

DATE: June 17, 2013

TO: MIAX Members

FROM: MIAX Regulatory Department

RE: SR-MIAX-2013-24¹
Market Maker Orders in Appointed Classes

The Exchange has filed with the Securities and Exchange Commission (“SEC” or “Commission”) changes to its rules governing Market Maker orders in appointed classes. Specifically, the Exchange has deleted the provision in Rule 605 that includes executions resulting from orders in a Market Maker’s appointed classes as part of the limitation on executions in a Market Maker’s non-appointed classes.

This rule change will become operative on June 21, 2013.

Rule 605 governs the submission of orders by Market Makers; differentiating between orders submitted in classes to which the Market Maker is appointed and orders submitted in classes to which the Market Maker is not appointed. Paragraph (a) governs option classes to which the Market Maker is appointed and limits the types of orders that can be submitted by a Market Maker in its appointed classes. Paragraph (b) governs executions by Market Makers in non-appointed option classes. Market Makers can submit all types of orders in non-appointed classes, but subparagraphs (b)(2) and (b)(3) place limitations on the overall percentage of executions that can occur in the non-appointed classes. Specifically, subparagraph (b)(2) limits a Registered Market Maker’s total number of contracts executed in non-appointed option classes to 25% of the Registered Market Maker’s total number of contracts executed in its appointed option classes and subparagraph (b)(3) limits a Lead Market Maker’s total number of contracts executed in non-appointed option classes to 10% of the Lead Market Maker’s total number of contracts executed in its appointed option classes. The Exchange places further limitations in subparagraphs (b)(2) and (b)(3) by including in the 25% limitation for Registered Market Makers and in the 10% limitation for Lead Market Makers, contracts resulting from the execution of orders in appointed classes.

The Exchange has now eliminated the provisions in subparagraphs (b)(2) and (b)(3) of Rule 605 that includes contracts resulting from the execution of orders in appointed classes in the 25% limitation for Registered Market Makers and in the 10% limitation for Lead Market Makers. The Exchange believes that the elimination of these provisions is appropriate since they are unnecessary given the restrictions on the use of orders in appointed classes set forth elsewhere in Rule 605.

Please direct any questions concerning this Regulatory Circular to the Regulatory Department at Regulatory@miaxoptions.com.

¹ Securities Exchange Act Release No. 69686 (June 3, 2013) 78 FR 34691 (June 10, 2013).

ATTACHMENT A

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

Text of Revised Rules

The following provisions of the Miami International Securities Exchange Rules have been amended as set forth below. ~~Strikethrough~~ indicates material to be deleted and underlined text indicates material to be added.

Rule 605. Market Maker Orders

(a) **Options Classes to Which Appointed.** Market Makers may place principal orders to buy or sell options in the options classes to which they are appointed under Rule 602, including day limit orders, opening orders (“OPG”), auction or cancel orders (“AOC”) orders, immediate-or-cancel orders, and fill-or-kill orders. Market Makers may not enter market orders or good ‘til cancelled orders (“GTC”) in their assigned classes. Registered Market Makers shall comply with the provisions of Rule 604(e)(~~2~~3)(i) upon the entry of such orders if they were not previously quoting in the series.

(b) **Options Classes Other Than Those to Which Appointed.**

(1) No Change.

(2) **Registered Market Makers.** The total number of contracts executed during a quarter by a Registered Market Maker in options classes to which it is not appointed may not exceed twenty-five percent (25%) of the total number of contracts traded by such Registered Market Maker in classes to which it is appointed and with respect to which it was quoting pursuant to Rule 604(e) in any calendar quarter. ~~Also included in this 25% limitation are contracts executed in the Registered Market Maker’s appointed classes that result from the execution of an order submitted by the Registered Market Maker.~~

(3) **Lead Market Makers.** The total number of contracts executed during a quarter by a Lead Market Maker (including those Lead Market Makers appointed as Primary Lead Market Makers) in options classes to which it is not appointed may not exceed ten percent (10%) of the total number of contracts traded by such Lead Market Maker in classes to which it is appointed and with respect to which it was quoting pursuant to Rule 604(e)(1). ~~Also included in this 10% limitation are contracts executed in the Lead Market Maker’s appointed classes that result from the execution of an order submitted by the Lead Market Maker.~~

(c) No Change.