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Page 1 of \* 31

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

File No. \* SR 2025 - \* 05

Amendment No. (req. for Amendments \*)

Filing by MIAX Sapphire, LLC

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

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

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
Section 806(e)(1) \*

Section 806(e)(2) \*

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

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

**Description**

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

Amend Exchange Rule 1014 to Adopt Rule Violations and Sanctions Applicable to the Trading Floor

**Contact Information**

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

First Name \* Greg Last Name \* Ziegler

Title \* Senior Counsel

E-mail \* gziegler@miaxgloabl.com

Telephone \* (609) 897-1483 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 01/24/2025

(Title \*)

By Gregory P. Ziegler

Senior Counsel

(Name \*)

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

*Gregory Ziegler* Date: 2025.01.24 10:00:56 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

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SR-SAPPHIRE-2025-05 19b-4 MRVP

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

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

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SR-SAPPHIRE-2025-05 - Exhibit 1.doc

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

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

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

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

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

Exhibit Sent As Paper Document

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

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

Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

Add Remove View

SR-SAPPHIRE-2025-05 Exhibit 5.doc

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

**Partial Amendment**

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

## 1. Text of the Proposed Rule Change

(a) MIAX Sapphire, LLC (“MIAX Sapphire” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend Exchange Rule 1014, Imposition of Fines for Minor Rule Violations, to adopt new paragraph (e) to identify rule violations and sanctions that will be applicable to the Trading Floor<sup>3</sup> under the Exchange’s Minor Rule Violation Plan (“MRVP”).<sup>4</sup>

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

(b) Inapplicable.

(c) Inapplicable.

## 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange or duly appointed 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 changes may be directed to Gregory P. Ziegler, Senior Counsel, (609) 897-1483.

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

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

<sup>3</sup> The term “Trading Floor” or “Floor” means the physical trading floor of the Exchange located in Miami, Florida. The Trading Floor will consist of one “Crowd Area” or “Pit” where Floor Participants will be located and option contracts will be traded. The Crowd or Pit shall be marked with specific visible boundaries on the Trading Floor, as determined by the Exchange. See Exchange Rule 100.

<sup>4</sup> See Securities Exchange Act Release No. 101869 (December 10, 2024), 89 FR 101678 (December 16, 2024) (Order Declaring Effective a Minor Rule Violation Plan).

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

a. **Purpose**

The Exchange proposes to amend Exchange Rule 1014, Imposition of Fines for Minor Rule Violations, to adopt rule violations and sanctions that will be applicable to the Trading Floor under the Exchange's proposed Minor Rule Violation Plan ("MRVP"). The Exchange proposes these rules in conjunction with the recent approval of MIA X Sapphire as a national securities exchange.<sup>5</sup> Specifically, the proposed rule change amends Exchange Rule 1014 to (i) modify the rule text of paragraph (a) to add a reference to proposed paragraph (e); (ii) modify the rule text of paragraph (d)(4) for clarity and precision; (iii) amend the table in paragraph (d)(5) to make a minor non-substantive technical correction; and (iv) adopt new paragraph (e) to add violations that may occur on the Exchange's Trading Floor that the Exchange believes to be minor in nature.

Rule 1014 provides that in lieu of commencing a disciplinary proceeding, the Exchange may, subject to the certain requirements set forth in the Rule, impose a fine, not to exceed \$5,000 on any Member<sup>6</sup> or person associated with or employed by a Member, with respect to any Rule violation listed in paragraph (d) and proposed paragraph (e) of this Rule. Any fine imposed pursuant to this Rule that (i) does not exceed \$2,500 and (ii) is not contested, shall be reported on a periodic basis, except as may otherwise be required by Rule 19d-1 under the Exchange Act or by any other regulatory authority. Further, the Rule provides that any person against whom a

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<sup>5</sup> See Securities Exchange Act Release No. 100539 (July 15, 2024), 89 FR 58848 (July 19, 2024) (File No. 10-240) (order approving application of MIA X Sapphire, LLC for registration as a national securities exchange).

