

**DATE:** July 31, 2013

**TO:** MIAX Members

**FROM:** MIAX Regulatory Department

**RE:** Rule Filing No. SR-MIAX-2013-21: Allocation of Directed Orders – To Be Implemented On August 5, 2013

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The Exchange has filed<sup>1</sup> and received approval<sup>2</sup> to amend Exchange Rule 514(h)(1) to modify the allocation of Directed Orders to provide that a Directed Lead Market Maker (“DLMM”) will always receive a minimum participation allocation of at least one (1) contract of an incoming Directed Order provided that the DLMM has a priority quote at the National Best Bid or Offer (“NBBO”).

Specifically, the amendment ensures that the DLMM will be allocated a minimum of one contract in situations where, due to the Exchange’s allocation calculation methodology and the fact that the Exchange system rounds down any fractional contract size allocations, the DLMM participation entitlement allocation would otherwise have resulted in the DLMM being allocated zero contracts. Thus, through the amendment to Rule 514(h)(1), a DLMM will be entitled to the greatest of: (i) the pro-rata share; (ii) 40% or 60% of the incoming Directed Order (depending on the number of other Market Makers quoting along with the DLMM, as described above); or (iii) one (1) contract.

The Exchange intends to implement the change to the allocation of Directed Orders on Monday, August 5, 2013.

Please direct any questions to Shelly Brown at [sbrown@MIAXOptions.com](mailto:sbrown@MIAXOptions.com) or at (609) 897-7317.

Regulatory inquiries should be directed to [Regulatory@MIAXOptions.com](mailto:Regulatory@MIAXOptions.com) or (609) 897-7309.

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<sup>1</sup> See Securities Exchange Act Release No. 69682 (June 3, 2013) 78 FR 34417 (June 7, 2013) (SR-MIAX-2013-21).

<sup>2</sup> See Securities Exchange Act Release No. 70007 (July 19, 2013) 78 FR 45001 (July 25, 2013) (SR-MIAX-2013-21).