

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="32"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2013"/> - * <input type="text" value="15"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by **Miami International Securities Exchange, 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"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			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) <input type="checkbox"/> Section 806(e)(2) <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

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 * Last Name *
 Title *
 E-mail *
 Telephone * Fax

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

(Title *)

Date Senior Counsel

By

(Name *)

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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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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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 Advance 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, security-based swap submission, or advance notice 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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Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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 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

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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

Miami International Securities Exchange, LLC (“MIAX” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder², proposes to amend Exchange Rule 530, Limit Up-Limit Down (“LULD”), to provide for how the Exchange proposes to treat option orders, market-making quoting obligations, openings, priority quotes (as defined below), systemic changes, Trading Pauses and openings following a Trading Pause in response to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS, as it may be amended from time to time (the “Plan”). The proposed rules establish procedures to address extraordinary volatility in NMS Stocks and outlines MIAX’s LULD processing for options overlying such NMS Stocks. Rule 530, as proposed to be amended, will be effective on a one year pilot basis beginning on the date of implementation of the Plan.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the proposed rule text is attached hereto 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 pursuant to authority delegated by the MIAX Board of Directors on December 5, 2012. 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240. 19b-4.

Questions and comments on the proposed rule change may be directed to Richard S. Rudolph, Senior Counsel, at (609) 897-1487, or James C. Morgan, Associate Counsel, at (609) 897-1484.

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

a. Purpose

The purpose of the proposed rule change is to amend MIAX Rule 530 to provide for how the Exchange proposes to treat options orders, market-making quoting obligations, openings, priority quotes (as defined below), systemic changes, Trading Pauses, and openings following a Trading Pause in response to the Plan.

Background

Since May 6, 2010, when the markets experienced excessive volatility in an abbreviated time period, i.e., the “flash crash,” the equities exchanges and The Financial Industry Regulatory Authority (“FINRA”) have implemented market-wide measures designed to restore investor confidence by reducing the potential for excessive market volatility.

Among the measures adopted include pilot plans for stock-by-stock trading pauses, related changes to the equities market clearly erroneous execution rules, and more stringent equities market maker quoting requirements. On May 31, 2012, the Commission approved the Plan, as amended, on a one-year pilot basis. In addition, the Commission approved changes to the equities market-wide circuit breaker rules on a pilot basis to coincide with the pilot period for the Plan. The Plan is designed to prevent trades in individual NMS stocks from occurring outside of specified Price Bands.³ The instant proposed rule change is intended to adopt MIAX

³ Unless otherwise specified, capitalized terms used in this filing are based on the defined terms of the Plan.

rules that address the trading of options overlying NMS Stocks that are the subject of the Plan and its provisions during times of unusual volatility in the markets.

The requirements of the Plan are coupled with Trading Pauses to accommodate more fundamental price moves (as opposed to erroneous trades or momentary gaps in liquidity). All trading centers in NMS stocks, including both those operated by Participants and those operated by members of Participants, are required to establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with the requirements specified in the Plan.

Limit State and Straddle State

As set forth in more detail in the Plan, Price Bands consisting of a Lower Price Band and an Upper Price Band for each NMS Stock are calculated by the Processors. When the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band, the Processors shall disseminate such National Best Bid (Offer) with an appropriate flag identifying it as unexecutable. When the National Best Bid (Offer) is equal to the Upper (Lower) Price Band, the Processors shall distribute such National Best Bid (Offer) with an appropriate flag identifying it as a Limit State Quotation. All trading centers in NMS stocks must maintain written policies and procedures that are reasonably designed to prevent the display of offers below the Lower Price Band and bids above the Upper Price Band for NMS stocks. Notwithstanding this requirement, the Processor shall display an offer below the Lower Price Band or a bid above the Upper Price Band, but with a flag indicating that it is non-executable. Such bids or offers shall not be included in the National Best Bid or National Best Offer calculations. Trading in an NMS stock immediately enters a Limit State if the National Best Offer (Bid) equals but does not cross the Lower (Upper) Price Band. Trading for an NMS stock exits a Limit State if, within 15

seconds of entering the Limit State, all Limit State Quotations were executed or canceled in their entirety. If the market does not exit a Limit State within 15 seconds, then the Primary Listing Exchange would declare a five-minute trading pause pursuant to Section VII of the Plan, which would be applicable to all markets trading the security.

In addition, the Plan defines a Straddle State as when the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS stock is not in a Limit State. For example, assume the Lower Price Band for an NMS Stock is \$9.50 and the Upper Price Band is \$10.50, such NMS stock would be in a Straddle State if the National Best Bid were below \$9.50, and therefore nonexecutable, and the National Best Offer were above \$9.50 (including a National Best Offer that could be above \$10.50). If an NMS stock is in a Straddle State and trading in that stock deviates from normal trading characteristics, the Primary Listing Exchange may declare a trading pause for that NMS stock if such Trading Pause would support the Plan's goal to address extraordinary market volatility.

