OMB APPROVAL	
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Page 1 of * 66

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

File No.* SR - 2014 - * 16
Amendment No. (req. for Amendments *)

Filing by Miami International Securities Exchange, LLC.

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

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☐ Section 19(b)(3)(A) * ☑ Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

- ☐ 19b-4(f)(1)
- ☐ 19b-4(f)(2)
- ☐ 19b-4(f)(3)
- ☐ 19b-4(f)(4)
- ☐ 19b-4(f)(5)
- ☑ 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 the MIAX Rules to harmonize the language with certain rules of FINRA and other exchanges.

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 * Brian Last Name * O'Neill

Title * Vice President and Senior Counsel

E-mail * boneill@miami-holdings.com

Telephone * (609) 897-1434 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.

Date 05/22/2014

By Brian O'Neill

(Name *)

(Title *)

Vice President and Senior Counsel

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.

Persona Not Validated - 1399471823417,

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	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 * Add Remove View	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 * Add Remove View	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 Add Remove View 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 Add Remove View 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 Add Remove View	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	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 Add Remove View	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) 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 thereunder,[2] proposes to amend its Rules to harmonize the language with certain rules of the Financial Industry Regulatory Authority, Inc. ("FINRA") and other exchanges.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the amended 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 senior management of the Exchange pursuant to authority delegated by the MIAX Board of Directors on December 12, 2013. 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 change may be directed to Brian O'Neill, Vice President and Senior Counsel, at 609-897-1434 or Greg Ziegler, Regulatory and Compliance Officer, at 609-897-1429.

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 certain Rules to harmonize the language with the rules of FINRA and other exchanges, and to make other conforming and technical changes.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

Specifically, the Exchange proposes: (i) to amend Rule 303, Prevention of the Misuse of Nonpublic Information, to adopt the language of the corresponding rule of another exchange; (ii) to amend Rule 315, Anti-Money Laundering Compliance Program, by adding text to paragraphs (c) and (d) which is identical to text found in FINRA Rule 3310; (iii) to amend Rule 319, to adopt the language of the corresponding rule of another exchange; (iv) to add a new Rule 320, Trading Ahead of Research Reports; (v) to amend Rule 610, Limitation on Dealings, to adopt the language of the corresponding rule of another exchange; (vi) to amend paragraphs (b) and (d) of Rule 800, Maintenance, Retention and Furnishing of Books, Records and Other Information; (vii) to amend Rule 1321, Transfer of Accounts, to incorporate by reference FINRA Rule 11870, Customer Account Transfer Contracts; (viii) to amend Rule 1322, Options Communications, to better align with FINRA Rule 2220; and (ix) to replace the rule text of Rule 1325, Telephone Solicitation, with the rule text from FINRA Rule 3230. The Exchange anticipates entering into a 17d-2 Agreement with FINRA in the near future. The Exchange believes the proposed changes to harmonize the Exchange rules with FINRA should expedite the process.

The Exchange proposes to replace Rule 303, Prevention of the Misuse of Nonpublic Information, in its entirety with the language of the corresponding rule of another exchange.[3] The new Rule will provide that each Member must establish, maintain and enforce written procedures reasonably designed, taking into consideration the nature of such Member's business, to prevent the misuse of material, non-public information by such Member or persons associated with such Member. Members for whom the Exchange is the Designated Examining Authority ("DEA") that are required to file SEC form X-17A-5 with the Exchange on an annual or more frequent basis must file contemporaneously with the submission for the calendar year end

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3 See Proposed Rule 303. See also BATS Rule 5.5.

ITSFEA compliance acknowledgements stating that the procedures mandated by this Rule have been established, enforced and maintained. In addition, any Member or associated person of a Member who becomes aware of a possible misuse of material, non-public information must notify the Exchange's Regulatory Department.

Interpretations and Policies .01 to proposed Rule 303 provides that conduct which will be characterized as the misuse of material, non-public information includes, but is not limited to, the following:

- Trading in any securities issued by a corporation, or in any related securities or related options or other derivative securities, while in possession of material, non-public information concerning that issuer; or
- Trading in a security or related options or other derivative securities, while in possession of material non-public information concerning imminent transactions in the security or related securities; or
- Disclosing to another person or entity any material, non-public information involving a corporation whose shares are publicly traded or an imminent transaction in an underlying security or related securities for the purpose of facilitating the possible misuse of such material, non-public information.

Interpretations and Policies .02 to proposed Rule 303 provides that at minimum each Member must establish, maintain, and enforce the following policies and procedures:

- All associated persons of the Member must be advised in writing of the prohibition against the misuse of material, non-public information; and
- All associated persons of the Member must sign attestations affirming their awareness of, and agreement to abide by the aforementioned prohibitions. These signed attestations

must be maintained for at least three years, the first two years in an easily accessible place; and

- Each Member must receive and retain copies of trade confirmations and monthly account statements for each account in which an associated person: has a direct or indirect financial interest or makes investment decisions. The activity in such brokerage accounts should be reviewed at least quarterly by the Member for the purpose of detecting the possible misuse of material, non-public information; and
- All associated persons must disclose to the Member whether they, or any person in whose account they have a direct or indirect financial interest, or make investment decisions, are an officer, director or 10% shareholder in a company whose shares are publicly traded. Any transaction in the stock (or option thereon) of such company shall be reviewed to determine whether the transaction may have involved a misuse of material non-public information. Maintenance of the foregoing policies and procedures will not, in all cases, satisfy the requirements and intent of this Rule; the adequacy of each Member's policies and procedures will depend upon the nature of such Member's business.

The Exchange believes that the proposed changes to the Prevention of the Misuse of Nonpublic Information Rule clarifies activity which it believes to be inconsistent with just and equitable principles of trade. Additionally, the Exchange believes the proposed changes will assist in the prevention of fraudulent and manipulative acts by providing an appropriate mechanism designed to ensure that material, non-public information continues to be protected while promoting the protecting of investors and the public interest.

The Exchange proposes to amend Rule 315(c) to provide additional clarity and instruction to Members' regarding independent testing for compliance and to more closely align

the language of the Rule with the corresponding FINRA Rule 3310.[4] The proposed rule change will require "annual (on a calendar year basis)" independent testing for compliance of the Member's anti-money laundering program, to be conducted by the Member's personnel or by a qualified outside party. Further, the proposed rule change will provide that testing be done on a periodic basis, "every two years (on a calendar-year basis)," if the Member does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts. Finally, the proposed rule change clarifies that the individual responsible for implementing and monitoring the program must be an associated person of the Member. The Exchange believes the proposed changes to Rule 315(c) will more closely align the Rule with the corresponding FINRA Rule 3310, and creates a more concise rule which benefits investors and the public by establishing uniform and clearly defined time parameters for review. The Exchange proposes to amend Rule 315(d) to clarify that implementation and monitoring of a Member's Anti-Money Laundering Compliance Program be performed by an associated person of the Member. The proposed change to Rule 315(d) clarifies a Member's obligation for implementing and maintaining its program and more closely aligns to FINRA Rule 3310.

The Exchange proposes to replace Rule 319, Proxy Voting, in its entirety with the language of the corresponding rule of another exchange, Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting.[5] The new Rule will provide that a Member when so requested by an issuer and upon being furnished with: (1) sufficient copies of proxy material, annual reports, information statements or other material required by law to be sent to security holders periodically, and (2) satisfactory assurance that it will be reimbursed by such issuer for all out-

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4 See Proposed Rule 315(c). See also FINRA Rule 3310.

5 See Proposed Rule 319. See also BATS Rule 13.3.

of-pocket expenses, including reasonable clerical expenses, shall transmit promptly to each beneficial owner of securities (or the beneficial owner's designated investment adviser) of such issuer which are in its possession and control and registered in a name other than the name of the beneficial owner all such material furnished. In the event of a proxy solicitation, such material shall include a signed proxy indicating the number of shares held for such beneficial owner and bearing a symbol identifying the proxy with proxy records maintained by the Member, and a letter informing the beneficial owner (or the beneficial owner's designated investment adviser) of the time limit and necessity for completing the proxy form and forwarding it to the person soliciting proxies prior to the expiration of the time limit in order for the shares to be represented at the meeting. In addition, a Member shall furnish a copy of the symbols to the person soliciting the proxies and shall also retain a copy thereof pursuant to the provisions of Exchange Act Rule 17a-4. This paragraph shall not apply to beneficial owners residing outside of the United States of America though Members may voluntarily comply with the provisions hereof in respect of such persons if they so desire. Further, the new Rule provides that No Member shall give a proxy to vote stock that is registered in its name, unless: (i) such Member is the beneficial owner of such stock; (ii) such proxy is given pursuant to the written instructions of the beneficial owner; or (iii) such proxy is given pursuant to the rules of any national securities exchange or association of which it is a member provided that the records of the Member clearly indicate the procedure it is following. In addition, notwithstanding the foregoing, a Member that is not the beneficial owner of a security registered under Section 12 of the Exchange Act is prohibited from granting a proxy to vote the security in connection with a shareholder vote on the election of a member of the board of directors of an issuer (except for a vote with respect to uncontested election of a member of the board of directors of any investment company registered under the

Investment Company Act of 1940), executive compensation, or any other significant matter, as determined by the Commission, by rule, unless the beneficial owner of the security has instructed the Member to vote the proxy in accordance with the voting instructions of the beneficial owner. Notwithstanding the foregoing, a Member may give a proxy to vote any stock registered in its name if such Member holds such stock as executor, administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote. A Member that has in its possession or within its control stock registered in the name of another Member and that desires to transmit signed proxies pursuant to the provisions of paragraph (a) of this proposed Rule 319, shall obtain the requisite number of signed proxies from such holder of record. Notwithstanding the foregoing: (1) any Member designated by a named Employee Retirement Income Security Act of 1974 (as amended) ("ERISA") Plan fiduciary as the investment manager of stock held as assets of the ERISA Plan may vote the proxies in accordance with the ERISA Plan fiduciary responsibilities if the ERISA Plan expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset and has not expressly reserved the proxy voting right for the named ERISA Plan fiduciary; and (2) any designated investment adviser may vote such proxies.

Interpretations and Policies .01 to proposed Rule 319 provides that for purposes of this Rule, the term "designated investment adviser" is a person registered under the Investment Advisers Act of 1940, or registered as an investment adviser under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and is designated in writing by the beneficial owner to receive proxy and related materials and vote the proxy, and to receive annual reports and other material sent to security holders. For purposes of this Rule, the term "state" shall have the meaning given to such term in Section 202(a)(19) of the

Investment Advisers Act (as the same may be amended from time to time). The written designation must be signed by the beneficial owner; be addressed to the Member; and include the name of the designated investment adviser. Members that receive such a written designation from a beneficial owner must ensure that the designated investment adviser is registered with the SEC pursuant to the Investment Advisers Act, or with a state as an investment adviser under the laws of such state, and that the investment adviser is exercising investment discretion over the customer's account pursuant to an advisory contract to vote proxies and/or to receive proxy soliciting material, annual reports and other material. Members must keep records substantiating this information. Beneficial owners have an unqualified right at any time to rescind designation of the investment adviser to receive materials and to vote proxies. The rescission must be in writing and submitted to the Member. The Exchange believes that the proposed changes to the proxy voting Rule will provide a clearer framework for Members to handle proxy related materials in a manner that is designed to prevent fraudulent and manipulative acts and practices, and to promote the protection of investors and the public interest. The Exchange notes that the proposed changes will also bring the Exchange's Rule more closely aligned with that of FINRA.[6]

The Exchange proposes to add Rule 320, to incorporate the language of FINRA Rule 5280, Trading Ahead of Research Reports.[7] The proposed Rule 320 contains two provisions, paragraph (a) and (b), pertaining to trading and research reports. Paragraph (a) stipulates that a Member may not change its position in a security based upon non-public advance knowledge of information contained in a research report. Specifically, no Member shall establish, increase, decrease or liquidate an inventory position in a security or a derivative of such security based on non-public advance knowledge of the content or timing of a research report in that security.

