Simple Order Book, where that Recipient Member attempted to execute against such resting order within the timeframe specified under paragraph (2) below.

(1) **Content**. The Liquidity Taker Event Report <u>– Simple Orders</u> will include the following information:

(i) – (iii) No change.

(2) **Timeframe**. The Liquidity Taker Event Report <u>– Simple Orders</u> will include data listed in paragraph (a)(1) of this Rule 531(a) for executions and contra-side responses that occurred within 200 microseconds of the time the resting order was received by the Exchange.

(3) **Data Scope**. The Liquidity Taker Event Report <u>– Simple Orders</u> will only include trading data related to the Recipient Member and will not include any other Member's trading data other than that listed in paragraphs (1)(i) and (ii) of this Rule 531(a).

(4) **Historical Data**. The Liquidity Taker Event Report <u>– Simple Orders</u> contains historical data from the previous trading day and will be available after the end of the trading day, generally on a T+1 basis.

(b) <u>Liquidity Taker Event Report – Complex Orders</u>. <u>The Liquidity Taker Event Report-Complex Orders is a daily report that provides a Member ("Recipient Member") with its liquidity response time details for executions against a complex order resting on the Strategy Book, where that Recipient Member submitted a complex order that attempted to execute against such resting complex order within the timeframe specified under paragraph (2) below.</u>

<u>(1) **Content**. The Liquidity Taker Event Report – Complex Orders will include the following information:</u>

<u>(i) **Resting Order**.</u>

<u>(A) The time a resting order was received by the Exchange.</u>

<u>(B) Symbol.</u>

(C) Order reference number (unique reference number assigned to a new order at the time of receipt).

(D) Whether the Recipient Member is an Affiliate of the Member that entered the resting order.

(E) Origin type (e.g., Priority Customer, Market Maker).

(F) Side (buy or sell).

(G) Displayed price and size of the resting order.

(ii) **Execution of the Resting Order**.

(A) Complex SBBO at the time of the execution. If the resting order executes against multiple contra-side responses, only the Complex SBBO at the time of the execution against the first response will be included.

(B) Complex ABBO at the time of the execution. If the resting order executes against multiple contra-side responses, only the Complex ABBO at the time of the execution against the first response will be included.

(C) Time first response that executes against the resting order was received by the Exchange and the size of the execution and type of the response.

(D) Time difference between the time the resting order was received by the Exchange and the time the first response that executes against the resting order was received by the Exchange.

(E) Whether response was entered by the Recipient Member.

(iii) **Response(s) Sent by Recipient Member**.

(A) Recipient Member identifier.

(B) Time difference between the time the first response that executes against the resting order was received by the Exchange and the time of each response sent by the Recipient Member, regardless of whether it executed or not.

(C) Size and type of each response submitted by the Recipient Member.

(D) Response reference number (unique reference number attached to response by the Recipient Member).

(2) **Timeframe**. The Liquidity Taker Event Report – Complex Orders will include data listed in paragraph (b)(1) of this Rule 531(b) for executions and contra-side responses that occurred within 400 microseconds of the time the resting order was received by the Exchange.

(3) **Data Scope**. The Liquidity Taker Event Report – Complex Orders will only include trading data related to the Recipient Member and will not include any other Member's trading data other than that listed in paragraphs (1)(i) and (ii) of this Rule 531(b).

(4) **Historical Data**. The Liquidity Taker Event Report – Complex Orders contains historical data from the previous trading day and will be available after the end of the trading day, generally on a T+1 basis.

(c) Liquidity Taker Event Report – Resting Simple Orders. The Liquidity Taker Event Report-Resting Simple Orders is a daily report that provides a Member ("Recipient Member") with its liquidity response time details for executions against an order resting on the Simple Order Book, where that Recipient Member attempted to execute against such resting order within the timeframe specified under paragraph (2) below.

(1) **Content**. The Liquidity Taker Event Report – Resting Simple Orders will include the following information:

(i) **Resting Order**.

(A) The time a resting order was received by the Exchange.

(B) Symbol.

(C) Order reference number (unique reference number assigned to a new order at the time of receipt).

(D) Whether the Recipient Member is an Affiliate of the Member that entered the resting order.

(E) Origin type (e.g., Priority Customer, Market Maker).

(F) Side (buy or sell).

(G) Displayed price and size of the resting order.

(ii) **Execution of the Resting Order**.

(A) SBBO at the time of the execution. If the resting order executes against multiple contra-side responses, only the SBBO at the time of the execution against the first response will be included.

(B) ABBO at the time of the execution. If the resting order executes against multiple contra-side responses, only the ABBO at the time of the execution against the first response will be included.

(C) Time first response that executes against the resting order was received by the Exchange and the size of the execution and type of the response.

(D) Whether response was entered by the Recipient Member.

(iii) **Response(s) Sent by Recipient Member**.

(A) Recipient Member identifier.

(B) Time difference between the time the first response that executes against the resting order was received by the Exchange and the time of each response sent by the Recipient Member, regardless of whether it executed or not.

(C) Size and type of each response submitted by the Recipient Member.

(D) Response reference number (unique reference number attached to response by the Recipient Member).

(2) **Timeframe**. The Liquidity Taker Event Report – Resting Simple Orders will include data listed in paragraph (c)(1) of this Rule 531(c) for executions and contra-side responses that occurred (i) after 200 microseconds of the time the resting order was received by the Exchange and (ii) within 200 microseconds of receipt of any Member's first attempt to execute against the resting order after the initial 200 microsecond time period under (c)(2)(i) of this paragraph has expired.

(3) **Data Scope**. The Liquidity Taker Event Report – Resting Simple Orders will only include trading data related to the Recipient Member and will not include any other Member's trading data other than that listed in paragraphs (1)(i) and (ii) of this Rule 531(c).

(4) **Historical Data**. The Liquidity Taker Event Report – Resting Simple Orders contains historical data from the previous trading day and will be available after the end of the trading day, generally on a T+1 basis.

([b]d) Market Data Products

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