Relief from Market Maker Quoting Obligations

The Exchange proposes to adopt Rule 530(f) to address Market Maker quoting obligations during Straddle States and Limit States. Specifically, the Exchange proposes to adopt proposed Rules 530(f)(1)(i)-(iv) to state that during such periods Market Makers will be relieved of the following obligations (collectively, "the quoting obligations"): (i) the bid/ask differential requirements set forth in Exchange Rule 603(b)(4); (ii) the minimum quote size requirement set forth in Exchange Rule 604(b)(2); (iii) the two-sided quote requirement set forth in Exchange Rule 604(c); and (iv) the continuous quote requirement set forth in Exchange Rule 604(e).

The Exchange acknowledges the effect of limited price discovery in the underlying stock on the direct relationship between an options price and the price of the underlying security. During a Limit State or Straddle State, the bid price or offer price of the underlying security will be unexecutable and the ability to hedge the purchase or sale of an option will be jeopardized. Recognizing that it may be impossible to hedge to offset the risk created by trading options, the Exchange expects that Market Makers will, as a result, modify their quoting behavior. The Exchange therefore believes it is reasonable and appropriate to relieve Market Makers from their quoting obligations as proposed during a Limit or Straddle State.

Given the uncertain effect on liquidity for affected option contracts during a Limit or Straddle State, the Exchange believes it is reasonable to relieve Market Makers from the complete suite of quoting obligations as proposed and not just the continuous quote requirements of Exchange Rule 604(e). Offering relief from Exchange Rule 604(e) provides needed flexibility to Market Makers during the affected periods of uncertain price discovery. The Exchange believes that if it does not afford relief from the remaining Market Maker quoting obligations, such as the bid-ask differential of Rule 603(b)(4), the minimum size requirement set forth in Exchange Rule 604(b)(2), the requirement to submit two-sided quotes set forth in Exchange Rule 604(c), and the continuous quoting obligations set forth in Exchange Rule 604(e), such flexibility would be compromised. If for example, the National Best Bid or Offer ("NBBO") has a bid/ask differential that is greater than \$5.00, a Market Maker would be compelled to improve one or both sides of the NBBO to stay within the \$5.00 bid-ask differential requirement of Rule 603(b)(4). Given the option, the Exchange believes that Market Makers would likely choose not to quote at all over assuming unwanted risk by being compelled to quote at one or both sides of

the NBBO. In the interest of promoting liquidity during these periods, the Exchange believes it best to relieve Market Makers of all quoting obligations.

The Exchange will exclude the amount of time an NMS stock underlying a MIAX option is in a Limit State or Straddle State from the total amount of time in the trading day when calculating the percentage of the trading day MIAX Market Makers are required to quote. The Exchange believes that this is appropriate for the same reasons discussed above, in light of the limited price discovery in the underlying stock and the direct relationship between an options price and the price of the underlying security. During a Limit State or Straddle State, the bid price or offer price of the underlying security will be unexecutable and the ability to hedge the purchase or sale of an option will be jeopardized.

Proposed Rule 530(f)(2) states that the relief described in sub-paragraphs (f)(1)(i)-(iv) shall terminate when the Limit or Straddle State no longer exists in the affected NMS Stock.

Market Maker Participation Guarantees

Proposed Rule 530(f)(3) states that the provisions of Exchange Rule 514 concerning priority of quotes and orders shall remain unchanged during periods of relief from quoting obligations pursuant to proposed Rule 530(f).

Exchange Rule 514 describes, among other things, priority of quotes and orders on the Exchange, allocation methods used on the Exchange, and participation guarantees granted to certain Market Makers. Rule 514(g) details the Primary Lead Market Maker (“PLMM”) participation guarantee and Rule 514(h) describes the Directed Lead Market Maker (“DLMM”) participation guarantee. The participation guarantees set forth in Exchange Rule 514 only apply if the affected PLMM or DLMM has submitted a priority quote at the NBBO.

The PLMM and DLMM each have a more stringent quoting obligation during normal trading conditions than other Market Makers, and the participation guarantee rewards them for these elevated quoting obligations. Although proposed Rule 530 would relieve PLMMs and DLMMs of their quoting obligations, the Exchange believes that they should continue to be entitled to receive the participation guarantee for executions in which they participate during a Limit or Straddle State.

As previously noted, the Exchange expects a Limit State and a Straddle State to have a negative impact on liquidity in the options markets, and that some Market Makers may elect not to quote at all during such times of extreme volatility. Market Makers who quote at the NBBO during these times may face greater risk in doing so given the pricing uncertainty in the underlying NMS Stock, and the Exchange believes that affording them the participation guarantees set forth in Exchange Rule 514 should serve as a reward to Market Makers who assume a higher than normal risk in quoting at the NBBO.