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6 See FINRA Rule 2251.

7 See Proposed Rule 320. See also FINRA Rule 5280.

Paragraph (b) stipulates that a Member must establish and enforce policies and procedures which are designed to restrict the flow of information between research department personnel and trading department personnel. Specifically, Members must establish, maintain and enforce policies and procedures reasonably designed to restrict or limit the information flow between research department personnel, or other persons with knowledge of the content or timing of a research report, and trading department personnel, so as to prevent trading department personnel from utilizing non-public advance knowledge of the issuance or content of a research report for the benefit of the Member or any other person. The Exchange believes the addition of Rule 320 benefits investors and the public by establishing specific parameters concerning a Members' trading activity in a security and the timing of Research Reports related to that security. The Exchange also believes that adopting the language of FINRA helps to ensure that Members have the same obligations to comply under the Exchange Rules as they do under FINRA rules.[8]

The Exchange proposes to replace Rule 610, Limitations on Dealings, in its entirety with the language of the corresponding rule of another exchange.[9] The new Rule will provide that no ROT, other than a Market Maker acting pursuant to Rule 603, limited partner, officer, employee, approved person or party approved, who is affiliated with an Market Maker or ROT, shall, during the period of such affiliation, purchase or sell any option in which such Market Maker is

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8 The Exchange intends that MIAX Rule 320 be interpreted and applied in the same manner as FINRA interprets and applies FINRA Rule 5280, including the application of any associated Notice to Members, or rules, that FINRA uses to interpret FINRA Rule 5280. See Rule 200(c)(7). MIAX Rule 200(c)(7) provides that, "[e]very Applicant must have and maintain membership in another registered options exchange (that is not registered solely under Section 6(g) of the Exchange Act). If such other registered options exchange has not been designated by the Commission, pursuant to Rule 17d-1 under the Exchange Act, to examine Members for compliance with financial responsibility rules, then such Applicant must have and maintain a membership in FINRA."

9 See Proposed Rule 610. See also NYSE Arca Rule 6.83; NYSE MKT Rule 927.3NY.

appointed for any account in which such person or party has a direct or indirect interest. Any such person or party may, however, reduce or liquidate an existing position in an option in which such Market Maker is appointed provided that such orders are (i) identified as being for an account in which such person or party has a direct or indirect interest; (ii) approved for execution by an Exchange Official; and (iii) executed by the Market Maker in a manner reasonably calculated to contribute to the maintenance of price continuity with reasonable depth. No order entered pursuant to Rule 610(a) shall be given priority over, or parity with, any order represented in the market at the same price. Notwithstanding the provisions of Rule 603, an approved person or ROT that is affiliated with a Market Maker shall not be subject to Rule 610(a), provided it has obtained Exchange approval of procedures restricting the flow of material non-public corporate or market information between itself and the Market Maker and any ROT, officer, or employee associated therewith. For such ROT that controls, is controlled by, or is under common control with another organization, the exemption provided in Subsection (b) of Rule 610 shall be available to it only where the Exchange has determined that the relationship between the Market Maker, each person associated therewith, and such other organization satisfies all the conditions specified in the Exemption Guidelines. In addition, the following restrictions apply to a ROT that is affiliated with a Market Maker. The ROT may not: purchase or sell for any account in which it has a direct or indirect interest in any security in which its affiliate is a Market Maker; engage in any business transaction with the issuer of a security or its insiders in which its affiliate is a Market Maker; or accept orders directly from the issuer, its insiders or certain designated parties in securities in which its affiliate is a Market Maker.

Further, the Exchange proposes Exemption Guidelines which provides a means by which an affiliated firm doing business with the public as defined in Rule 203 (hereafter "ROT") may

obtain an exemption from the restrictions discussed in Rule 610 above. This exemption is only available to a ROT that obtains prior Exchange approval for procedures restricting the flow of material non-public information between it and its affiliated Market Maker, (i.e., so-called "Chinese Wall" procedures). The Exemption Guideline subsection sets forth the steps a ROT must undertake, at a minimum, to seek to qualify for exemptive relief. Any firm that does not obtain Exchange approval for its procedures in accordance with these Guidelines shall remain subject to the restrictions set forth in Rule 610 described above.

The Exchange believes that the proposed changes to the information barrier rule clarify activity which it believes to be inconsistent with just and equitable principles of trade. The Exchange believes that the proposed information barrier rule is more precise and prescriptive than the current rule regarding which activities are prohibitive and what constitutes an adequate information barrier between Market Makers and affiliated order flow providers. The proposed rule also contains a detailed exemptive relief section that is absent from the current rule. The Exchange notes that under the proposal the Exchange will still require the maintaining of information barriers between ROTs and any affiliated Market Makers to the same extent as the current rule. The Exchange believes the proposed changes will assist in the prevention of fraudulent and manipulative acts by providing an appropriate mechanism designed to ensure that there are sufficient information barriers between Market Makers and affiliated order flow providers while promoting the protecting of investors and the public interest. The Exchange believes that the proposed rule will provide detailed guidelines and protections in a manner that is easily understood and enforced by not only Members, but also FINRA, with whom the Exchange anticipates entering in a17d-2 Agreement and possibly a Regulatory Service Agreement with in the near future.

The Exchange proposes to amend Rule 800, Maintenance, Retention and Furnishing of Books, Records and Other Information, to include rule text from the related FINRA Rule 4511, General Requirements.[10] The Exchange proposes to add paragraph (b) to its rule, specifying that each Member shall preserve for a period of at least six years those books and records for which there is no specified period under Exchange Rules or applicable Exchange Act rules. The Exchange also proposes to add paragraph (d) to its rule, specifying that all books and records required to be made pursuant to the Exchange Rules shall be preserved in a format and media that complies with Exchange Act Rule 17a-4. The Exchange believes that adding additional detail to its Rule is appropriate as it will harmonize the Exchange's Rule with the related FINRA rule, which is designed to protect investors and the public interest.

The Exchange proposes to amend Rule 1321, Transfer of Accounts, to incorporate FINRA Rule 11870 by reference into its rules so that Members have the same obligations to comply as if such rules and interpretations were part of the Exchange's rules.[11] FINRA Rule 11870 provides a comprehensive articulation of procedures to be followed when transferring a customer account. The FINRA Rule establishes the protocol and procedures for initiating a transfer, validating the transfer instructions, and handling fails. Incorporating by reference the FINRA rule ensures that Members have the same obligations to comply as if such rules and interpretations were part of the Exchange's Rules.

The Exchange proposes to amend Rule 1322, Options Communications, to conform with

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10 See Proposed Rule 800. See also FINRA Rule 4511.

11 See Proposed Rule 1321. See also FINRA Rule 11870. In the event FINRA updates its Rule 11870, Customer Account Transfer Contracts, MIAX will file a 19b-4 Rule filing to adopt any corresponding changes to its Rule 1321 to ensure it remains consistent with FINRA Rule 11870.

the corresponding FINRA Rule 2220, Options Communications.[12] The current rule requires each Member to establish appropriate written procedures for review by a Registered Options Principal of institutional communications used by the Member. The Exchange proposes to add a paragraph to section (a) Definitions, to conform the Exchange Rule text to FINRA by including the definition of an institutional investor in paragraph (a)(4) and an Institutional Investor in paragraph (a)(5). The Exchange proposes to update the text of paragraph (b)(3) Institutional Communications, to clarify that procedures for Institutional Communications be designed to ensure that those communications comply with applicable standards. Further, when procedures do not require review, the procedures must include a provision for the duration and training of associated persons as to the firm's procedures concerning institutional communications. In addition, evidence that these supervisory procedures have been implemented and carried out must be maintained and made available to the Exchange upon request. The Exchange proposes to make conforming and technical changes to Exchange Rule 1322 to align to FINRA Rule 2220.

The Exchange proposes to amend Rule 1325, Telephone Solicitation, to adopt the language of the corresponding FINRA Rule 3230, Telemarketing.[13] The FINRA rule text provides detailed guidance concerning telemarketing activities. The Exchange believes that the proposed changes are appropriate as they will harmonize the Exchange's Rules with FINRA rules with respect to account transfers and Exchange Members' communication with the public. The Exchange's proposed changes are designed to further cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. Additionally, the Exchange believes that the proposed changes serve to further protect investors and the public interest by providing detailed guidance

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12 See Proposed Rule 1322. See also FINRA Rule 2220.

13 See Proposed Rule 1325. See also FINRA Rule 3230.

concerning telemarking.

b. Statutory Basis

The Exchange believes that its proposed rule changes are consistent with Section 6(b)[14] of the Act, in general, and furthers the objectives of Section 6(b)(5)[15] of the Act 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 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.

In particular, the Exchange believes the proposed rule changes will provide greater clarity to Members and the public regarding the Exchange's Rules. The Exchange believes that the new nonpublic information rule should assist in the prevention of fraudulent and manipulative acts by providing an appropriate mechanism designed to ensure that material, non-public information continues to be protected while promoting the protecting of investors and the public interest. In addition, the Exchange believes that the proposed rule changes will help ensure that investors are protected from potentially false or misleading communications with the public distributed by Exchange Members. The Exchange believes that the new proxy voting Rule will provide a clearer framework for Members to handle proxy related materials in a manner that is designed to prevent fraudulent and manipulative acts and practices, and to promote the protection of investors and the public interest. The Exchange believes that the new information barrier rule should assist in the prevention of fraudulent and manipulative acts by providing an appropriate mechanism designed to ensure that there are sufficient information barriers between Market

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14 15 U.S.C. 78f(b).

15 15 U.S.C. 78f(b)(5).

Makers and affiliated order flow providers while promoting the protecting of investors and the public interest. Further, the proposed rule changes provide greater harmonization between Exchange Rules and FINRA Rules of similar substance and purpose, resulting in less burdensome and more efficient regulatory compliance for dual members. As previously noted, the proposed rule text is substantially similar to FINRA's current rule text, which has already been approved by the Commission. As such, the proposed rule change will foster cooperation and coordination with persons engaged in facilitating transactions in securities and will remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

MIAX does not believe that the proposed rule changes will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues but rather is designed to provide greater harmonization between Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for dual members.

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

Not applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act[16] and Rule 19b-4(f)(6)[17] thereunder, MIAX has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes this proposal is non-controversial because it designed to conform to the approved rules of FINRA and other exchanges. The proposed changes promote the protection of investors and the public interest by providing greater harmonization between the Exchange and FINRA rules of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. Additionally, the proposed rule change does not raise any new policy issues not previously considered by the Commission nor impose any significant burden on competition because it would result in less burdensome and more efficient regulatory compliance for common members. Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The

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16 15 U.S.C. 78s(b)(3)(A).

17 17 CFR 240.19b-4(f)(6).

Exchange respectfully requests that the Commission waive the 30-day operative delay. The Exchange respectfully requests waiver of the 30-day operative delay. Waiver of the operative delay is consistent with the protection of investors and the public interest because it will provide for greater harmonization of the Exchange's Rules with the rules of FINRA resulting in less burdensome and more efficient regulatory compliance for common members.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposal is based on the rules of FINRA and other exchanges.[18]

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 the proposed rule change.