<sup>6</sup> The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of MIA X Sapphire Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." See Exchange Rule 100.

fine is imposed under the Rule shall be served with a written statement setting forth: (i) the Rule(s) allegedly violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each violation; and (iv) the date by which such determination becomes final and such fine must be paid or contested, which date shall be not less than thirty (30) calendar days after the date of service of such written statement. Proposed paragraph (e) will set forth the list of specific Exchange Rules under which a Member or person associated with or employed by a Member may be subject to a fine for violations of such Rules and the applicable fines that may be imposed by the Exchange. As with all violations incorporated into its MRVP, the Exchange will proceed under this Rule only for violations that are minor in nature. Any other violation will be addressed pursuant to Rule 1003, Letters of Consent or Rule 1004, Charges.

Current Rule 1014(d) currently states, “The Exchange’s trading conduct and decorum policies shall be distributed to Members periodically and shall set forth the specific dollar amounts that may be imposed as a fine hereunder with respect to any violations of those policies.” The Exchange now proposes to amend the text of the rule to reflect the change proposed herein regarding trading conduct and decorum fines. Specifically, the Exchange proposes to amend current Rule 1014(d) to state, “The Exchange’s trading conduct and decorum policies shall be distributed to Members periodically.” Under proposed Rule 1014(e)(4) the Exchange has proposed fine amounts for violations of Exchange Rule 2080(b) through Rule 2080(d) and believes that trading conduct and decorum is best addressed in new paragraph (e), which is focused on violations of Trading Floor rules.

The Exchange also proposes to amend Rule 1014(d)(5) to make a technical non-substantive correction to the table which describes violations of Rule 520(b). Specifically, the column titled, “Number of Violations Within One Calendar Year,” provides a numerical range of

violations which corresponds to the second column which provides the associated sanction. For example, the first row provides that 1 to 5 violations will result in a sanction consisting of a Letter of Caution. Similarly, the second row provides that 6 to 10 violations within one calendar year will result in a sanction consisting of a fine in the amount of \$500. The Exchange now proposes to correct the fourth row in the first column to state “16 to 20” whereas it currently incorrectly states “16 or 20.” The Exchange believes this correction will provide clarity and precision in the Exchange’s rules and eliminate the potential for confusion regarding violations of Exchange Rule 520(b).

The Exchange proposes to adopt new paragraph (e), Trading Floor Violations Subject to Fines, to adopt rule violations and sanctions applicable to the Trading Floor under the Exchange’s Minor Rule Violation Plan. The Exchange anticipates opening its physical trading floor in Q2 of 2025 and proposes to adopt these rules in furtherance of the Exchange’s regulatory obligations as a self-regulatory organization. The Exchange believes that the proposed fines for Trading Floor violations are appropriate to deter Members from violating requirements and restrictions which are necessary for the orderly operation of a Trading Floor.

The Exchange proposes to adopt 1014(e)(1), General Responsibilities of Floor Brokers<sup>7</sup> pursuant to Exchange Rule 2025. Under this proposed rule, a Floor Broker who, when handling an order, fails to use due diligence to cause the order to be executed at the best price or prices available to him in accordance with the Rules of the Exchange shall be subject to the following fines:

Number of Cumulative Violations Within Any Twenty-four Month Rolling Period	Sanction
First Offense	\$1,000

<sup>7</sup> A Floor Broker is an individual who is registered with the Exchange for the purpose, while on the Trading Floor, of accepting and handling options orders. See Exchange Rule 2015.

Second Offense	\$2,500
Third Offense	\$5,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(2), Failure to Properly Record Orders pursuant to Exchange Rule 2030(e). Under this proposed rule, any Floor Participant<sup>8</sup> who fails to comply with the order format and system entry requirements on the Trading Floor shall be subject to the following fines:

Number of Cumulative Violations Within Any Twenty-four Month Rolling Period	Sanction
First Offense	\$500
Second Offense	\$1,000
Third Offense	\$2,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(3), Failure to Properly Execute a Qualified Floor Order (QFO), pursuant to Exchange Rule 2040. Under this proposed rule, any Floor Participant who fails to properly execute a QFO shall be shall be subject to the following fines:

Number of Cumulative Violations Within Any Twenty-four Month Rolling Period	Sanction
First Offense	\$500
Second Offense	\$1,000
Third Offense	\$2,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(4), Trading Conduct and Order & Decorum on the Trading Floor, pursuant to Rule 2080(b) – (d). Under this proposed rule, violations of Rule 2080 related to Trading Floor Conduct and Decorum shall be subject to the following fines:

Number of Cumulative Violations Within Any Twenty-four Month Rolling Period	Sanction
First Offense	\$1,000

<sup>8</sup> The term “Floor Participant” means Floor Brokers as defined in Rule 2015 and Floor Market Makers as defined in Rule 2105(b). See Exchange Rule 100.