Moreover, the Exchange believes that the use of participation guarantees, which can be found on other options exchanges,⁴ provides incentives for Market Makers to provide liquidity at the NBBO during Limit States and Straddle States. Accordingly, proposed Rule 530(f)(3) preserves the operation of Rule 514 by continuing to grant participation entitlements for options when the underlying NMS Stock has entered either a Straddle or Limit State. The Exchange believes that rewarding Market Makers for their assumption of higher than normal risk during times of extreme market volatility and promoting and fostering liquidity through the participation

⁴ See Phlx Rule 1014(b)(vii), CBOE Rule 6.45A(a)(ii)(2), C2 Rule 8.19, NYSE Amex Rule 964.2NY, and ISE Rule 713(e) for entitlements comparable to MIAX's Primary Lead Market Maker participation entitlement. See Phlx Rules 1014(b)(viii) and 1080(1), CBOE Rules 8.13 and 6.45A(a)(ii)(2), C2 Rules 6.12(a)(3)(B) and 8.13, NYSE Amex Rule 964.1NY, and ISE Rules 713 and 811 for entitlements comparable to MIAX's Directed Lead Market Maker participation entitlement.

guarantee will help in the maintenance of a fair and orderly market. The Exchange further believes that removing the participation guarantees from the operation of Rule 514 would have the adverse effect of motivating Market Makers to remove liquidity and further destabilize the marketplace at a time when stability and liquidity is most needed. Lastly, the Exchange notes that the participation guarantee only applies if the qualifying Market Maker participates in the execution at the NBBO.

Opening Process

Proposed Rule 530(g) sets forth changes in the manner in which the Exchange's System will function during Limit and Straddle States.

Proposed Rule 530(g)(1) describes the functionality of the Exchange's Opening Process⁵ when a Straddle State or Limit State occurs before and during the Opening Process.

Proposed Rule 530(g)(1)(i) provides that Opening Process shall be delayed for options overlying an NMS Stock that is in a Straddle State or a Limit State prior to the opening of trading such overlying options and that the Opening Process shall begin when such Straddle or Limit State has ended and there is not a halt or Trading Pause in effect. The Exchange therefore will not open an option overlying an NMS Stock that is in a Limit State or Straddle State.

Proposed Rule 530(g)(1)(ii) addresses scenarios where the Exchange's Opening Process has started but not yet completed when the underlying NMS Stock enters a Straddle or Limit State. When the affected option is in the Opening Process but trading has not begun, the Opening Process will be terminated when the underlying NMS Stock is in a Limit or Straddle State. The Opening Process will begin anew in the affected overlying options when such Limit or Straddle State has ended and there is not a halt or Trading Pause in effect. Thus, if an

⁵ For a complete description of the Exchange's Opening Process, see Exchange Rule 503.

Opening Process is occurring, it will cease and then start the Opening Process from the beginning once the Limit or Straddle State is no longer present.

Priority Quotes

The Exchange is proposing to adopt rules that would qualify all quotes as priority quotes⁶ when LULD Functionality is in effect. Proposed Rule 530(g)(2)(i) states that, notwithstanding the provisions of Exchange Rule 517(b),⁷ all quotes that result in an execution during a period in which LULD Functionality is engaged shall be deemed to be priority quotes for allocation purposes.

The purpose of the proposed rule is to provide incentive for Market Makers to submit quotations during Limit and Straddle states by affording their quotes priority quote status, ensuring them of priority executions over professional interest when they assume the risk of quoting at or near the NBBO during times of extreme volatility.

⁶ For trade allocation purposes, quotes will be considered either priority quotes (i.e., trade allocation will be in accordance with Rule 514(e), which provides priority quotes with precedence over all Professional Interest) or non-priority quotes (i.e., trade allocation will be in accordance with Rule 514(e), which also provides non-priority quotes are considered together with all other Professional Interest) based upon a Market Maker's quote width at certain times as described in the rule. See Exchange Rule 517(b).

⁷ The Exchange is proposing to deem all quotes as priority quotes that result in an execution during a period in which LULD Functionality is engaged, notwithstanding the requirement under normal circumstances that, to be considered a priority quote at the time of execution, each of the following standards must be met:

(A) the bid/ask differential of a Market Maker's two-sided quote pair must be valid width (no wider than the bid/ask differentials outlined in Rule 603(b)(4))

(B) the initial size of both of the Market Maker's bid and the offer must be in compliance with the requirements of Rule 604(b)(2);

(C) the bid/ask differential of a Market Maker's two-sided quote pair must meet the priority quote width requirements defined below in subparagraph (ii) for each option; and

(D) either of the following are true:

1. At the time a locking or crossing quote or order enters the System, the Market Maker's two-sided quote pair must be valid width for that option and must have been resting on the Book; or

2. Immediately prior to the time the Market Maker enters a new quote that locks or crosses the MBBO, the Market Maker must have had a valid width quote already existing (i.e., exclusive of the Market Maker's new marketable quote or update) among his two-sided quotes for that option.

See Exchange Rule 517(b)(i).

The Exchange believes that deeming all quotes to be priority quotes should be strictly limited to the time period in which the affected underlying NMS Stock is in either a Limit or Straddle State (and LULD Functionality is thus engaged). Accordingly, proposed rule 530(g)(2)(ii) would state clearly in the Exchange's rules that, for executions occurring when LULD Functionality is not engaged, the priority status of a quote for allocation purposes shall be determined by the provisions of Rule 517(b).

As with participation guarantees as discussed above, the Exchange believes that rewarding Market Makers for their assumption of higher than normal risk during times of extreme market volatility by deeming all quotes submitted during a Limit or Straddle State to be priority quotes will help in the maintenance of a fair and orderly market. Such rewards are intended to promote and foster liquidity in the options marketplace. The Exchange further believes that, absent this and the other incentives proposed herein, Market Makers could be motivated to remove liquidity and further destabilize the marketplace at a time when stability and liquidity is most needed. The Exchange notes that the priority quote status only applies if the qualifying Market Maker participates in the execution at the NBBO.