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18 See FINRA Rules 2220, 3230, 3310, 4511, 5280, 11870. See also BATS Rules 5.5, 13.3; NYSE Arca Rule 6.83; NYSE MKT Rule 927.3NY.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2014-16)

May__, 2014

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend MIAX Exchange Rules to Harmonize the Language with Certain Rules of the Financial Industry Regulatory Authority, Inc. ("FINRA")

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 May 22, 2014, 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 its Rules to harmonize the language with certain rules of the Financial Industry Regulatory Authority, Inc. ("FINRA") and other exchanges.

The text of the proposed rule change is 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.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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 certain Rules to harmonize the language with the rules of FINRA and other exchanges, and to make other conforming and technical changes. Specifically, the Exchange proposes: (i) to amend Rule 303, Prevention of the Misuse of Nonpublic Information, to adopt the language of the corresponding rule of another exchange; (ii) to amend Rule 315, Anti-Money Laundering Compliance Program, by adding text to paragraphs (c) and (d) which is identical to text found in FINRA Rule 3310; (iii) to amend Rule 319, to adopt the language of the corresponding rule of another exchange; (iv) to add a new Rule 320, Trading Ahead of Research Reports; (v) to amend Rule 610, Limitation on Dealings, to adopt the language of the corresponding rule of another exchange; (vi) to amend paragraphs (b) and (d) of Rule 800, Maintenance, Retention and Furnishing of Books, Records and Other Information; (vii) to amend Rule 1321, Transfer of Accounts, to incorporate by reference FINRA Rule 11870, Customer Account Transfer Contracts; (viii) to amend Rule 1322, Options Communications, to better align with FINRA Rule 2220; and (ix) to replace the rule text of Rule 1325, Telephone Solicitation, with the rule text from FINRA Rule 3230. The Exchange anticipates entering into a 17d-2 Agreement with FINRA in the near future. The Exchange believes the proposed changes

to harmonize the Exchange rules with FINRA should expedite the process.

The Exchange proposes to replace Rule 303, Prevention of the Misuse of Nonpublic Information, in its entirety with the language of the corresponding rule of another exchange.[3] The new Rule will provide that each Member must establish, maintain and enforce written procedures reasonably designed, taking into consideration the nature of such Member's business, to prevent the misuse of material, non-public information by such Member or persons associated with such Member. Members for whom the Exchange is the Designated Examining Authority ("DEA") that are required to file SEC form X-17A-5 with the Exchange on an annual or more frequent basis must file contemporaneously with the submission for the calendar year end ITSFEA compliance acknowledgements stating that the procedures mandated by this Rule have been established, enforced and maintained. In addition, any Member or associated person of a Member who becomes aware of a possible misuse of material, non-public information must notify the Exchange's Regulatory Department.

Interpretations and Policies .01 to proposed Rule 303 provides that conduct which will be characterized as the misuse of material, non-public information includes, but is not limited to, the following:

- Trading in any securities issued by a corporation, or in any related securities or related options or other derivative securities, while in possession of material, non-public information concerning that issuer; or
- Trading in a security or related options or other derivative securities, while in possession of material non-public information concerning imminent transactions in the security or related securities; or

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3 See Proposed Rule 303. See also BATS Rule 5.5.

- Disclosing to another person or entity any material, non-public information involving a corporation whose shares are publicly traded or an imminent transaction in an underlying security or related securities for the purpose of facilitating the possible misuse of such material, non-public information.

Interpretations and Policies .02 to proposed Rule 303 provides that at minimum each Member must establish, maintain, and enforce the following policies and procedures:

- All associated persons of the Member must be advised in writing of the prohibition against the misuse of material, non-public information; and
- All associated persons of the Member must sign attestations affirming their awareness of, and agreement to abide by the aforementioned prohibitions. These signed attestations must be maintained for at least three years, the first two years in an easily accessible place; and
- Each Member must receive and retain copies of trade confirmations and monthly account statements for each account in which an associated person: has a direct or indirect financial interest or makes investment decisions. The activity in such brokerage accounts should be reviewed at least quarterly by the Member for the purpose of detecting the possible misuse of material, non-public information; and
- All associated persons must disclose to the Member whether they, or any person in whose account they have a direct or indirect financial interest, or make investment decisions, are an officer, director or 10% shareholder in a company whose shares are publicly traded. Any transaction in the stock (or option thereon) of such company shall be reviewed to determine whether the transaction may have involved a misuse of material non-public information. Maintenance of the foregoing policies and procedures will not, in all cases,

satisfy the requirements and intent of this Rule; the adequacy of each Member's policies and procedures will depend upon the nature of such Member's business.

The Exchange believes that the proposed changes to the Prevention of the Misuse of Nonpublic Information Rule clarifies activity which it believes to be inconsistent with just and equitable principles of trade. Additionally, the Exchange believes the proposed changes will assist in the prevention of fraudulent and manipulative acts by providing an appropriate mechanism designed to ensure that material, non-public information continues to be protected while promoting the protecting of investors and the public interest.

The Exchange proposes to amend Rule 315(c) to provide additional clarity and instruction to Members' regarding independent testing for compliance and to more closely align the language of the Rule with the corresponding FINRA Rule 3310.[4] The proposed rule change will require "annual (on a calendar year basis)" independent testing for compliance of the Member's anti-money laundering program, to be conducted by the Member's personnel or by a qualified outside party. Further, the proposed rule change will provide that testing be done on a periodic basis, "every two years (on a calendar-year basis)," if the Member does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts. Finally, the proposed rule change clarifies that the individual responsible for implementing and monitoring the program must be an associated person of the Member. The Exchange believes the proposed changes to Rule 315(c) will more closely align the Rule with the corresponding FINRA Rule 3310, and creates a more concise rule which benefits investors and the public by establishing uniform and clearly defined time parameters for review. The Exchange proposes to amend Rule 315(d) to clarify that implementation and monitoring of a Member's Anti-Money Laundering Compliance Program be performed by an

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4 See Proposed Rule 315(c). See also FINRA Rule 3310.

associated person of the Member. The proposed change to Rule 315(d) clarifies a Member's obligation for implementing and maintaining its program and more closely aligns to FINRA Rule 3310.

The Exchange proposes to replace Rule 319, Proxy Voting, in its entirety with the language of the corresponding rule of another exchange, Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting.[5] The new Rule will provide that a Member when so requested by an issuer and upon being furnished with: (1) sufficient copies of proxy material, annual reports, information statements or other material required by law to be sent to security holders periodically, and (2) satisfactory assurance that it will be reimbursed by such issuer for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit promptly to each beneficial owner of securities (or the beneficial owner's designated investment adviser) of such issuer which are in its possession and control and registered in a name other than the name of the beneficial owner all such material furnished. In the event of a proxy solicitation, such material shall include a signed proxy indicating the number of shares held for such beneficial owner and bearing a symbol identifying the proxy with proxy records maintained by the Member, and a letter informing the beneficial owner (or the beneficial owner's designated investment adviser) of the time limit and necessity for completing the proxy form and forwarding it to the person soliciting proxies prior to the expiration of the time limit in order for the shares to be represented at the meeting. In addition, a Member shall furnish a copy of the symbols to the person soliciting the proxies and shall also retain a copy thereof pursuant to the provisions of Exchange Act Rule 17a-4. This paragraph shall not apply to beneficial owners residing outside of the United States of America though Members may voluntarily comply with the provisions hereof in respect of such persons if they so desire. Further, the new Rule provides that No Member shall give a

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5 See Proposed Rule 319. See also BATS Rule 13.3.

proxy to vote stock that is registered in its name, unless: (i) such Member is the beneficial owner of such stock; (ii) such proxy is given pursuant to the written instructions of the beneficial owner; or (iii) such proxy is given pursuant to the rules of any national securities exchange or association of which it is a member provided that the records of the Member clearly indicate the procedure it is following. In addition, notwithstanding the foregoing, a Member that is not the beneficial owner of a security registered under Section 12 of the Exchange Act is prohibited from granting a proxy to vote the security in connection with a shareholder vote on the election of a member of the board of directors of an issuer (except for a vote with respect to uncontested election of a member of the board of directors of any investment company registered under the Investment Company Act of 1940), executive compensation, or any other significant matter, as determined by the Commission, by rule, unless the beneficial owner of the security has instructed the Member to vote the proxy in accordance with the voting instructions of the beneficial owner. Notwithstanding the foregoing, a Member may give a proxy to vote any stock registered in its name if such Member holds such stock as executor, administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote. A Member that has in its possession or within its control stock registered in the name of another Member and that desires to transmit signed proxies pursuant to the provisions of paragraph (a) of this proposed Rule 319, shall obtain the requisite number of signed proxies from such holder of record. Notwithstanding the foregoing: (1) any Member designated by a named Employee Retirement Income Security Act of 1974 (as amended) ("ERISA") Plan fiduciary as the investment manager of stock held as assets of the ERISA Plan may vote the proxies in accordance with the ERISA Plan fiduciary responsibilities if the ERISA Plan expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset and has not expressly reserved the proxy voting right for the named ERISA Plan fiduciary; and (2) any designated investment adviser may vote

such proxies.

Interpretations and Policies .01 to proposed Rule 319 provides that for purposes of this Rule, the term "designated investment adviser" is a person registered under the Investment Advisers Act of 1940, or registered as an investment adviser under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and is designated in writing by the beneficial owner to receive proxy and related materials and vote the proxy, and to receive annual reports and other material sent to security holders. For purposes of this Rule, the term "state" shall have the meaning given to such term in Section 202(a)(19) of the Investment Advisers Act (as the same may be amended from time to time). The written designation must be signed by the beneficial owner; be addressed to the Member; and include the name of the designated investment adviser. Members that receive such a written designation from a beneficial owner must ensure that the designated investment adviser is registered with the SEC pursuant to the Investment Advisers Act, or with a state as an investment adviser under the laws of such state, and that the investment adviser is exercising investment discretion over the customer's account pursuant to an advisory contract to vote proxies and/or to receive proxy soliciting material, annual reports and other material. Members must keep records substantiating this information. Beneficial owners have an unqualified right at any time to rescind designation of the investment adviser to receive materials and to vote proxies. The rescission must be in writing and submitted to the Member. The Exchange believes that the proposed changes to the proxy voting Rule will provide a clearer framework for Members to handle proxy related materials in a manner that is designed to prevent fraudulent and manipulative acts and practices, and to promote the protection of investors and the public interest. The Exchange notes that the proposed changes will also bring the Exchange's Rule more closely aligned with that of FINRA.[6]

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6 See FINRA Rule 2251.

The Exchange proposes to add Rule 320, to incorporate the language of FINRA Rule 5280, Trading Ahead of Research Reports.[7] The proposed Rule 320 contains two provisions, paragraph (a) and (b), pertaining to trading and research reports. Paragraph (a) stipulates that a Member may not change its position in a security based upon non-public advance knowledge of information contained in a research report. Specifically, no Member shall establish, increase, decrease or liquidate an inventory position in a security or a derivative of such security based on non-public advance knowledge of the content or timing of a research report in that security. Paragraph (b) stipulates that a Member must establish and enforce policies and procedures which are designed to restrict the flow of information between research department personnel and trading department personnel. Specifically, Members must establish, maintain and enforce policies and procedures reasonably designed to restrict or limit the information flow between research department personnel, or other persons with knowledge of the content or timing of a research report, and trading department personnel, so as to prevent trading department personnel from utilizing non-public advance knowledge of the issuance or content of a research report for the benefit of the Member or any other person. The Exchange believes the addition of Rule 320 benefits investors and the public by establishing specific parameters concerning a Members' trading activity in a security and the timing of Research Reports related to that security. The Exchange also believes that adopting the language of FINRA helps to ensure that Members have the same obligations to comply under the Exchange Rules as they do under FINRA rules.[8]

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7 See Proposed Rule 320. See also FINRA Rule 5280.