Second Offense	\$2,000
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(5), Discretionary Transactions. Under this proposed rule, violations of Rule 2035 regarding Discretionary Transactions shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$250
Second Offense	\$500
Third Offense	\$1,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(6), Floor Participant Not Available to Reconcile an Uncompared Trade pursuant to Rule 2085. Under this proposed rule, violations of Rule 2085 regarding the resolution of uncompared trades shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$500
Second Offense	\$1,000
Third Offense	\$2,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt Rule 1014(e)(7), Floor Participant Communication and Equipment, pursuant to Rule 2070. Under this proposed rule, violations of Rule 2070 regarding Floor Participant Communications and Equipment shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action



Next, the Exchange proposes to adopt Rule 1014(e)(8), Improper Vocalization of a Trade, pursuant to Policy .09 of Rule 2040. Under this proposed rule, violations of Policy .09 of Rule 2040 regarding the requirements for public outcry shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt Rule 1014(e)(9), Floor Market Maker Failure to Comply with Quotation Requirements, pursuant to Rule 2105(c)(1). Under this proposed rule, violations of Rule 2105(c)(1) regarding a Floor Market Maker's Open Outcry Quoting Obligations shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt Rule 1014(e)(10), Floor Market Maker Quote Spread Parameters, pursuant to Rule 2105(d)(1). Under this proposed rule, violations of Rule 2105(d)(1) regarding the legal bid/ask differential requirements on the Trading Floor shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt Rule 1014(e)(11), Floor Broker Failure to Honor the Priority of Bids and Offers, pursuant to Rule 2045(d). Under this proposed rule, violations of Rule 2045(d) regarding a Floor Broker's obligations in determining Time Priority Sequence shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$5,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Finally, the Exchange proposes to adopt Rule 1014(e)(12), Floor Broker Failure to Identify a Broker Dealer Order, pursuant to Policy .02 of Rule 2040. Under this proposed rule, violations of Policy .02 of Rule 2040 regarding a Floor Broker's responsibility to identify its orders shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$500
Second Offense	\$1,500
Third Offense	\$3,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

The Exchange notes that the proposed violations listed above are substantially similar to the Rules of BOX Options Exchange's Minor Rule Violation Plan regarding violations and sanctions applicable to a physical trading floor.<sup>9</sup>

b. Statutory Basis

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<sup>9</sup> See BOX Options Exchange Rule 12140(e).

The Exchange believes that its proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>10</sup> Specifically, the Exchange believes that its proposed rule change is consistent with Section 6(b)(5)<sup>11</sup> requirements in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed changes to Rule 1014 are consistent with and further the objectives of the Act. Additionally, the Exchange believes that the proposal is consistent with Section 6(b)(6) of the Act<sup>12</sup> which requires the rules of an exchange provide that its members be appropriately disciplined for violations of the Act as well as the rules and regulations thereunder, by imposing pre-set fine amounts for breaches of order and decorum to reflect the severity of the violation and provide an appropriate form of deterrence for violations of Exchange Rules and the regulations thereunder. In addition, because existing MIAX Sapphire Rule 1014 provides procedural rights to a person fined under the Exchange's MRVP to contest the fine and permits a hearing on the matter, the Exchange believes that the proposal is consistent with Sections 6(b)(7) and 6(d)(1) of the Act,<sup>13</sup> because it provides a fair procedure for the disciplining of Members and persons associated with Members. Further, the Exchange believes

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<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

<sup>12</sup> 15 U.S.C. 78f(b)(6).

<sup>13</sup> 15 U.S.C. 78f(b)(7) and (d)(1).

that its proposal to make a technical non-substantive correction to rule text benefits investors by providing clarity and precision in the Exchange's rules.