The Exchange believes that the incentive for Market Makers to quote at the NBBO during periods of extreme volatility and the concomitant extraordinary risk assumed by Market Makers in submitting quotes at the NBBO under such conditions is consistent with the fundamental principle of customer protection incorporated in the Act. The Exchange expects that liquidity and stability in the options markets will be compromised during a Limit or Straddle State. The participation guarantees and priority quote status described in the instant proposed rule change, taken as a whole, are intended to mitigate the anticipated diminished liquidity and stability in the options markets brought about by a Limit or Straddle State. These incentives for

Market Makers to quote and to assume extraordinary risk are intended to enhance liquidity and stability during times of unusual volatility in the options marketplace, which should promote customer protection and foster stability in the marketplace as a whole.

Trading Pauses and Opening after a Trading Pause

Proposed Rule 530(h) provides that the Exchange will halt trading in options overlying an NMS Stock that is subject to a Trading Pause. During a Trading Pause, the Exchange System will purge all quotes in the affected option, yet maintain orders existing in the Exchange System prior to the Trading Pause. Additionally, the Exchange System will accept incoming orders and quotes, including market orders.

Proposed Rule 530(i) provides that the Exchange will open trading following a Trading Pause pursuant to the Exchange's opening procedures contained in Rule 503. Proposed Rule 530(i) further adds that, consistent with provisions of the Plan,⁸ the Exchange may resume trading in options contracts overlying an affected NMS Stock if trading on the Primary Listing Exchange has not resumed within ten minutes of receipt of a Trading Pause and at least one exchange has resumed trading in such NMS Stock.

b. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, 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,

⁸ See Section VII(B)(3) of the Plan.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest, and it is not designed to permit unfair discrimination among customers, brokers, or dealers.

The Exchange believes that excluding the Limit and Straddle State from a Market Maker's quoting obligation calculation should promote just and equitable principles of trade by recognizing the particular risk that arises for liquidity providers who cannot hedge. Whenever an NMS stock is in a Limit or Straddle State, trading continues; however, there will not be a reliable price for a security to serve as a benchmark for the price of the option. Accordingly, the Exchange seeks to expressly remove these periods from consideration in order to enable MIAX Market Makers to provide the necessary liquidity and facilitate transactions on the Exchange.

The Exchange also believes that the proposed rules concerning MIAX LULD Functionality described herein during a Limit or Straddle State will minimize undue risk to MIAX Market Makers, and thus will lead them to continue to act as Market Makers, rather than potentially causing Market Makers to de-register. The Exchange also believes that these changes will help to protect all investors from executions in options at prices that are not based on a reliable benchmark for the price of an option during times of significant volatility.

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

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

Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition because it applies to all MIAX participants equally. The Exchange does not believe the proposed rules will impose any burden on inter-market competition as the

proposed rules are intended to protect investors with the implementation of the Plan. In addition, the proposed changes will provide certainty of treatment and execution of options orders during periods of extraordinary market volatility.

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

The Exchange does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange requests accelerated effectiveness pursuant to Section 19(b)(2) of the Act¹¹ in order to ensure that the proposed rule will be effective on or before the anticipated April 8, 2013 date of implementation of the Plan. The Exchange believes that accelerated effectiveness is appropriate and necessary because the instant proposed rule change reflects systemic functionality that is specifically designed to protect investors and the marketplace as a whole during times of extreme volatility. The Exchange thus believes that it is critical to the customer protection goals of the Act to have rules in place that support this proposed systemic functionality upon implementation of the Plan.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

¹¹ 15 U.S.C. 78s(b)(2).

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-MIAX-2013-15

March __, 2013

Self-Regulatory Organizations: Notice of Filing of a Proposed Rule Change by Miami International Securities Exchange LLC Relating to Limit Up Limit Down Functionality

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 March 25, 2013, Miami International Securities Exchange LLC (“MIAX” 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 is filing a proposal to amend Exchange Rule 530, Limit Up-Limit Down (“LULD”), to provide for how the Exchange proposes to treat option orders, market-making quoting obligations, openings, priority quotes (as defined below), systemic changes, Trading Pauses and openings following a Trading Pause in response to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS, as it may be amended from time to time (the “Plan”). The proposed rules establish procedures to address extraordinary volatility in NMS Stocks and outlines MIAX’s LULD processing for options overlying such NMS Stocks.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Rule 530, as proposed to be amended, will be effective on a one year pilot basis beginning on the date of implementation of the Plan.

The text of the proposed rule change is provided in Exhibit 5. The text of the proposed rule change is also available on the Exchange's website at http://www.miaxoptions.com/filter/wotitle/rule_filing, at MIAX'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

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 purpose of the proposed rule change is to amend MIAX Rule 530 to provide for how the Exchange proposes to treat options orders, market-making quoting obligations, openings, priority quotes (as defined below), systemic changes, Trading Pauses, and openings following a Trading Pause in response to the Plan.