8 The Exchange intends that MIAX Rule 320 be interpreted and applied in the same manner as FINRA interprets and applies FINRA Rule 5280, including the application of any associated Notice to Members, or rules, that FINRA uses to interpret FINRA Rule 5280. See Rule 200(c)(7). MIAX Rule 200(c)(7) provides that, "[e]very Applicant must have and maintain membership in another registered options exchange (that is not registered solely under Section 6(g) of the Exchange Act). If such other registered options exchange has not been designated by the Commission, pursuant to Rule 17d-1

The Exchange proposes to replace Rule 610, Limitations on Dealings, in its entirety with the language of the corresponding rule of another exchange.[9] The new Rule will provide that no ROT, other than a Market Maker acting pursuant to Rule 603, limited partner, officer, employee, approved person or party approved, who is affiliated with an Market Maker or ROT, shall, during the period of such affiliation, purchase or sell any option in which such Market Maker is appointed for any account in which such person or party has a direct or indirect interest. Any such person or party may, however, reduce or liquidate an existing position in an option in which such Market Maker is appointed provided that such orders are (i) identified as being for an account in which such person or party has a direct or indirect interest; (ii) approved for execution by an Exchange Official; and (iii) executed by the Market Maker in a manner reasonably calculated to contribute to the maintenance of price continuity with reasonable depth. No order entered pursuant to Rule 610(a) shall be given priority over, or parity with, any order represented in the market at the same price. Notwithstanding the provisions of Rule 603, an approved person or ROT that is affiliated with a Market Maker shall not be subject to Rule 610(a), provided it has obtained Exchange approval of procedures restricting the flow of material non-public corporate or market information between itself and the Market Maker and any ROT, officer, or employee associated therewith. For such ROT that controls, is controlled by, or is under common control with another organization, the exemption provided in Subsection (b) of Rule 610 shall be available to it only where the Exchange has determined that the relationship between the Market Maker, each person associated therewith, and such other organization satisfies all the conditions specified in the Exemption Guidelines. In addition, the following restrictions apply to a ROT

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under the Exchange Act, to examine Members for compliance with financial responsibility rules, then such Applicant must have and maintain a membership in FINRA."

9 See Proposed Rule 610. See also NYSE Arca Rule 6.83; NYSE MKT Rule 927.3NY.

that is affiliated with a Market Maker. The ROT may not: purchase or sell for any account in which it has a direct or indirect interest in any security in which its affiliate is a Market Maker; engage in any business transaction with the issuer of a security or its insiders in which its affiliate is a Market Maker; or accept orders directly from the issuer, its insiders or certain designated parties in securities in which its affiliate is a Market Maker.

Further, the Exchange proposes Exemption Guidelines which provides a means by which an affiliated firm doing business with the public as defined in Rule 203 (hereafter "ROT") may obtain an exemption from the restrictions discussed in Rule 610 above. This exemption is only available to a ROT that obtains prior Exchange approval for procedures restricting the flow of material non-public information between it and its affiliated Market Maker, (i.e., so-called "Chinese Wall" procedures). The Exemption Guideline subsection sets forth the steps a ROT must undertake, at a minimum, to seek to qualify for exemptive relief. Any firm that does not obtain Exchange approval for its procedures in accordance with these Guidelines shall remain subject to the restrictions set forth in Rule 610 described above.

The Exchange believes that the proposed changes to the information barrier rule clarify activity which it believes to be inconsistent with just and equitable principles of trade. The Exchange believes that the proposed information barrier rule is more precise and prescriptive than the current rule regarding which activities are prohibitive and what constitutes an adequate information barrier between Market Makers and affiliated order flow providers. The proposed rule also contains a detailed exemptive relief section that is absent from the current rule. The Exchange notes that under the proposal the Exchange will still require the maintaining of information barriers between ROTs and any affiliated Market Makers to the same extent as the current rule. The Exchange believes the proposed changes will assist in the prevention of fraudulent and manipulative acts by providing an appropriate mechanism designed to ensure that

there are sufficient information barriers between Market Makers and affiliated order flow providers while promoting the protecting of investors and the public interest. The Exchange believes that the proposed rule will provide detailed guidelines and protections in a manner that is easily understood and enforced by not only Members, but also FINRA, with whom the Exchange anticipates entering in a17d-2 Agreement and possibly a Regulatory Service Agreement with in the near future.

The Exchange proposes to amend Rule 800, Maintenance, Retention and Furnishing of Books, Records and Other Information, to include rule text from the related FINRA Rule 4511, General Requirements.[10] The Exchange proposes to add paragraph (b) to its rule, specifying that each Member shall preserve for a period of at least six years those books and records for which there is no specified period under Exchange Rules or applicable Exchange Act rules. The Exchange also proposes to add paragraph (d) to its rule, specifying that all books and records required to be made pursuant to the Exchange Rules shall be preserved in a format and media that complies with Exchange Act Rule 17a-4. The Exchange believes that adding additional detail to its Rule is appropriate as it will harmonize the Exchange's Rule with the related FINRA rule, which is designed to protect investors and the public interest.

The Exchange proposes to amend Rule 1321, Transfer of Accounts, to incorporate FINRA Rule 11870 by reference into its rules so that Members have the same obligations to comply as if such rules and interpretations were part of the Exchange's rules.[11] FINRA Rule 11870 provides a comprehensive articulation of procedures to be followed when transferring a customer account. The FINRA Rule establishes the protocol and procedures for initiating a

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10 See Proposed Rule 800. See also FINRA Rule 4511.

11 See Proposed Rule 1321. See also FINRA Rule 11870. In the event FINRA updates its Rule 11870, Customer Account Transfer Contracts, MIAX will file a 19b-4 Rule filing to adopt any corresponding changes to its Rule 1321 to ensure it remains consistent with FINRA Rule 11870.

transfer, validating the transfer instructions, and handling fails. Incorporating by reference the FINRA rule ensures that Members have the same obligations to comply as if such rules and interpretations were part of the Exchange's Rules.

The Exchange proposes to amend Rule 1322, Options Communications, to conform with the corresponding FINRA Rule 2220, Options Communications.[12] The current rule requires each Member to establish appropriate written procedures for review by a Registered Options Principal of institutional communications used by the Member. The Exchange proposes to add a paragraph to section (a) Definitions, to conform the Exchange Rule text to FINRA by including the definition of an institutional investor in paragraph (a)(4) and an Institutional Investor in paragraph (a)(5). The Exchange proposes to update the text of paragraph (b)(3) Institutional Communications, to clarify that procedures for Institutional Communications be designed to ensure that those communications comply with applicable standards. Further, when procedures do not require review, the procedures must include a provision for the duration and training of associated persons as to the firm's procedures concerning institutional communications. In addition, evidence that these supervisory procedures have been implemented and carried out must be maintained and made available to the Exchange upon request. The Exchange proposes to make conforming and technical changes to Exchange Rule 1322 to align to FINRA Rule 2220.

The Exchange proposes to amend Rule 1325, Telephone Solicitation, to adopt the language of the corresponding FINRA Rule 3230, Telemarketing.[13] The FINRA rule text provides detailed guidance concerning telemarketing activities. The Exchange believes that the proposed changes are appropriate as they will harmonize the Exchange's Rules with FINRA rules with respect to account transfers and Exchange Members' communication with the public.

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12 See Proposed Rule 1322. See also FINRA Rule 2220.

13 See Proposed Rule 1325. See also FINRA Rule 3230.

The Exchange's proposed changes are designed to further cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. Additionally, the Exchange believes that the proposed changes serve to further protect investors and the public interest by providing detailed guidance concerning telemarking.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b)[14] of the Act in general, and furthers the objectives of Section 6(b)(5)[15] of the Act 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 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.

In particular, the Exchange believes the proposed rule changes will provide greater clarity to Members and the public regarding the Exchange's Rules. The Exchange believes that the new nonpublic information rule should assist in the prevention of fraudulent and manipulative acts by providing an appropriate mechanism designed to ensure that material, non-public information continues to be protected while promoting the protecting of investors and the public interest. In addition, the Exchange believes that the proposed rule changes will help ensure that investors are protected from potentially false or misleading communications with the public distributed by Exchange Members. The Exchange believes that the new proxy voting Rule will provide a clearer framework for Members to handle proxy related materials in a manner that is designed to

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14 15 U.S.C. 78f(b).

15 15 U.S.C. 78f(b)(5).

prevent fraudulent and manipulative acts and practices, and to promote the protection of investors and the public interest. The Exchange believes that the new information barrier rule should assist in the prevention of fraudulent and manipulative acts by providing an appropriate mechanism designed to ensure that there are sufficient information barriers between Market Makers and affiliated order flow providers while promoting the protecting of investors and the public interest. Further, the proposed rule changes provide greater harmonization between Exchange Rules and FINRA Rules of similar substance and purpose, resulting in less burdensome and more efficient regulatory compliance for dual members. As previously noted, the proposed rule text is substantially similar to FINRA's current rule text, which has already been approved by the Commission. As such, the proposed rule change will foster cooperation and coordination with persons engaged in facilitating transactions in securities and will remove impediments to and perfect the mechanism of a free and open market and a national market system.

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. The proposed rule change is not designed to address any competitive issues but rather is designed to provide greater harmonization between Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for dual members.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act[16] and Rule 19b-4(f)(6)[17] thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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. Please include File Number SR-MIAX-2014-16 on the subject line.

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16 15 U.S.C. 78s(b)(3)(A).

17 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-MIAX-2014-16. 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-2014-16 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.[18]

Kevin M. O'Neill
Deputy Secretary

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[18] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

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Rule 303. Prevention of the Misuse of Material Nonpublic Information

Each Member must establish, maintain and enforce written procedures reasonably designed, taking into consideration the nature of such Member's business, to prevent the misuse of material, non-public information by such Member or persons associated with such Member. Members for whom the Exchange is the Designated Examining Authority ("DEA") that are required to file SEC form X-17A-5 with the Exchange on an annual or more frequent basis must file contemporaneously with the submission for the calendar year end ITSFEA compliance acknowledgements stating that the procedures mandated by this Rule have been established, enforced and maintained. Any Member or associated person of a Member who becomes aware of a possible misuse of material, non-public information must notify the Exchange's Regulatory Department.

Interpretations and Policies:

.01 For purposes of this Rule, conduct constituting the misuse of material, non-public information includes, but is not limited to, the following:

(a) Trading in any securities issued by a corporation, or in any related securities or related options or other derivative securities, while in possession of material, non-public information concerning that issuer; or

(b) Trading in a security or related options or other derivative securities, while in possession of material non-public information concerning imminent transactions in the security or related securities; or

(c) Disclosing to another person or entity any material, non-public information involving a corporation whose shares are publicly traded or an imminent transaction in an underlying security or related securities for the purpose of facilitating the possible misuse of such material, non-public information.

.02 This Rule provides that, at a minimum, each Member establish, maintain, and enforce the following policies and procedures:

(a) All associated persons of the Member must be advised in writing of the prohibition against the misuse of material, non-public information; and

(b) All associated persons of the Member must sign attestations affirming their awareness of, and agreement to abide by the aforementioned prohibitions. These signed attestations must be maintained for at least three years, the first two years in an easily accessible place; and

(c) Each Member must receive and retain copies of trade confirmations and monthly account statements for each account in which an associated person: has a direct or indirect financial interest or makes investment decisions. The activity in such brokerage accounts should be reviewed at least quarterly by the Member for the purpose of detecting the possible misuse of material, non-public information; and

(d) All associated persons must disclose to the Member whether they, or any person in whose account they have a direct or indirect financial interest, or make investment decisions, are an officer, director or 10% shareholder in a company whose shares are publicly traded. Any transaction in the stock (or option thereon) of such company shall be reviewed to determine whether the transaction may have involved a misuse of material non-public information. Maintenance of the foregoing policies and procedures will not, in all cases, satisfy the requirements and intent of this Rule; the adequacy of each Member's policies and procedures will depend upon the nature of such Member's business.[(a) Every Member shall establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of the Member's business, to prevent the misuse of material nonpublic information by such Member or persons associated with such Member in violation of the federal securities laws or the rules thereunder, and the Rules.