The Exchange believes that the proposed fines for Trading Floor violations are appropriate to deter Members from violating requirements and restrictions which are necessary for the orderly operation of a Trading Floor. The fines should create further deterrents for certain activity on the Trading Floor which disrupts the orderly operation of the Trading Floor. Further, the minor rule plan assists the regulatory staff in protecting its market to the benefit of the public. Finally, the Exchange believes that the proposal is consistent with the public interest, the protection of investors, and otherwise furthers the purposes of the Act, because Rule 1014 strengthens the Exchange's ability to carry out its oversight and enforcement responsibilities as an SRO in cases where full disciplinary proceedings may be unsuitable in view of the minor nature of the particular violation. Additionally, these rules are based on those of a competing options exchange that also has a trading floor.<sup>14</sup>

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange notes that the rule changes being proposed are similar to the rules of the BOX Options Exchange.<sup>15</sup> Further, the proposal relates to the Exchange's role and responsibilities as a self-regulatory organization and the manner in which it disciplines its Members and associated persons for violations of its Rules.

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<sup>14</sup> See supra note 9.

<sup>15</sup> See id.

As such, the Exchange does not believe the proposal will impose any burden on inter-market competition not necessary or appropriate in furtherance of the purpose of the Act. Further, the Exchange does not believe the proposal will impose any burden on intra-market competition, as all similarly situated market participants will be treated in the same manner under this proposal.

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

The Exchange has neither solicited nor received comments on the proposed rule change.

**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)**

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

**11. Exhibits**

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

5. Text of proposed rule change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-SAPPHIRE-2025-05)

January , 2025

Self-Regulatory Organizations: Notice of Filing of a Proposed Rule Change by MIAX Sapphire, LLC to Amend Exchange Rule 1014, Imposition of Fines for Minor Rule Violations

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 24, 2025, 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 1014, Imposition of Fines for Minor Rule Violations, to adopt new paragraph (e) to identify rule violations and sanctions that will be applicable to the Trading Floor<sup>3</sup> under the Exchange’s Minor Rule Violation Plan (“MRVP”).<sup>4</sup>

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.

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

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

<sup>3</sup> The term “Trading Floor” or “Floor” means the physical trading floor of the Exchange located in Miami, Florida. The Trading Floor will consist of one “Crowd Area” or “Pit” where Floor Participants will be located and option contracts will be traded. The Crowd or Pit shall be marked with specific visible boundaries on the Trading Floor, as determined by the Exchange. See Exchange Rule 100.

<sup>4</sup> See Securities Exchange Act Release No. 101869 (December 10, 2024), 89 FR 101678 (December 16, 2024) (Order Declaring Effective a Minor Rule Violation Plan).

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend Exchange Rule 1014, Imposition of Fines for Minor Rule Violations, to adopt rule violations and sanctions that will be applicable to the Trading Floor under the Exchange's proposed Minor Rule Violation Plan ("MRVP"). The Exchange proposes these rules in conjunction with the recent approval of MIAX Sapphire as a national securities exchange.<sup>5</sup> Specifically, the proposed rule change amends Exchange Rule 1014 to (i) modify the rule text of paragraph (a) to add a reference to proposed paragraph (e); (ii) modify the rule text of paragraph (d)(4) for clarity and precision; (iii) amend the table in paragraph (d)(5) to make a minor non-substantive technical correction; and (iv) adopt new paragraph (e) to add violations that may occur on the Exchange's Trading Floor that the Exchange believes to be minor in nature.

Rule 1014 provides that in lieu of commencing a disciplinary proceeding, the Exchange may, subject to the certain requirements set forth in the Rule, impose a fine, not to exceed \$5,000

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<sup>5</sup> See Securities Exchange Act Release No. 100539 (July 15, 2024), 89 FR 58848 (July 19, 2024) (File No. 10-240) (order approving application of MIAX Sapphire, LLC for registration as a national securities exchange).

on any Member<sup>6</sup> or person associated with or employed by a Member, with respect to any Rule violation listed in paragraph (d) and proposed paragraph (e) of this Rule. Any fine imposed pursuant to this Rule that (i) does not exceed \$2,500 and (ii) is not contested, shall be reported on a periodic basis, except as may otherwise be required by Rule 19d-1 under the Exchange Act or by any other regulatory authority. Further, the Rule provides that any person against whom a fine is imposed under the Rule shall be served with a written statement setting forth: (i) the Rule(s) allegedly violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each violation; and (iv) the date by which such determination becomes final and such fine must be paid or contested, which date shall be not less than thirty (30) calendar days after the date of service of such written statement. Proposed paragraph (e) will set forth the list of specific Exchange Rules under which a Member or person associated with or employed by a Member may be subject to a fine for violations of such Rules and the applicable fines that may be imposed by the Exchange. As with all violations incorporated into its MRVP, the Exchange will proceed under this Rule only for violations that are minor in nature. Any other violation will be addressed pursuant to Rule 1003, Letters of Consent or Rule 1004, Charges.