Background

Since May 6, 2010, when the markets experienced excessive volatility in an abbreviated time period, i.e., the "flash crash," the equities exchanges and The Financial Industry Regulatory Authority ("FINRA") have implemented market-wide measures designed to restore investor confidence by reducing the potential for excessive market volatility.

Among the measures adopted include pilot plans for stock-by-stock trading pauses, related changes to the equities market clearly erroneous execution rules, and more stringent equities market maker quoting requirements. On May 31, 2012, the Commission approved the Plan, as amended, on a one-year pilot basis. In addition, the Commission approved changes to the equities market-wide circuit breaker rules on a pilot basis to coincide with the pilot period for the Plan. The Plan is designed to prevent trades in individual NMS stocks from occurring outside of specified Price Bands.³ The instant proposed rule change is intended to adopt MIAX rules that address the trading of options overlying NMS Stocks that are the subject of the Plan and its provisions during times of unusual volatility in the markets.

The requirements of the Plan are coupled with Trading Pauses to accommodate more fundamental price moves (as opposed to erroneous trades or momentary gaps in liquidity). All trading centers in NMS stocks, including both those operated by Participants and those operated by members of Participants, are required to establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with the requirements specified in the Plan.

Limit State and Straddle State

As set forth in more detail in the Plan, Price Bands consisting of a Lower Price Band and an Upper Price Band for each NMS Stock are calculated by the Processors. When the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band, the Processors shall disseminate such National Best Bid (Offer) with an appropriate flag identifying it as unexecutable. When the National Best Bid (Offer) is equal to the Upper (Lower) Price Band, the Processors shall distribute such National Best Bid (Offer) with an appropriate flag identifying it as a Limit State Quotation. All trading centers in NMS stocks must maintain written policies and procedures that are reasonably designed to prevent the display of offers below the Lower Price

³ Unless otherwise specified, capitalized terms used in this filing are based on the defined terms of the Plan.

Band and bids above the Upper Price Band for NMS stocks. Notwithstanding this requirement, the Processor shall display an offer below the Lower Price Band or a bid above the Upper Price Band, but with a flag indicating that it is non-executable. Such bids or offers shall not be included in the National Best Bid or National Best Offer calculations. Trading in an NMS stock immediately enters a Limit State if the National Best Offer (Bid) equals but does not cross the Lower (Upper) Price Band. Trading for an NMS stock exits a Limit State if, within 15 seconds of entering the Limit State, all Limit State Quotations were executed or canceled in their entirety. If the market does not exit a Limit State within 15 seconds, then the Primary Listing Exchange would declare a five-minute trading pause pursuant to Section VII of the Plan, which would be applicable to all markets trading the security.

In addition, the Plan defines a Straddle State as when the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS stock is not in a Limit State. For example, assume the Lower Price Band for an NMS Stock is \$9.50 and the Upper Price Band is \$10.50, such NMS stock would be in a Straddle State if the National Best Bid were below \$9.50, and therefore nonexecutable, and the National Best Offer were above \$9.50 (including a National Best Offer that could be above \$10.50). If an NMS stock is in a Straddle State and trading in that stock deviates from normal trading characteristics, the Primary Listing Exchange may declare a trading pause for that NMS stock if such Trading Pause would support the Plan's goal to address extraordinary market volatility.

Relief from Market Maker Quoting Obligations

The Exchange proposes to adopt Rule 530(f) to address Market Maker quoting obligations during Straddle States and Limit States. Specifically, the Exchange proposes to adopt proposed Rules 530(f)(1)(i)-(iv) to state that during such periods Market Makers will be relieved of the following obligations (collectively, "the quoting obligations"): (i) the bid/ask

differential requirements set forth in Exchange Rule 603(b)(4); (ii) the minimum quote size requirement set forth in Exchange Rule 604(b)(2); (iii) the two-sided quote requirement set forth in Exchange Rule 604(c); and (iv) the continuous quote requirement set forth in Exchange Rule 604(e).

The Exchange acknowledges the effect of limited price discovery in the underlying stock on the direct relationship between an options price and the price of the underlying security. During a Limit State or Straddle State, the bid price or offer price of the underlying security will be unexecutable and the ability to hedge the purchase or sale of an option will be jeopardized. Recognizing that it may be impossible to hedge to offset the risk created by trading options, the Exchange expects that Market Makers will, as a result, modify their quoting behavior. The Exchange therefore believes it is reasonable and appropriate to relieve Market Makers from their quoting obligations as proposed during a Limit or Straddle State.

Given the uncertain effect on liquidity for affected option contracts during a Limit or Straddle State, the Exchange believes it is reasonable to relieve Market Makers from the complete suite of quoting obligations as proposed and not just the continuous quote requirements of Exchange Rule 604(e). Offering relief from Exchange Rule 604(e) provides needed flexibility to Market Makers during the affected periods of uncertain price discovery. The Exchange believes that if it does not afford relief from the remaining Market Maker quoting obligations, such as the bid-ask differential of Rule 603(b)(4), the minimum size requirement set forth in Exchange Rule 604(b)(2), the requirement to submit two-sided quotes set forth in Exchange Rule 604(c), and the continuous quoting obligations set forth in Exchange Rule 604(e), such flexibility would be compromised. If for example, the National Best Bid or Offer ("NBBO") has a bid/ask differential that is greater than \$5.00, a Market Maker would be compelled to improve one or both sides of the NBBO to stay within the \$5.00 bid-ask differential requirement of Rule

603(b)(4). Given the option, the Exchange believes that Market Makers would likely choose not to quote at all over assuming unwanted risk by being compelled to quote at one or both sides of the NBBO. In the interest of promoting liquidity during these periods, the Exchange believes it best to relieve Market Makers of all quoting obligations.