(b) Misuse of material nonpublic information includes, but is not limited to:

(1) trading in any securities issued by a corporation, partnership, or an Exchange Traded Fund Share, as defined in Rule 402(i) ("Fund"), or a trust or similar entities, or in any related securities or related options or other derivative securities, or in any related non-U.S. currency, non-U.S. currency options, futures or options on futures on such currency, or any other derivatives based on such currency, or in any related commodity, related commodity futures or options on commodity futures or any other related commodity derivatives, while in possession of material nonpublic information concerning that corporation, partnership or Fund or a trust or similar entities;

(2) trading in an underlying security or related options or other derivative securities, or in any related non-U.S. currency, non-U.S. currency options, futures or options on futures on such currency, or in any related commodity, related commodity futures or options on commodity futures or any other related commodity derivatives, or any other derivatives based on such currency while in possession of material nonpublic information concerning imminent transactions in the above; and

(c) Each Member shall establish, maintain and enforce the following policies and procedures as appropriate for the nature of each Member's business:

(1) all associated persons must be advised in writing of the prohibition against the misuse of material nonpublic information;

(2) signed attestations from the Member and all associated persons affirming their awareness of, and agreement to abide by, the aforementioned prohibitions must be maintained for at least three (3) years, the first two (2) years in an easily accessible place;

(3) records of all brokerage accounts maintained by the Member and all associated persons must be acquired and maintained for at least three (3) years, the first two (2) years in an easily accessible place, and such brokerage accounts must be reviewed periodically by the Member for the purpose of detecting the possible misuse of material nonpublic information; and

(4) any business dealings the Member may have with any entity whose securities are publicly traded, or any other circumstances that may result in the Member receiving, in the ordinary course of business, material nonpublic information concerning any such corporation, must be identified and documented.

(d) Members that are required, pursuant to Rule 803 (Audits), to file Form X-17A-5 under the Exchange Act with the Exchange on an annual basis only, shall, contemporaneously with those submissions, file attestations signed by such Members stating that the procedures mandated by this Rule have been established, enforced and maintained.

(e) Any Member or associated person who becomes aware of a possible misuse of material nonpublic information must promptly notify the Exchange.]

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Rule 315. Anti-Money Laundering Compliance Program

Each Member shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the Member's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, *et seq.*) and the implementing regulations promulgated thereunder by the Department of the Treasury. Each Member's anti-money laundering program must be approved, in writing, by [the Member's]a member of senior management. The anti-money laundering programs required by this Rule shall, at a minimum:

(a) Establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder[.];

(b) Establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder[.];

(c) Provide for annual (on a calendar year basis) independent testing for compliance to be conducted by the Member's personnel or by a qualified outside party[.], unless the Member does not execute transactions for customers or otherwise hold customer accounts or act as an

introducing broker with respect to customer accounts (e.g., engages solely in proprietary trading or conducts business only with other broker-dealers), in which case such "independent testing" is required every two years (on a calendar-year basis);

(d) Designate and identify to the Exchange (by name, title, mailing address, e-mail address, telephone number, and facsimile number) an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program[,] (such individual or individuals must be an associated person of the Member) and provide prompt notification to the Exchange regarding any change in such designation(s)[.]; and

(e) No Change.

[(f) In the event that any of the provisions of this Rule 315 conflict with any of the provisions of another, applicable self-regulatory organization's rule requiring the development and implementation of an anti-money laundering compliance program, the provisions of the rule of the Member's Designated Examining Authority shall apply.]

Interpretations and Policies:

.01 **Independent Testing Requirements**

(a) All members should undertake more frequent testing than required if circumstances warrant.

(b) Independent testing, pursuant to Rule 315(c), must be conducted by a designated person with a working knowledge of applicable requirements under the Bank Secrecy Act and its implementing regulations.

(c) Independent testing may not be conducted by:

(1) a person who performs the functions being tested,

(2) the designated anti-money laundering compliance person, or

(3) a person who reports to a person described in either subparagraphs (1) or (2) above.

.02 **Review of Anti-Money Laundering Compliance Person Information**

Each member must identify, review, and, if necessary, update the information regarding its anti-money laundering compliance person designated pursuant to Rule 315(d) in the manner prescribed by NASD Rule 1160.

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Rule 319. Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting

(a) A Member when so requested by an issuer and upon being furnished with: (1) sufficient copies of proxy material, annual reports, information statements or other material required by law to be sent to security holders periodically, and (2) satisfactory assurance that it will be reimbursed by such issuer for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit promptly to each beneficial owner of securities (or the beneficial owner's designated investment adviser) of such issuer which are in its possession and control and registered in a name other than the name of the beneficial owner all such material furnished. In the event of a proxy solicitation, such material shall include a signed proxy indicating the number of shares held for such beneficial owner and bearing a symbol identifying the proxy with proxy records maintained by the Member, and a letter informing the beneficial owner (or the beneficial owner's designated investment adviser) of the time limit and necessity for completing the proxy form and forwarding it to the person soliciting proxies prior to the expiration of the time limit in order for the shares to be represented at the meeting. A Member shall furnish a copy of the symbols to the person soliciting the proxies and shall also retain a copy thereof pursuant to the provisions of Exchange Act Rule 17a-4. This paragraph shall not apply to beneficial owners residing outside of the United States of America though Members may voluntarily comply with the provisions hereof in respect of such persons if they so desire.

(b) No Member shall give a proxy to vote stock that is registered in its name, unless: (i) such Member is the beneficial owner of such stock; (ii) such proxy is given pursuant to the written instructions of the beneficial owner; or (iii) such proxy is given pursuant to the rules of any national securities exchange or association of which it is a member provided that the records of the Member clearly indicate the procedure it is following.

(c) Notwithstanding the foregoing, a Member that is not the beneficial owner of a security registered under Section 12 of the Exchange Act is prohibited from granting a proxy to vote the security in connection with a shareholder vote on the election of a member of the board of directors of an issuer (except for a vote with respect to uncontested election of a member of the board of directors of any investment company registered under the Investment Company Act of 1940), executive compensation, or any other significant matter, as determined by the Commission, by rule, unless the beneficial owner of the security has instructed the Member to vote the proxy in accordance with the voting instructions of the beneficial owner.

(d) Notwithstanding the foregoing, a Member may give a proxy to vote any stock registered in its name if such Member holds such stock as executor, administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote. A Member that has in its possession or within its control stock registered in the name of another Member and that desires to transmit signed proxies pursuant to the provisions of paragraph (a) of this Rule, shall obtain the requisite number of signed proxies from such holder of record. Notwithstanding the foregoing: (1) any Member designated by a named Employee Retirement Income Security Act of 1974 (as amended) ("ERISA") Plan fiduciary as the investment manager of stock held as assets of the ERISA Plan may vote the proxies in accordance with the ERISA Plan fiduciary responsibilities if the ERISA Plan expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset and has not expressly reserved the proxy voting right for the named ERISA Plan fiduciary; and (2) any designated investment adviser may vote

such proxies.

Interpretations and Policies:

.01 For purposes of this Rule, the term "designated investment adviser" is a person registered under the Investment Advisers Act of 1940, or registered as an investment adviser under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and is designated in writing by the beneficial owner to receive proxy and related materials and vote the proxy, and to receive annual reports and other material sent to security holders.

(a) For purposes of this Rule, the term "state" shall have the meaning given to such term in Section 202(a)(19) of the Investment Advisers Act (as the same may be amended from time to time).

(b) The written designation must be signed by the beneficial owner; be addressed to the Member; and include the name of the designated investment adviser.

(c) Members that receive such a written designation from a beneficial owner must ensure that the designated investment adviser is registered with the SEC pursuant to the Investment Advisers Act, or with a state as an investment adviser under the laws of such state, and that the investment adviser is exercising investment discretion over the customer's account pursuant to an advisory contract to vote proxies and/or to receive proxy soliciting material, annual reports and other material. Members must keep records substantiating this information.

(d) Beneficial owners have an unqualified right at any time to rescind designation of the investment adviser to receive materials and to vote proxies. The rescission must be in writing and submitted to the Member.[(a) No Member shall give a proxy to vote stock that is registered in its name, unless: (i) such Member is the beneficial owner of such stock; (ii) pursuant to the written instructions of the beneficial owner; or (iii) pursuant to the rules of any national securities exchange or association of which it is a member provided that the records of the Member clearly indicate the procedure it is following.

(b) Notwithstanding the foregoing, a Member that is not the beneficial owner of a security registered under Section 12 of the Exchange Act is prohibited from granting a proxy to vote the security in connection with a shareholder vote on the election of a member of the board of directors of an issuer (except for a vote with respect to uncontested election of a member of the board of directors of any investment company registered under the Investment Company Act of 1940), executive compensation, or any other significant matter, as determined by the SEC, by rule, unless the beneficial owner of the security has instructed the Member to vote the proxy in accordance with the voting instructions of the beneficial owner.]

Rule 320. Trading Ahead of Research Reports

(a) No Member shall establish, increase, decrease or liquidate an inventory position in a security or a derivative of such security based on non-public advance knowledge of the content or timing of a research report in that security.

(b) Members must establish, maintain and enforce policies and procedures reasonably designed to restrict or limit the information flow between research department personnel, or other persons with knowledge of the content or timing of a research report, and trading department personnel, so as to prevent trading department personnel from utilizing non-public advance knowledge of the issuance or content of a research report for the benefit of the Member or any other person.

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Rule 610. Limitations on Dealings

(a) No ROT, other than a Market Maker acting pursuant to Rule 603, limited partner, officer, employee, approved person or party approved, who is affiliated with an Market Maker or ROT, shall, during the period of such affiliation, purchase or sell any option in which such Market Maker is appointed for any account in which such person or party has a direct or indirect interest. Any such person or party may, however, reduce or liquidate an existing position in an option in which such Market Maker is appointed provided that such orders are (i) identified as being for an account in which such person or party has a direct or indirect interest; (ii) approved for execution by an Exchange Official; and (iii) executed by the Market Maker in a manner reasonably calculated to contribute to the maintenance of price continuity with reasonable depth. No order entered pursuant to this Subsection (a) shall be given priority over, or parity with, any order represented in the market at the same price.

(b) Notwithstanding the provisions of Rule 603, an approved person or ROT that is affiliated with a Market Maker shall not be subject to Rule 610(a), provided it has obtained Exchange approval of procedures restricting the flow of material non-public corporate or market information between itself and the Market Maker and any ROT, officer, or employee associated therewith.

(c) For such ROT that controls, is controlled by, or is under common control with another organization, the exemption provided in Subsection (b) of Rule 610 shall be available to it only where the Exchange has determined that the relationship between the Market Maker, each person associated therewith, and such other organization satisfies all the conditions specified in the Exemption Guidelines.

(d) The procedures referred to in Subsection (b) of Rule 610 shall comply with such guidelines as are promulgated by the Exchange.

Exemption Guidelines

(e) The following restrictions apply to a ROT that is affiliated with a Market Maker:

It may not purchase or sell for any account in which it has a direct or indirect interest in any security in which its affiliate is a Market Maker.

