

DATE: September 19, 2014

TO: MIAX Members

FROM: MIAX Regulatory Department

RE: Priority Customer and Professional Interest Order Summary

MIAX Member firms are required to review on at least a quarterly basis whether Public Customer Orders should be represented as “Priority Customer” or “Professional Interest”. Orders for any Public Customer, other than a broker or dealer that had an average of more than 390 orders per day during any month of a calendar quarter must be represented as Professional Interest for the next calendar quarter.

Once an account exceeds the 390 orders per day on average during any month in a given quarter, its orders must be marked Professional Interest for the entire next quarter. If this account averages less than 390 orders per day during each month of the next quarter, orders for the account can be marked Priority Customer during the following quarter.

Professional Interest will be treated the same as broker dealers for purposes of execution priority and fees. Please refer to [MIAX Rule 514 Priority of Quotes and Orders](#) and [MIAX Fees](#) for more information. For information on MIAX trading interface specifications refer to [FIX Order Interface Gateway \(FOI\)](#).

The following is a summary of requirements for determining the designation of Customer Orders as Priority Customer or Professional Interest.

- The average of 390 orders per day during a calendar month applies to orders entered on all options exchanges regardless of which exchange orders are entered.
- All order types are counted as a single order, i.e. Day, Fill or Kill (FOK) – canceling and replacing an order should be counted as two (2) orders.
- A “parent” order that is broken up by either an individual at a broker or dealer into multiple “child” orders or by an algorithm housed at the broker or dealer at a single price should be counted as one (1) order.
- If a “parent” order generates “child” orders that are pegged to the NBBO, the pegged order would count as a new order each time a cancel/replace is used to follow the BBO regardless of whether or not the order was entered by a broker or dealer. In this situation, the customer is specifically instructing the executing broker to cancel/replace orders.
- Trades received via CMTA do not need to be counted; they have been counted by the firm that received the original order.

- Routed orders do not need to be counted; they have been counted by the firm that routed the original order.
- When evaluating situations where members receive orders from non-member customers with multiple beneficial accounts, the Member Firm is expected to have procedures in place to accurately determine if the correct Customer Order designation is being used.
- Orders for all beneficial accounts controlled by the same person or entity must be aggregated when determining whether or not they exceed the 390 order limit i.e. same Taxpayer Identification Number (TIN), similar account name.

Please direct any questions to Shelly Brown at sbrown@miaxoptions.com or (609) 897-7317.

Regulatory inquiries should be directed to Regulatory@miaxoptions.com or (609) 897-7309.