Current Rule 1014(d) currently states, “The Exchange’s trading conduct and decorum policies shall be distributed to Members periodically and shall set forth the specific dollar amounts that may be imposed as a fine hereunder with respect to any violations of those policies.” The Exchange now proposes to amend the text of the rule to reflect the change proposed herein regarding trading conduct and decorum fines. Specifically, the Exchange proposes to amend current Rule 1014(d) to state, “The Exchange’s trading conduct and decorum policies shall be distributed to Members periodically.” Under proposed Rule 1014(e)(4) the

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<sup>6</sup> The term “Member” means an individual or organization that is registered with the Exchange pursuant to Chapter II of MIA X Sapphire Rules for purposes of trading on the Exchange as an “Electronic Exchange Member” or “Market Maker.” See Exchange Rule 100.



Exchange has proposed fine amounts for violations of Exchange Rule 2080(b) through Rule 2080(d) and believes that trading conduct and decorum is best addressed in new paragraph (e), which is focused on violations of Trading Floor rules.

The Exchange also proposes to amend Rule 1014(d)(5) to make a technical non-substantive correction to the table which describes violations of Rule 520(b). Specifically, the column titled, "Number of Violations Within One Calendar Year," provides a numerical range of violations which corresponds to the second column which provides the associated sanction. For example, the first row provides that 1 to 5 violations will result in a sanction consisting of a Letter of Caution. Similarly, the second row provides that 6 to 10 violations within one calendar year will result in a sanction consisting of a fine in the amount of \$500. The Exchange now proposes to correct the fourth row in the first column to state "16 to 20" whereas it currently incorrectly states "16 or 20." The Exchange believes this correction will provide clarity and precision in the Exchange's rules and eliminate the potential for confusion regarding violations of Exchange Rule 520(b).

The Exchange proposes to adopt new paragraph (e), Trading Floor Violations Subject to Fines, to adopt rule violations and sanctions applicable to the Trading Floor under the Exchange's Minor Rule Violation Plan. The Exchange anticipates opening its physical trading floor in Q2 of 2025 and proposes to adopt these rules in furtherance of the Exchange's regulatory obligations as a self-regulatory organization. The Exchange believes that the proposed fines for Trading Floor violations are appropriate to deter Members from violating requirements and restrictions which are necessary for the orderly operation of a Trading Floor.

The Exchange proposes to adopt 1014(e)(1), General Responsibilities of Floor Brokers<sup>7</sup> pursuant to Exchange Rule 2025. Under this proposed rule, a Floor Broker who, when handling an order, fails to use due diligence to cause the order to be executed at the best price or prices available to him in accordance with the Rules of the Exchange shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$5,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(2), Failure to Properly Record Orders pursuant to Exchange Rule 2030(e). Under this proposed rule, any Floor Participant<sup>8</sup> who fails to comply with the order format and system entry requirements on the Trading Floor shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$500
Second Offense	\$1,000
Third Offense	\$2,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(3), Failure to Properly Execute a Qualified Floor Order (QFO), pursuant to Exchange Rule 2040. Under this proposed rule, any Floor Participant who fails to properly execute a QFO shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$500
Second Offense	\$1,000

<sup>7</sup> A Floor Broker is an individual who is registered with the Exchange for the purpose, while on the Trading Floor, of accepting and handling options orders. See Exchange Rule 2015.

<sup>8</sup> The term “Floor Participant” means Floor Brokers as defined in Rule 2015 and Floor Market Makers as defined in Rule 2105(b). See Exchange Rule 100.