It may not engage in any business transaction with the issuer of a security or its insiders in which its affiliate is a Market Maker.

The ROT may not accept orders directly from the issuer, its insiders or certain designated parties in securities in which its affiliate is a Market Maker.

This Subsection provides a means by which an affiliated firm doing business with the public as defined in Rule 203 (hereafter "ROT") may obtain an exemption from the restrictions discussed above. This exemption is only available to a ROT that obtains prior Exchange approval for procedures restricting the flow of material non-public information between it and its affiliated Market Maker, (i.e., so-called "Chinese Wall" procedures). This Subsection sets forth the steps a ROT must undertake, at a minimum, to seek to qualify for exemptive relief. Any firm that does not obtain Exchange approval for its procedures in accordance with these Guidelines shall remain subject to the restrictions set forth above.

(f) These Guidelines require that an affiliated ROT establish procedures that are sufficient to restrict the flow of information between itself and the Market Maker. Generally, an affiliated ROT seeking an exemption from the rules discussed in Subsection (a) above should establish its operational structure along the lines discussed below.

(1) The affiliated ROT and the Market Maker must be established as separate and distinct organizations. At a minimum, the two organizations must maintain separate and distinct books, records and accounts, and satisfy separately all applicable financial and capital requirements. While the Exchange will permit the affiliated ROT and the Market Maker to be under common management, in no instance may persons associated with a ROT exercise influence over or control the Market Maker's conduct with respect to particular securities or vice versa. Any general managerial oversight must not conflict with or compromise in any way the Market Maker's market making responsibilities pursuant to the Rules of the Exchange.

(2) The affiliated ROT and the Market Maker must establish procedures designed to prevent the use of material non-public corporate or market information in the possession of the affiliated ROT to influence the Market Maker's conduct and avoid the misuse of Market Maker market information to influence the affiliated ROT conduct. Specifically, the affiliated ROT and the Market Maker organization must ensure that material non-public corporate information relating to trading positions taken by the affiliated ROT in a Market Maker's security are not made available to the Market Maker, or to any ROT, partner, director or employee thereof, by a Market Maker while in possession of non-public corporate information derived by the affiliated ROT from any transaction or relationship with the issuer or any other person in possession of such information; that advantage is not taken of knowledge of pending transactions or the ROT's recommendations; and that all information pertaining to positions taken or to be taken by the Market Maker in a Market Maker security is kept confidential and is not made available to the affiliated ROT.

(g) An affiliated ROT seeking exemption shall submit to the Exchange a written statement that shall set forth the following:

(1) The manner in which it intends to satisfy each of the conditions stated in Subsections (f)(1) and (f)(2) of these Guidelines, and the compliance and audit procedures it proposes to implement to ensure that the functional separation is maintained;

(2) The designation and identification of the individual(s) within the affiliated ROT responsible for maintenance and surveillance of such procedures;

(3) That the Market Maker may make available to a broker affiliated with it only the sort of market information that it would make available in the normal course of its Market Maker activity to any other broker and in the same manner that it would make information available to any other broker; and that the Market Maker may only make such information available to a broker affiliated with the ROT pursuant to a request by such broker for such information and may not, on its own initiative, provide such broker with such information;

(4) That where it issues a recommendation in a security in which it acts as Market Maker it must disclose that an associated Market Maker makes a market in the security, may have a position in the security, and may be on the opposite side of public orders executed on the Exchange in the security, and the firm will notify the Exchange immediately after the issuance of a research report or written recommendation;

(5) That it will file with the Exchange such information and reports as the Exchange may, from time to time, require relating to its transactions in a specialty security;

(6) That it will take appropriate remedial action against any person violating these Guidelines and/or its internal compliance and audit procedures adopted pursuant to Subsection (g)(1) of these Guidelines, and that it and its associated Market Maker each recognizes that the Exchange may take appropriate remedial action, including (without limitation) reallocation of securities in which it serves as Market Maker and/or revocation of the exemption, in the event of such a violation;

(7) Whether the firm intends to clear proprietary trades of the Market Maker and, if so, the procedures established to ensure that information with respect to such clearing activities will not be used to compromise the firm's Chinese Wall procedures (the procedures followed shall, at a minimum, be the same as those used by the firm to clear for unaffiliated third parties); and

(8) That no individual associated with it may trade as a market maker in any security in which the associated Market Maker has an appointment.

(h) Subsection (f) of these Exemption Guidelines requires the establishment of procedures designed to prohibit the flow of certain market sensitive information from a ROT to its affiliate Market Maker or to any ROT, partner, director or employee thereof. In the event that, notwithstanding these procedures, any Market Maker becomes aware of the fact that he has received any such information relating to any of their Market Maker securities from his organization's affiliated ROT, the Market Maker shall promptly communicate that fact and disclose the information so received to the person in the affiliated member firm responsible for compliance with securities laws and regulations (the compliance officer) and shall seek a

determination from the compliance officer as to whether he should, as a consequence of his receipt of such information, give up the appointment in the option class involved. If the compliance officer determines that the Market Maker should give up the Market Maker appointment, the Market Maker shall, at a minimum, give it up to another ROT who is registered as Market Maker in the security and who is not in possession of the information so received. In any such event, the compliance officer shall determine when it is appropriate for the Market Maker to recover the Market Maker security and recommence acting as Market Maker in the Market Maker security involved. Procedures shall be established by the affiliated member firm to assure that in any instance when the compliance officer determines that a Market Maker should give up the appointment, such transfer is effected in a manner which will prevent the market sensitive information from being disclosed to the temporary Market Maker.

The compliance officer shall keep a written record of each request received from a Market Maker for a determination as referred to above. Such record shall be adequate to record the pertinent facts and shall include, at a minimum, the identification of the security, the date, a description of the information received by the Market Maker, the determination made by the compliance officer and the basis therefor. If the appointment is given up, the record shall also set forth the time at which the Market Maker reacquired the appointment and the basis upon which the compliance officer determined that such reacquisition was appropriate. The Exchange shall be given prompt notice of any instance when the compliance officer determines that the Market Maker should give up the appointment and also of the determination that such Market Maker should be permitted to reacquire the appointment. In accordance with such schedules as the Exchange shall from time to time prescribe (at least monthly), the written record of all requests received by the compliance officer from the affiliated Market Maker for a determination as referred to above shall be furnished to the Exchange for its review. ROTs are cautioned that any trading by any person while in possession of material, non-public information received as a result of any breach of the internal controls required by the Guidelines may have violated Rule 10b-5, Rule 14e-3, just and equitable principles of trade or one or more other provisions of the Exchange Act, or regulations thereunder or rules of the Exchange. The Exchange shall review any such trading of which it becomes aware to determine whether any such violation has occurred.

(i) Subsection (g)(7) of these Guidelines permits a ROT to clear the Market Maker transactions of its affiliated Market Maker provided it establishes procedures to ensure that information with respect to such clearing activities will not be used to compromise the firm's Chinese Wall procedures. Such procedures should provide that any information pertaining to security positions and trading activities of the Market Maker, and information derived from any clearing and margin financing arrangements between the affiliated ROT and the Market Maker, may be made available only to those (other than employees actually performing clearing and margin financing functions) in senior management positions in the affiliated ROT who are involved in exercising general managerial oversight over the Market Maker. Generally, such information may be made available only to the affiliated ROT's chief executive officer, chief operations officer, chief financial officer, and senior officer responsible for managerial oversight of the Market Maker, and only for the purpose of exercising permitted managerial oversight. Such information may not be made available to anyone actually engaged in making day-to-day trading decisions for the affiliated member firm, or in making recommendations to the customers or potential customers

of the affiliated member firm. Any margin financing arrangements must be sufficiently flexible so as not to limit the ability of any Market Maker to meet market making or other obligations under Exchange Rules.

(j) The written statement required by Subsection (g) of these Exemption Guidelines shall detail the internal controls that both the affiliated ROT and the Market Maker intend to adopt to satisfy each of the conditions stated in Subsections (g)(1) through (g)(8) of these Guidelines, and the compliance and the audit procedures they propose to implement to ensure that the internal controls are maintained. If the Exchange determines that the organizational structure and the compliance and audit procedures proposed by the ROT and its affiliated Market Maker are acceptable under the Guidelines, the Exchange shall so inform the ROT and its affiliated Market Maker, in writing, at which point an exemption shall be granted. Absent such prior written approval, an exemption shall not be made available. The written statement should identify the individuals in senior management positions (and their titles/levels of responsibility) of the affiliated ROT to whom information concerning the Market Making trading activities and security positions, and information concerning clearing and margin financing arrangements, is to be made available, the purpose for which it is to be made available, the frequency with which the information is to be made available, and the format in which the information is to be made available. If any partner, director, officer, or employee of the affiliated ROT intends to serve in any such capacity with the Market Maker, or vice versa, the written statement must include a statement of the duties of the particular individual, at both entities, and why it is necessary for such individual to be a partner, director, officer or employee of both entities. The Exchange may grant approval for service at both entities only if the dual affiliation is for overall management control purposes or for administrative and support purposes. Dual affiliation will not be permitted for an individual who intends to be active in the day-to-day business operations of both entities. Nothing in the foregoing, however, shall preclude an employee of one entity who performs strictly administrative or support functions (such as facilities, accounting, data processing, personnel and similar types of services) from performing similar functions on behalf of the other entity, provided that such individual is clearly identified, and the functions performed on behalf of each entity are specified, in the written statement described above, and all requirements in Subsection (f) above as to maintaining the confidentiality of information are met. [(a) **General Rule.** A Market Maker on the Exchange may engage in Other Business Activities, or it may be affiliated with a broker-dealer that engages in Other Business Activities, only if there is an Information Barrier between the market making activities and the Other Business Activities. "Other Business Activities" means:

(1) conducting an investment banking or public securities business;

(2) making markets in the stocks underlying the options in which it makes markets;

(3) handling listed options orders as agent on behalf of Public Customers or broker-dealers; or

(4) conducting non-market making proprietary listed options trading activities.

(b) **Information Barrier.** For the purposes of this Rule, an Information Barrier is an organizational structure in which:

(1) The market making functions are conducted in a physical location separate from the locations in which the Other Business Activities are conducted, in a manner that effectively impedes the free flow of communications between ROTs and persons conducting the Other Business Activities. However, upon request and not on his own initiative, an ROT performing the function of a Market Maker may furnish to a person performing the function of an Electronic Exchange Member or other persons at the same firm or an affiliated firm ("affiliated persons"), the same sort of market information that the ROT would make available in the normal course of its market making activity to any other person. The ROT must provide such information to affiliated persons in the same manner that he would make such information available to a non-affiliated person.

(2) There are procedures implemented to prevent the use of material non-public corporate or market information in the possession of persons on one side of the barrier from influencing the conduct of persons on the other side of the barrier. These procedures, at a minimum, must provide that:

(i) the ROT performing the function of a Market Maker does not take advantage of knowledge of pending transactions, order flow information, corporate information or recommendations arising from the Other Business Activities.

(ii) all information pertaining to the Market Maker's positions and trading activities is kept confidential and not made available to persons on the other side of the Information Barrier except as provided in subparagraph (b)(1) above.

(3) Persons on one side of the barrier may not exercise influence or control over persons on the other side of the barrier, provided that:

(i) the market making function and the Other Business Activities may be under common management as long as any general management oversight does not conflict with or compromise the Market Maker's responsibilities under the Rules.