The Exchange will exclude the amount of time an NMS stock underlying a MIAX option is in a Limit State or Straddle State from the total amount of time in the trading day when calculating the percentage of the trading day MIAX Market Makers are required to quote. The Exchange believes that this is appropriate for the same reasons discussed above, in light of the limited price discovery in the underlying stock and the direct relationship between an options price and the price of the underlying security. During a Limit State or Straddle State, the bid price or offer price of the underlying security will be unexecutable and the ability to hedge the purchase or sale of an option will be jeopardized.

Proposed Rule 530(f)(2) states that the relief described in sub-paragraphs (f)(1)(i)-(iv) shall terminate when the Limit or Straddle State no longer exists in the affected NMS Stock.

Market Maker Participation Guarantees

Proposed Rule 530(f)(3) states that the provisions of Exchange Rule 514 concerning priority of quotes and orders shall remain unchanged during periods of relief from quoting obligations pursuant to proposed Rule 530(f).

Exchange Rule 514 describes, among other things, priority of quotes and orders on the Exchange, allocation methods used on the Exchange, and participation guarantees granted to certain Market Makers. Rule 514(g) details the Primary Lead Market Maker (“PLMM”) participation guarantee and Rule 514(h) describes the Directed Lead Market Maker (“DLMM”) participation guarantee. The participation guarantees set forth in Exchange Rule 514 only apply if the affected PLMM or DLMM has submitted a priority quote at the NBBO.

The PLMM and DLMM each have a more stringent quoting obligation during normal trading conditions than other Market Makers, and the participation guarantee rewards them for these elevated quoting obligations. Although proposed Rule 530 would relieve PLMMs and DLMMs of their quoting obligations, the Exchange believes that they should continue to be entitled to receive the participation guarantee for executions in which they participate during a Limit or Straddle State.

As previously noted, the Exchange expects a Limit State and a Straddle State to have a negative impact on liquidity in the options markets, and that some Market Makers may elect not to quote at all during such times of extreme volatility. Market Makers who quote at the NBBO during these times may face greater risk in doing so given the pricing uncertainty in the underlying NMS Stock, and the Exchange believes that affording them the participation guarantees set forth in Exchange Rule 514 should serve as a reward to Market Makers who assume a higher than normal risk in quoting at the NBBO.

Moreover, the Exchange believes that the use of participation guarantees, which can be found on other options exchanges,⁴ provides incentives for Market Makers to provide liquidity at the NBBO during Limit States and Straddle States. Accordingly, proposed Rule 530(f)(3) preserves the operation of Rule 514 by continuing to grant participation entitlements for options when the underlying NMS Stock has entered either a Straddle or Limit State. The Exchange believes that rewarding Market Makers for their assumption of higher than normal risk during times of extreme market volatility and promoting and fostering liquidity through the participation guarantee will help in the maintenance of a fair and orderly market. The Exchange further

⁴ See Phlx Rule 1014(b)(vii), CBOE Rule 6.45A(a)(ii)(2), C2 Rule 8.19, NYSE Amex Rule 964.2NY, and ISE Rule 713(e) for entitlements comparable to MIAX's Primary Lead Market Maker participation entitlement. See Phlx Rules 1014(b)(viii) and 1080(1), CBOE Rules 8.13 and 6.45A(a)(ii)(2), C2 Rules 6.12(a)(3)(B) and 8.13, NYSE Amex Rule 964.1NY, and ISE Rules 713 and 811 for entitlements comparable to MIAX's Directed Lead Market Maker participation entitlement.

believes that removing the participation guarantees from the operation of Rule 514 would have the adverse effect of motivating Market Makers to remove liquidity and further destabilize the marketplace at a time when stability and liquidity is most needed. Lastly, the Exchange notes that the participation guarantee only applies if the qualifying Market Maker participates in the execution at the NBBO.

Opening Process

Proposed Rule 530(g) sets forth changes in the manner in which the Exchange's System will function during Limit and Straddle States.

Proposed Rule 530(g)(1) describes the functionality of the Exchange's Opening Process⁵ when a Straddle State or Limit State occurs before and during the Opening Process.

Proposed Rule 530(g)(1)(i) provides that Opening Process shall be delayed for options overlying an NMS Stock that is in a Straddle State or a Limit State prior to the opening of trading such overlying options and that the Opening Process shall begin when such Straddle or Limit State has ended and there is not a halt or Trading Pause in effect. The Exchange therefore will not open an option overlying an NMS Stock that is in a Limit State or Straddle State.