Third Offense	\$2,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(4), Trading Conduct and Order & Decorum on the Trading Floor, pursuant to Rule 2080(b) – (d). Under this proposed rule, violations of Rule 2080 related to Trading Floor Conduct and Decorum shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,000
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(5), Discretionary Transactions. Under this proposed rule, violations of Rule 2035 regarding Discretionary Transactions shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$250
Second Offense	\$500
Third Offense	\$1,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt 1014(e)(6), Floor Participant Not Available to Reconcile an Uncompared Trade pursuant to Rule 2085. Under this proposed rule, violations of Rule 2085 regarding the resolution of uncompared trades shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$500
Second Offense	\$1,000
Third Offense	\$2,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt Rule 1014(e)(7), Floor Participant Communication and Equipment, pursuant to Rule 2070. Under this proposed rule, violations of Rule 2070 regarding Floor Participant Communications and Equipment shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt Rule 1014(e)(8), Improper Vocalization of a Trade, pursuant to Policy .09 of Rule 2040. Under this proposed rule, violations of Policy .09 of Rule 2040 regarding the requirements for public outcry shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt Rule 1014(e)(9), Floor Market Maker Failure to Comply with Quotation Requirements, pursuant to Rule 2105(c)(1). Under this proposed rule, violations of Rule 2105(c)(1) regarding a Floor Market Maker's Open Outcry Quoting Obligations shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt Rule 1014(e)(10), Floor Market Maker Quote Spread Parameters, pursuant to Rule 2105(d)(1). Under this proposed rule, violations of Rule 2105(d)(1) regarding the legal bid/ask differential requirements on the Trading Floor shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$3,500
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Next, the Exchange proposes to adopt Rule 1014(e)(11), Floor Broker Failure to Honor the Priority of Bids and Offers, pursuant to Rule 2045(d). Under this proposed rule, violations of Rule 2045(d) regarding a Floor Broker's obligations in determining Time Priority Sequence shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$1,000
Second Offense	\$2,500
Third Offense	\$5,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

Finally, the Exchange proposes to adopt Rule 1014(e)(12), Floor Broker Failure to Identify a Broker Dealer Order, pursuant to Policy .02 of Rule 2040. Under this proposed rule, violations of Policy .02 of Rule 2040 regarding a Floor Broker's responsibility to identify its orders shall be subject to the following fines:

<b>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</b>	<b>Sanction</b>
First Offense	\$500
Second Offense	\$1,500
Third Offense	\$3,000
Fourth and Each Subsequent Offense	Formal Disciplinary Action

The Exchange notes that the proposed violations listed above are substantially similar to the Rules of BOX Options Exchange's Minor Rule Violation Plan regarding violations and sanctions applicable to a physical trading floor.<sup>9</sup>

## 2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>10</sup> Specifically, the Exchange believes that its proposed rule change is consistent with Section 6(b)(5)<sup>11</sup> requirements in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed changes to Rule 1014 are consistent with and further the objectives of the Act. Additionally, the Exchange believes that the proposal is consistent with Section 6(b)(6) of the Act<sup>12</sup> which requires the rules of an exchange provide that its members be appropriately disciplined for violations of the Act as well as the rules and regulations thereunder, by imposing pre-set fine amounts for breaches of order and decorum to reflect the severity of the violation and provide an appropriate form of deterrence for violations of Exchange Rules and the regulations thereunder. In addition, because existing MIAX Sapphire

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<sup>9</sup> See BOX Options Exchange Rule 12140(e).

<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

<sup>12</sup> 15 U.S.C. 78f(b)(6).

Rule 1014 provides procedural rights to a person fined under the Exchange's MRVP to contest the fine and permits a hearing on the matter, the Exchange believes that the proposal is consistent with Sections 6(b)(7) and 6(d)(1) of the Act,<sup>13</sup> because it provides a fair procedure for the disciplining of Members and persons associated with Members. Further, the Exchange believes that its proposal to make a technical non-substantive correction to rule text benefits investors by providing clarity and precision in the Exchange's rules.

The Exchange believes that the proposed fines for Trading Floor violations are appropriate to deter Members from violating requirements and restrictions which are necessary for the orderly operation of a Trading Floor. The fines should create further deterrents for certain activity on the Trading Floor which disrupts the orderly operation of the Trading Floor. Further, the minor rule plan assists the regulatory staff in protecting its market to the benefit of the public. Finally, the Exchange believes that the proposal is consistent with the public interest, the protection of investors, and otherwise furthers the purposes of the Act, because Rule 1014 strengthens the Exchange's ability to carry out its oversight and enforcement responsibilities as an SRO in cases where full disciplinary proceedings may be unsuitable in view of the minor nature of the particular violation. Additionally, these rules are based on those of a competing options exchange that also has a trading floor.<sup>14</sup>

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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<sup>13</sup> 15 U.S.C. 78f(b)(7) and (d)(1).