(ii) the same person or persons (the "Supervisor") may be responsible for the supervision of the market making and Electronic Exchange Member functions of the same firm or affiliated firms in order to monitor the overall risk exposure of the firm or affiliated firms. While the Supervisor may establish general trading parameters with respect to both market making and other proprietary trading other than on an order specific basis, the Supervisor may not:

(A) actually perform the function either of Market Maker or Electronic Exchange Member;

(B) provide to any person performing the function of an Electronic Exchange Member any information relating to market making activity beyond the information

that an ROT performing the function of a Lead Market Maker may provide under subparagraph (b)(1) above; nor

(C) provide an ROT performing the function of Market Maker with specific information regarding the firm's pending transactions or order flow arising out of its Electronic Exchange Member activities.

(c) **Documenting and Reporting of Information Barrier Procedures.** A Member implementing an Information Barrier pursuant to this Rule shall submit to the Exchange a written statement setting forth:

(1) The manner in which it intends to satisfy the conditions in paragraph (b) of this Rule, and the compliance and audit procedures it proposes to implement to ensure that the Information Barrier is maintained.

(2) The names and titles of the person or persons responsible for maintenance and surveillance of the procedures.

(3) A commitment to provide the Exchange with such information and reports as the Exchange may request relating to its transactions.

(4) A commitment to take appropriate remedial action against any person violating this Rule or the Member's internal compliance and audit procedures adopted pursuant to subparagraph (c)(1) of this Rule, and that it recognizes that the Exchange may take appropriate remedial action, including (without limitation) reallocation of securities in which it serves as a Market Maker, in the event of such a violation.

(5) Whether the Member or an affiliate intends to clear its proprietary trades and, if so, the procedures established to ensure that information with respect to such clearing activities will not be used to compromise the Member's Information Barrier, which procedures, at a minimum, must be the same as those used by the Member or the affiliate to clear for unaffiliated third parties.

(6) That it recognizes that any trading by a person while in possession of material, non-public information received as a result of the breach of the internal controls required under this Rule may be a violation of Rules 10b-5 and 14e-3 under the Exchange Act or one or more other provisions of the Exchange Act, the rules thereunder or the Rules, and that the Exchange intends to review carefully any such trading of which it becomes aware to determine whether a violation has occurred.

(d) **Exchange Approval of Information Barrier Procedures.** The written statement required by paragraph (c) of this Rule must detail the internal controls that the Member will implement to satisfy each of the conditions stated in that Rule, and the compliance and audit procedures proposed to implement and ensure that the controls are maintained. If the Exchange determines that the organizational structure and the compliance and audit procedures proposed by the Member are acceptable under this Rule, the Exchange shall so inform the Member, in writing.

Absent the Exchange finding a Member's Information Barrier procedures acceptable, a Market Maker may not conduct Other Business Activities.

(e) **Clearing Arrangements.** Subparagraph (c)(5) permits a Member or an affiliate of the Member to clear the Member's Market Maker transactions if it establishes procedures to ensure that information with respect to such clearing activities will not be used to compromise the Information Barrier. In this regard:

(1) The procedures must provide that any information pertaining to Market Maker securities positions and trading activities, and information derived from any clearing and margin financing arrangements, may be made available only to those employees (other than employees actually performing clearing and margin functions) specifically authorized under this Rule to have access to such information or to other employees in senior management positions who are involved in exercising general managerial oversight with respect to the market making activity.

(2) Any margin financing arrangements must be sufficiently flexible so as not to limit the ability of any Market Maker to meet market making or other obligations under the Exchange's Rules.

(f) **Exceptions to the Information Barrier Requirement.**

(1) A Market Maker shall be exempt from paragraph (a)(3) of this Rule to the extent the Market Maker complies with the following conditions:

(i) such Member handles orders as agent only for the account of entities that are affiliated with the Member and solely in options classes to which the Member is not appointed as a Market Maker pursuant to Rule 602 or in which the Member is prohibited from acting as a Market Maker pursuant to regulatory requirements; or

(ii) such Market Maker handles orders as agent solely with respect to a Directed Order Program, as defined in Interpretations and Policies .01 below.

(2) A Market Maker shall be exempt from paragraph (a)(4) of this Rule to the extent the Member, or a broker-dealer with which such Member is affiliated:

(i) engages solely in proprietary trading and does not, under any circumstances, maintain customer accounts or solicit or accept orders or funds from or on behalf of Public Customers or broker-dealers; and

(ii) does not participate in any Directed Order Programs, as defined in Interpretations and Policies .01 below, or utilize any other order types which call for the participation of, or interaction with, Public Customers or broker-dealers.

Interpretations and Policies:

.01 For purposes of paragraph (f)(1)(ii) and (f)(2)(ii) of Rule 610 only, a Directed Order Program means rules of an options exchange that (a) permit an options market maker to handle orders directed to it anonymously through an exchange system; (b) require the market maker to accept directed orders from all sources eligible to direct orders using such exchange system; and (c) require the options market maker to execute such directed orders on such exchange under specified order handling procedures. A Directed Order Program shall not include any rules of an exchange that permit a market maker to accept orders directly, without being routed through an exchange system, from customers or another broker-dealer, nor any rules or system that allows a market maker to handle orders on a disclosed or discretionary basis.]

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Rule 800. Maintenance, Retention and Furnishing of Books, Records and Other Information

(a) No Change

(b) Each Member shall preserve for a period of at least six years those books and records for which there is no specified period under Exchange Rules or applicable Exchange Act rules.

(c[b]) No Member shall refuse to make available to the Exchange such books, records or other information as may be called for under the Rules or as may be requested in connection with an investigation by the Exchange.

[(c) All Members shall prepare and make available all books and records required by the Rules in English and U.S. dollars.]

(d) All books and records required to be made pursuant to the Exchange Rules shall be preserved in a format and media that complies with Exchange Act Rule 17a-4.

Interpretations and Policies:

.01 - .02 No Change

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Rule 1321. Transfer of Accounts

MIAX Members and member organizations shall comply with FINRA Rule 11870, concerning the transfer of customer accounts between Members, and any amendments thereto, as if such Rule is part of the MIAX's Rules. [(a) When a customer whose securities account is carried by a Member (the "Carrying Member") wants to transfer the entire account to another Member (the "Receiving Member") and gives written notice of that fact to the Receiving Member, both Members must expedite and coordinate activities with respect to the transfer. For purposes of this Rule, the term "securities account" shall be deemed to include any and all of the account's money market fund positions or the redemption value thereof.

(b) Upon receipt from the customer of a signed broker-to-broker transfer instruction to receive such customer's securities account, the Receiving Member will immediately submit such instruction to the Carrying Member. The Carrying Member must, within one (1) business day following receipt of such instruction,

(1) validate and return the transfer instruction (with an attachment reflecting all positions and money balances as shown on its books) to the Receiving Member, or

(2) take exception to the transfer instruction for reasons other than securities positions or money balance discrepancies and advise the Receiving Member of the exception taken.

The time frame(s) set forth in this paragraph will change as determined from time-to-time in any publication, relating to the ACATS facility issued by the National Securities Clearing Corporation (NSCC).

(c) The Carrying Member and the Receiving Member must promptly resolve any exceptions taken to the transfer instruction.

(d) Within five (5) business days following the validation of a transfer instruction, the Carrying Member must complete the transfer of the customer's securities account to the Receiving Member. The Carrying Member and the Receiving Member must establish fail to receive and fail to deliver contracts at then current market values upon their respective books of account against the long/short positions (including options) in the customer's securities account that have not been physically delivered/received and the Receiving/Carrying Member must debit/credit the related money account. The customer's securities account shall thereupon be deemed transferred.

(e) Any fail contracts resulting from this account transfer procedure must be closed out within ten (10) business days after their establishment.

(f) Any discrepancies relating to positions or money balances that exist or occur after transfer of a customer's securities account must be resolved promptly.

(g) When both the Carrying Member and the Receiving Member are members in a clearing corporation having automated customer securities account transfer capabilities, the account transfer procedure, including the establishing and closing out of fail contracts, must be accomplished in accordance with the provisions of this Rule and pursuant to the Rules of and through the Clearing Corporation.

(h) The Exchange may exempt from the provisions of this Rule, either unconditionally or on specified terms and conditions,

(1) any Member or type of Members, or

(2) any type of account, security or financial instrument.

(i) Unless an exemption has been granted pursuant to paragraph (h) of this Rule, the Exchange may impose upon a Member a fee of up to $100 per securities account for each day such Member fails to adhere to the time frames or procedures required by this Rule.

(j) Transfer instructions and reports required by this Rule shall be in such form as may be prescribed by the Exchange.]

Rule 1322. Options Communications

(a) **Definitions.** For purposes of this Rule and any interpretation thereof, "options communications" consist of:

(1) **Correspondence.** The term "correspondence" means [shall include]any written (including electronic) communication that is distributed or made available to[:] 25 or fewer retail [customers]investors within any 30 calendar-day period.

(2) **Institutional Communication.** The term "institutional communication" means [shall include]any written (including electronic) communication [concerning options]that is distributed or made available only to institutional investors, but does not include a Member's internal communications. [The term institutional investor shall mean any qualified investor as defined in Section 3(a)(54) of the Securities Exchange Act of 1934.]

(3) No Change

(4) For purposes of this Rule, the term "institutional account" shall mean the account of:

(1) a bank, savings and loan association, insurance company or registered investment company;

(2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or

(3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

(5) **Institutional Investor.** The term "Institutional Investor" means any:

(A) person described in subsection (a)(4) of this Rule, regardless of whether the person has an account with a member;

(B) governmental entity or subdivision thereof;

(C) employee benefit plan, or multiple employee benefit plans offered to employees of the same employer, that meet the requirements of Section 403(b) or Section 457 of

the Internal Revenue Code and in the aggregate have at least 100 participants, but does not include any participant of such plans;

(D) qualified plan, as defined in Section 3(a)(12)(C) of the Exchange Act, or multiple qualified plans offered to employees of the same employer, that in the aggregate have at least 100 participants, but does not include any participant of such plans;

(E) member or registered person of such a member; and

(F) person acting solely on behalf of any such institutional investor.

No member may treat a communication as having been distributed to an institutional investor if the member has reason to believe that the communication or any excerpt thereof will be forwarded or made available to any person other than an institutional investor.

(b) **Approval by Registered Options Principal.**

(1) - (2) No Change

(3) Institutional Communications. Each Member shall establish written procedures that are appropriate to its business, size, structure, and customers for review by a Registered Options Principal of institutional communications used by the Member. Such procedures must be reasonably designed to ensure that institutional communications comply with applicable standards. When such procedures do not require review of all institutional communications prior to first use or distribution, they must include provision for the duration and training of associated persons as to the firm's procedures governing institutional communications, documentation of such education and training, and surveillance and follow-up to ensure that such procedures are implemented and adhered to. Evidence that these supervisory procedures have been implemented and carried out must be maintained and made available to the Exchange upon request.

(4) No Change

(c) **Exchange Approval Required**. In addition to the approval required by paragraph (b) of this Rule, all retail communications issued by [of] a Member pertaining to standardized options that is not accompanied or preceded by the applicable current options disclosure document ("ODD") shall be submitted to the Exchange at least ten (10) calendar days prior to use (or such shorter period as the Exchange may allow in particular instances) for approval, and if changed or expressly disapproved by the Exchange, shall be withheld from circulation until any changes specified by the Exchange have been made or, in the event of disapproval, until the communication has been resubmitted for, and has received, Exchange approval. The requirements of this paragraph shall not be applicable to:

(1) – (4) No Change

(d) **General [Rule]Standards.** No Member or associated person shall use any options communication which:

(1) Contains any untrue statement or omission of a material fact or is otherwise false or misleading[.];

(2) Contains promises of specific results, exaggerated or unwarranted claims, opinions for which there is no reasonable basis or forecasts of future events which are unwarranted or which are not clearly labeled as forecasts[.];

(3) Contains cautionary statements or caveats that are not legible, are misleading, or are inconsistent with the content of the material[s.];

(4) Contains statements suggesting the certain availability of secondary market for options[.];

(5) Fails to reflect the risks attendant to options transactions and the complexities of certain options investment strategies[.];

(6) Fails to include a warning to the effect that options are not suitable for all investors or contains suggestions to the contrary[.];

(7) Fails to include a statement that supporting documentation for any claims (including any claims made on behalf of options programs or the options expertise of sales persons), comparisons, recommendations, statistics, or other technical data, will be supplied upon request[.]; or

(8) No Change

(e) **Standards Applicable to Options Communications.**

(1) Unless preceded or accompanied by the ODD, options communications shall:

(i) Be limited to general descriptions of the options being discussed.