Proposed Rule 530(g)(1)(ii) addresses scenarios where the Exchange's Opening Process has started but not yet completed when the underlying NMS Stock enters a Straddle or Limit State. When the affected option is in the Opening Process but trading has not begun, the Opening Process will be terminated when the underlying NMS Stock is in a Limit or Straddle State. The Opening Process will begin anew in the affected overlying options when such Limit or Straddle State has ended and there is not a halt or Trading Pause in effect. Thus, if an Opening Process is occurring, it will cease and then start the Opening Process from the beginning once the Limit or Straddle State is no longer present.

⁵ For a complete description of the Exchange's Opening Process, see Exchange Rule 503.

Priority Quotes

The Exchange is proposing to adopt rules that would qualify all quotes as priority quotes⁶ when LULD Functionality is in effect. Proposed Rule 530(g)(2)(i) states that, notwithstanding the provisions of Exchange Rule 517(b),⁷ all quotes that result in an execution during a period in which LULD Functionality is engaged shall be deemed to be priority quotes for allocation purposes.

The purpose of the proposed rule is to provide incentive for Market Makers to submit quotations during Limit and Straddle states by affording their quotes priority quote status, ensuring them of priority executions over professional interest when they assume the risk of quoting at or near the NBBO during times of extreme volatility.

The Exchange believes that deeming all quotes to be priority quotes should be strictly limited to the time period in which the affected underlying NMS Stock is in either a Limit or Straddle State (and LULD Functionality is thus engaged). Accordingly, proposed rule

⁶ For trade allocation purposes, quotes will be considered either priority quotes (i.e., trade allocation will be in accordance with Rule 514(e), which provides priority quotes with precedence over all Professional Interest) or non-priority quotes (i.e., trade allocation will be in accordance with Rule 514(e), which also provides non-priority quotes are considered together with all other Professional Interest) based upon a Market Maker's quote width at certain times as described in the rule. See Exchange Rule 517(b).

⁷ The Exchange is proposing to deem all quotes as priority quotes that result in an execution during a period in which LULD Functionality is engaged, notwithstanding the requirement under normal circumstances that, to be considered a priority quote at the time of execution, each of the following standards must be met:

(A) the bid/ask differential of a Market Maker's two-sided quote pair must be valid width (no wider than the bid/ask differentials outlined in Rule 603(b)(4))

(B) the initial size of both of the Market Maker's bid and the offer must be in compliance with the requirements of Rule 604(b)(2);

(C) the bid/ask differential of a Market Maker's two-sided quote pair must meet the priority quote width requirements defined below in subparagraph (ii) for each option; and

(D) either of the following are true:

1. At the time a locking or crossing quote or order enters the System, the Market Maker's two-sided quote pair must be valid width for that option and must have been resting on the Book; or

2. Immediately prior to the time the Market Maker enters a new quote that locks or crosses the MBBO, the Market Maker must have had a valid width quote already existing (i.e., exclusive of the Market Maker's new marketable quote or update) among his two-sided quotes for that option.

See Exchange Rule 517(b)(i).

530(g)(2)(ii) would state clearly in the Exchange's rules that, for executions occurring when LULD Functionality is not engaged, the priority status of a quote for allocation purposes shall be determined by the provisions of Rule 517(b).

As with participation guarantees as discussed above, the Exchange believes that rewarding Market Makers for their assumption of higher than normal risk during times of extreme market volatility by deeming all quotes submitted during a Limit or Straddle State to be priority quotes will help in the maintenance of a fair and orderly market. Such rewards are intended to promote and foster liquidity in the options marketplace. The Exchange further believes that, absent this and the other incentives proposed herein, Market Makers could be motivated to remove liquidity and further destabilize the marketplace at a time when stability and liquidity is most needed. The Exchange notes that the priority quote status only applies if the qualifying Market Maker participates in the execution at the NBBO.

The Exchange believes that the incentive for Market Makers to quote at the NBBO during periods of extreme volatility and the concomitant extraordinary risk assumed by Market Makers in submitting quotes at the NBBO under such conditions is consistent with the fundamental principle of customer protection incorporated in the Act. The Exchange expects that liquidity and stability in the options markets will be compromised during a Limit or Straddle State. The participation guarantees and priority quote status described in the instant proposed rule change, taken as a whole, are intended to mitigate the anticipated diminished liquidity and stability in the options markets brought about by a Limit or Straddle State. These incentives for Market Makers to quote and to assume extraordinary risk are intended to enhance liquidity and stability during times of unusual volatility in the options marketplace, which should promote customer protection and foster stability in the marketplace as a whole.

Trading Pauses and Opening after a Trading Pause

Proposed Rule 530(h) provides that the Exchange will halt trading in options overlying an NMS Stock that is subject to a Trading Pause. During a Trading Pause, the Exchange System will purge all quotes in the affected option, yet maintain orders existing in the Exchange System prior to the Trading Pause. Additionally, the Exchange System will accept incoming orders and quotes, including market orders.

Proposed Rule 530(i) provides that the Exchange will open trading following a Trading Pause pursuant to the Exchange's opening procedures contained in Rule 503. Proposed Rule 530(i) further adds that, consistent with provisions of the Plan,⁸ the Exchange may resume trading in options contracts overlying an affected NMS Stock if trading on the Primary Listing Exchange has not resumed within ten minutes of receipt of a Trading Pause and at least one exchange has resumed trading in such NMS Stock.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, 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 mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest, and it is not designed to permit unfair discrimination among customers, brokers, or dealers.