<sup>14</sup> See supra note 9.

The Exchange notes that the rule changes being proposed are similar to the rules of the BOX Options Exchange.<sup>15</sup> Further, the proposal relates to the Exchange's role and responsibilities as a self-regulatory organization and the manner in which it disciplines its Members and associated persons for violations of its Rules.

As such, the Exchange does not believe the proposal will impose any burden on inter-market competition not necessary or appropriate in furtherance of the purpose of the Act. Further, the Exchange does not believe the proposal will impose any burden on intra-market competition, as all similarly situated market participants will be treated in the same manner under this proposal.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

Comments may be submitted by any of the following methods:

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<sup>15</sup> See id.



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](mailto:rule-comments@sec.gov). Please include file number SR-SAPPHIRE-2025-05 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-2025-05. 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-2025-05 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.<sup>16</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>16</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**MIAX Sapphire Options Exchange Rules**

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**Rule 1014. Imposition of Fines for Minor Rule Violations**

(a) **General.** In lieu of commencing a disciplinary proceeding, the Exchange may, subject to the requirements set forth herein, impose a fine, not to exceed \$5,000, on any Member, or person associated with or employed by a Member, with respect to any Rule violation listed in section (d) or (e) of this Rule. Any fine imposed pursuant to this Rule that (i) does not exceed \$2,500 and (ii) is not contested, shall be reported on a periodic basis, except as may otherwise be required by Rule 19d-1 under the Exchange Act or by any other regulatory authority. The Exchange is not required to impose a fine pursuant to this Rule with respect to the violation of any Rule included herein, and the Exchange may, whenever it determines that any violation is not minor in nature, proceed under Rules 1003 or 1004, rather than under this Rule.

(b) – (c) No change.

(d) **Violations Subject to Fines.** The following is a list of the rule violations subject to, and the applicable sanctions that may be imposed by the Exchange pursuant to, this Rule:

(1) – (3) No change.

(4) **Conduct and Decorum Policies.** The Exchange's trading conduct and decorum policies shall be distributed to Members periodically [ and shall set forth the specific dollar amounts that may be imposed as a fine hereunder with respect to any violations of those policies].

(5) **Order Entry (Rule 520).** Violations of Rule 520(b) regarding limitations on orders entered into the System by Electronic Exchange Members will be subject to the fines listed below. Each paragraph of Rule 520 subject to this Rule shall be treated separately for purposes of determining the number of cumulative violations.

<b>Number of Violations Within One Calendar Year</b>	<b>Sanction</b>
1 to 5	Letter of Caution
6 to 10	\$500
11 to 15	\$1,000
16 [or]to 20	\$2,000

Over 20	Formal Disciplinary Action
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(6) – (14) No change.

(e) Trading Floor Violations Subject to Fines. The following is a list of the rule violations subject to, and the applicable sanctions that may be imposed by the Exchange pursuant to, this Rule for activities related to the Trading Floor:

(1) **General Responsibilities of Floor Brokers (Rule 2025).** A Floor Broker who, when handling an order, fails to use due diligence to cause the order to be executed at the best price or prices available to him in accordance with the Rules of the Exchange shall be subject to the following fines.

<u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u>	<u>Sanction</u>
<u>First Offense</u>	<u>\$1,000</u>
<u>Second Offense</u>	<u>\$2,500</u>
<u>Third Offense</u>	<u>\$5,000</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

(2) **Failure to Properly Record Orders (Rule 2030(e)).** Any Floor Participant who fails to comply with the order format and system entry requirements on the Trading Floor shall be subject to the following fines:

<u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u>	<u>Sanction</u>
<u>First Offense</u>	<u>\$500</u>
<u>Second Offense</u>	<u>\$1,000</u>
<u>Third Offense</u>	<u>\$2,500</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

(3) **Failure to Properly Execute a Qualified Floor Order (QFO) (Rule 2040).** Any Floor Participant who fails to properly execute a QFO shall be subject to the following fines:

<u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u>	<u>Sanction</u>
<u>First Offense</u>	<u>\$500</u>
<u>Second Offense</u>	<u>\$1,000</u>
<u>Third Offense</u>	<u>\$2,000</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

**(4) Trading Conduct and Order & Decorum on the Trading Floor (Rule 2080(b)-(d)).**

Violations of Rule 2080 related to Trading Floor Conduct and decorum shall be subject to the following fines:

<b><u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u></b>	<b><u>Sanction</u></b>
<u>First Offense</u>	<u>\$1,000</u>
<u>Second Offense</u>	<u>\$2,000</u>
<u>Third Offense</u>	<u>\$3,500</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

**(5) Discretionary Transactions (Rule 2035).** Violations of Rule 2035 regarding Discretionary Transactions shall be subject to the following fines:

<b><u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u></b>	<b><u>Sanction</u></b>
<u>First Offense</u>	<u>\$250</u>
<u>Second Offense</u>	<u>\$500</u>
<u>Third Offense</u>	<u>\$1,000</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

**(6) Floor Participant Not Available to Reconcile an Uncompared Trade (Rule 2085).**

Violations of Rule 2085 regarding the resolution of uncompared trades shall be subject to the following fines:

<b><u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u></b>	<b><u>Sanction</u></b>
<u>First Offense</u>	<u>\$500</u>
<u>Second Offense</u>	<u>\$1,000</u>
<u>Third Offense</u>	<u>\$2,500</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

**(7) Floor Participant Communication and Equipment (Rule 2070).** Violations of Rule 2070 regarding Floor Participant Communications and Equipment shall be subject to the following fines:

<b><u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u></b>	<b><u>Sanction</u></b>
<u>First Offense</u>	<u>\$1,000</u>
<u>Second Offense</u>	<u>\$2,500</u>
<u>Third Offense</u>	<u>\$3,500</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

**(8) Improper Vocalization of a Trade (Policy .09 of Rule 2040).** Violations of Policy .09 of Rule 2040 regarding the requirements for public outcry shall be subject to the following fines:

<b><u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u></b>	<b><u>Sanction</u></b>
<u>First Offense</u>	<u>\$1,000</u>
<u>Second Offense</u>	<u>\$2,500</u>
<u>Third Offense</u>	<u>\$3,500</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

**(9) Floor Market Maker Failure to Comply with Quotation Requirements (Rule 2105(c)(1)).** Violations of Rule 2105(c)(1) regarding a Floor Market Maker's Open Outcry Quoting Obligation shall be subject to the following fines:

<b><u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u></b>	<b><u>Sanction</u></b>
<u>First Offense</u>	<u>\$1,000</u>
<u>Second Offense</u>	<u>\$2,500</u>
<u>Third Offense</u>	<u>\$3,500</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

**(10) Floor Market Maker Quote Spread Parameters (Rule 2105(d)(1)).** Violations of Rule 2105(d)(1) regarding the legal bid/ask differential requirements shall be subject to the following fines:

<b><u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u></b>	<b><u>Sanction</u></b>
<u>First Offense</u>	<u>\$1,000</u>
<u>Second Offense</u>	<u>\$2,500</u>
<u>Third Offense</u>	<u>\$3,500</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

**(11) Floor Broker Failure to Honor the Priority of Bids and Offers (Rule 2045(d)).** Violations of Rule 2045(d) regarding a Floor Broker's obligations in determining Time Priority Sequence shall be subject to the following fines:

<b><u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u></b>	<b><u>Sanction</u></b>
<u>First Offense</u>	<u>\$1,000</u>
<u>Second Offense</u>	<u>\$2,500</u>
<u>Third Offense</u>	<u>\$5,000</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

**(12) Floor Broker Failure to Identify a Broker Dealer Order (Policy .02 of Rule 2040).**

Violations of Policy .02 of Rule 2040 regarding a Floor Broker’s responsibility to identify its orders shall be subject to the following fines:

<b><u>Number of Cumulative Violations Within Any Twenty-four Month Rolling Period</u></b>	<b><u>Sanction</u></b>
<u>First Offense</u>	<u>\$500</u>
<u>Second Offense</u>	<u>\$1,500</u>
<u>Third Offense</u>	<u>\$3,000</u>
<u>Fourth and Each Subsequent Offense</u>	<u>Formal Disciplinary Action</u>

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