⁸ See Section VII(B)(3) of the Plan.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

The Exchange believes that excluding the Limit and Straddle State from a Market Maker's quoting obligation calculation should promote just and equitable principles of trade by recognizing the particular risk that arises for liquidity providers who cannot hedge. Whenever an NMS stock is in a Limit or Straddle State, trading continues; however, there will not be a reliable price for a security to serve as a benchmark for the price of the option. Accordingly, the Exchange seeks to expressly remove these periods from consideration in order to enable MIAX Market Makers to provide the necessary liquidity and facilitate transactions on the Exchange.

The Exchange also believes that the proposed rules concerning MIAX LULD Functionality described herein during a Limit or Straddle State will minimize undue risk to MIAX Market Makers, and thus will lead them to continue to act as Market Makers, rather than potentially causing Market Makers to de-register. The Exchange also believes that these changes will help to protect all investors from executions in options at prices that are not based on a reliable benchmark for the price of an option during times of significant volatility.

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 not necessary or appropriate in furtherance of the purposes of the Act.

Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition because it applies to all MIAX participants equally. The Exchange does not believe the proposed rules will impose any burden on inter-market competition as the proposed rules are intended to protect investors with the implementation of the Plan. In addition, the proposed changes will provide certainty of treatment and execution of options orders during periods of extraordinary market volatility.

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:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);

or

- Send an e-mail [to rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2013-15 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2013-15. This file number should be included on the subject line if e-mail 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 Web site (<http://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 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-MIAX-2013-15 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Kevin M. O'Neill
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).

Exhibit 5

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

Proposed Rule Change

It is proposed that the following provisions of the Miami International Securities Exchange Rules be amended as set forth below. [Bracketed] text indicates material to be deleted and underlined text indicates material to be added.

Rule 530. Limit Up-Limit Down

This Rule shall be in effect during a one-year pilot period [to coincide with the pilot period for] beginning on the date of effectiveness of the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS, as it may be amended from time to time ("the Plan"). This Rule establishes procedures to address extraordinary volatility in NMS Stocks (as defined below) and outlines MIAX's Limit Up-Limit Down processing.

(a) - (e) No change.

(f) Quoting Obligations During Limit States and Straddle States

(1) Once an NMS Stock has entered either a Limit or Straddle State, the Exchange shall relieve Exchange Market Makers from the following quotation obligations for options on the affected underlying NMS Stock:

- (i) the bid/ask differential requirements set forth in Exchange Rule 603(b)(4);
- (ii) the minimum size requirement set forth in Exchange Rule 604(b)(2);
- (iii) the requirement to submit two-sided quotes set forth in Exchange Rule 604(c); and
- (iv) the continuous quoting obligation set forth in Exchange Rule 604(e).

(2) The relief described in sub-paragraphs (f)(1)(i)-(iv) above shall terminate when the Limit or Straddle State no longer exists in the affected NMS Stock.

(3) The provisions of Exchange Rule 514 concerning priority of quotes and orders shall remain unchanged during periods of relief from quoting obligations pursuant to this Rule 530(f).

(g) Systemic Changes During Limit States and Straddle States. Once an NMS Stock has entered a Limit or Straddle State, the Exchange shall apply the following LULD Functionality for options on the affected underlying NMS Stock:

- (1) Opening Process.

(i) The Exchange's Opening Process (as described in Rule 503) shall be delayed for options overlying an NMS Stock that is in a Limit or Straddle State prior to the opening of trading such overlying options. The Opening Process shall begin in the affected overlying options when such Limit or Straddle State has ended and there is not a halt or Trading Pause in effect.

(ii) Respecting options that are engaged in the Opening Process but for which trading has not begun, the Opening Process shall be terminated when the underlying NMS Stock is in a Limit or Straddle State. The Opening Process shall begin anew in the affected overlying options when such Limit or Straddle State has ended and there is not a halt or Trading Pause in effect.

(2) Priority Quotes.

(i) Notwithstanding the provisions of Exchange Rule 517(b), all quotes that result in an execution during a period in which LULD Functionality is engaged shall be deemed to be priority quotes for allocation purposes.

(ii) For executions occurring when LULD Functionality is not engaged, the priority status of a quote for allocation purposes shall be determined by the provisions of Rule 517(b).

(h) Trading Pauses. When an underlying NMS Stock is subject to a Trading Pause, the Exchange System will halt trading in options overlying the affected NMS Stock pursuant to Rule 504(c).

(1) During a Trading Pause, the Exchange System will:

(i) purge all quotes in the affected option;

(ii) maintain orders already existing in the Exchange System prior to the beginning of the Trading Pause; and

(iii) accept incoming orders and quotes, including market orders.

(i) Opening after a Trading Pause. After a Trading Pause, the Exchange System will open trading in the affected option pursuant to Rule 503. If trading has not resumed on the Primary Listing Exchange for the affected NMS Stock within ten minutes of receipt of the Trading Pause message by the Exchange, the Exchange may resume trading in options overlying such NMS Stock if at least one exchange has resumed trading in such NMS Stock.