(ii) Contain contact information for obtaining a copy of the ODD[.];

(iii) Not contain recommendations or past or projected performance figures including annualized rates of return, or names of specific securities[.];

(2) Options communications used prior to ODD delivery may:

(i) Contain a brief description of options, including a statement that identifies registered clearing agencies for options. The text may also contain a brief description of the general attributes and method of operation of the exchanges on which options are traded, including a discussion of how an option is priced[.];

(ii) Include any statement required by any state law or administrative authority[.]; and

(iii) No Change

(f) No Change

(g) **Projections.**

(1) Options communications may contain projected performance figures (including projected annualized rates of return), provided that:

(i) all such communications regarding standardized options are accompanied or preceded by the ODD;

(ii) – (iii) No Change

(iv) all relevant costs, including commissions, fees, and interest charges (if applicable with regard to margin transactions) are disclosed and reflected in the projections;

(v) – (vi) No Change

(vii) the risks involved in the proposed transactions are also discussed; and

(viii) No Change

(h) **Historical Performances**. Options communications may feature records and statistics that portray the performance of past recommendations or of actual transactions, provided that:

(i) All such communications regarding standardized options are accompanied or preceded by the ODD.

(ii) – (iii) No Change

(iv) all relevant costs, including commissions, fees, and [interest charges]daily margin obligations (as applicable) are disclosed and reflected in the performance;

(v) – (viii) No Change

(i) No Change

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Rule 1325. [Telephone Solicitation]Telemarketing

(a) Telemarketing Restrictions

No Member or associated person of a Member shall make an outbound telephone call to:

(1) any person's residence at any time other than between 8 a.m. and 9 p.m. local time at the called person's location;

(2) any person that previously has stated that he or she does not wish to receive an outbound telephone call made by or on behalf of the Member; or

(3) any person who has registered his or her telephone number on the Federal Trade Commission's national do-not-call registry.

(b) Caller Disclosures

No Member or associated person of a Member shall make an outbound telephone call to any person without disclosing truthfully, promptly and in a clear and conspicuous manner to the called person the following information:

(1) the identity of the caller and the Member;

(2) the telephone number or address at which the caller may be contacted; and

(3) that the purpose of the call is to solicit the purchase of securities or related services.

The telephone number provided may not be a 900 number or any other number for which charges exceed local or long-distance transmission charges.

(c) Exceptions

The prohibition of paragraph (a)(1) does not apply to outbound telephone calls by a Member or an associated person of a Member if:

(1) the Member has an established business relationship with the person,

(2) the Member has received that person's express prior consent; or

(3) the person called is a broker or dealer.

(d) Member's Firm-Specific Do-Not-Call List

(1) Each Member shall make and maintain a centralized list of persons who have informed the Member or an associated person of a Member that they do not wish to receive outbound telephone calls.

(2) Prior to engaging in telemarketing, a Member must institute procedures to comply with paragraphs (a) and (b). Such procedures must meet the following minimum standards:

(A) Written policy. Members must have a written policy for maintaining the do-not-call list described under paragraph (d)(1).

(B) Training of personnel engaged in telemarketing. Personnel engaged in any aspect of telemarketing must be informed and trained in the existence and use of the do-not-call list.

(C) Recording, disclosure of do-not-call requests. If a Member receives a request from a person not to receive calls from that Member, the Member must record the request and place the person's name, if provided, and telephone number on the Member's firm-specific do-not-call list at the time the request is made. Members must honor a person's do-not-call request within a reasonable time from the date such request is made. This period may not exceed 30 days from the date of such request. If such requests are recorded or maintained by a party other than the Member on whose behalf the outbound telephone call is made, the Member on whose behalf the outbound telephone call is made will be liable for any failures to honor the do-not-call request.

(D) Identification of telemarketers. A Member or associated person of a Member making an outbound telephone call must make the caller disclosures set forth in paragraph (b).

(E) Affiliated persons or entities. In the absence of a specific request by the person to the contrary, a person's do-not-call request shall apply to the Member making the call, and shall not apply to affiliated entities unless the consumer reasonably would expect them to be included given the identification of the caller and the product being advertised.

(F) Maintenance of do-not-call lists. A Member making outbound telephone calls must maintain a record of a person's request not to receive further calls.

(e) Do-Not-Call Safe Harbors

(1) A Member or associated person of a Member making outbound telephone calls will not be liable for violating paragraph (a)(3) if:

(A) the Member has an established business relationship with the called person. A person's request to be placed on the Member's firm-specific do-not-call list terminates the established business relationship exception to the national do- not-call registry provision for that Member even if the person continues to do business with the Member;

(B) the Member has obtained the person's prior express written consent. Such consent must be clearly evidenced by a signed, written agreement (which may be obtained electronically under the E-Sign Act) between the person and the Member, which states that the person agrees to be contacted by the Member and includes the telephone number to which the calls may be placed; or

(C) the Member or associated person of a Member making the call has a personal relationship with the recipient of the call.

(2) A Member or associated person of a Member making outbound telephone calls will not be liable for violating paragraph (a)(3) if the Member or associated person of a Member demonstrates that the violation is the result of an error and that as part of the Member's routine business practice , it meets the following standards:

(A) Written Procedures. The Member has established and implemented written procedures to comply with paragraphs (a) and (b);

(B) Training of personnel. The Member has trained its personnel, and any entity assisting in its compliance, in the procedures established pursuant to paragraph (e)(2)(A);

(C) Recording. The Member has maintained and recorded a list of telephone numbers that it may not contact in compliance with paragraph (d); and

(D) Accessing the national do-not-call database. The Member uses a process to prevent outbound telephone calls to any telephone number on the Member's firm-specific do-not-call list or the national do-not-call registry, employing a version of the national do-not-call registry obtained from administrator of the registry no more than 31 days prior to the date any call is made, and maintains records documenting this process.

(f) Wireless Communications

The provisions set forth in this Rule are applicable to Members and associated persons of Members making outbound telephone calls to wireless telephone numbers.

(g) Outsourcing Telemarketing

If a Member uses another appropriately registered or licensed entity or person to perform telemarketing services on its behalf, the Member remains responsible for ensuring compliance with all provisions contained in this Rule.

(h) Billing Information

For any telemarketing transaction, a Member or associated person of a Member must obtain the express informed consent of the person to be charged and to be charged using the identified account.

(1) In any telemarketing transaction involving preacquired account information and a free-to-pay conversion feature, the Member or associated person of a Member must:

(A) obtain from the customer, at a minimum, the last four digits of the account number to be charged;

(B) obtain from the customer an express agreement to be charged and to be charged using the account number pursuant to paragraph (h)(1)(A); and

(C) make and maintain an audio recording of the entire telemarketing transaction.

(2) In any other telemarketing transaction involving preacquired account information not described in paragraph (h)(1), the Member or associated person of a Member must:

(A) identify the account to be charged with sufficient specificity for the customer to understand what account will be charged; and

(B) obtain from the customer an express agreement to be charged and to be charged using the account number identified pursuant to paragraph (h)(2)(A).

(i) Caller Identification Information

(1) Any Member that engages in telemarketing must transmit or cause to be transmitted the telephone number, and, when made available by the Member's telephone carrier, the name of the Member, to any caller identification service in use by a recipient of an outbound telephone call.

(2) The telephone number so provided must permit any person to make a do-not- call request during regular business hours.

(3) Any Member that engages in telemarketing is prohibited from blocking the transmission of caller identification information.

(j) Unencrypted Consumer Account Numbers

No Member or associated person of a Member shall disclose or receive, for consideration, unencrypted consumer account numbers for use in telemarketing. The term "unencrypted" means not only complete, visible account numbers, whether provided in lists or singly, but also encrypted information with a key to its decryption. This paragraph shall not apply to the disclosure or receipt of a customer's billing information to process a payment pursuant to a telemarketing transaction.

(k) Abandoned Calls

(1) No Member or associated person of a Member shall "abandon" any outbound telephone call. An outbound telephone call is "abandoned" if a person answers it and the call is not connected to a Member or associated person of a Member within two seconds of the called person's completed greeting.

(2) A Member or associated person of a Member shall not be liable for violating paragraph (k)(1) if:

(A) the Member or associated person of a Member employs technology that ensures abandonment of no more than three percent of all outbound telephone calls

answered by a person, measured over the duration of a single calling campaign, if less than 30 days, or separately over each successive 30-day period or portion thereof that the campaign continues;

(B) the Member or associated person of a Member, for each outbound telephone call placed, allows the telephone to ring for at least 15 seconds or four rings before disconnecting an unanswered call;

(C) whenever a Member or associated person of a Member is not available to speak with the person answering the outbound telephone call within two seconds after the person's completed greeting, the Member or associated person of a Member promptly plays a recorded message that states the name and telephone number of the Member or associated person of a Member on whose behalf the call was placed; and

(D) the Member or associated person of a Member retains records establishing compliance with paragraph (k)(2).

(l) Prerecorded Messages

(1) No Member or associated person of a Member shall initiate any outbound telephone call that delivers a prerecorded message, other than a prerecorded message permitted for compliance with the call abandonment safe harbor in paragraph (k)(2)(C), unless:

(A) the Member has obtained from the called person an express agreement, in writing, that:

(i) the Member obtained only after a clear and conspicuous disclosure that the purpose of the agreement is to authorize the Member to place prerecorded calls to such person;

(ii) the Member obtained without requiring, directly or indirectly, that the agreement be executed as a condition of opening an account or purchasing any good or service;

(iii) evidences the willingness of the recipient of the call to receive calls that deliver prerecorded messages by or on behalf of the Member; and

(iv) includes such person's telephone number and signature (which may be obtained electronically under the E-Sign Act);

(B) the Member or associated person of a Member allows the telephone to ring for a least 15 seconds or four rings before disconnecting an unanswered call and, within two seconds after the completed greeting of the called person, plays a prerecorded message that promptly provides the disclosures in paragraph (b), followed immediately by a disclosure of one or both of the following:

(i) for a call that could be answered in person, that the called person can use an automated interactive voice and/or keypress-activated opt-out mechanism to assert a firm-specific do-not-call request pursuant to the Member's procedures instituted under paragraph (d)(2)(C) at any time during the message. The mechanism must:

a. automatically add the number called to the Member's firm-specific do-not-call list;

b. once invoked, immediately disconnect the call; and

c. be available for use at any time during the message; and

(ii) for a call that could be answered by an answering machine or voicemail service, that the person called can use a toll-free telephone number to assert a firm-specific do-not-call request pursuant to the Member's procedures instituted under paragraph (d)(2)(C). The number provided must connect directly to an automated interactive voice or keypress-activated opt-out mechanism that:

a. automatically adds the number called to the Member's firm-specific do-not-call list;

b. immediately thereafter disconnects the call; and

c. is accessible at any time throughout the duration of the telemarketing campaign; and

(C) the Member complies with all other requirements of this Rule and other applicable federal and state laws.

(2) Any call that complies with all applicable requirements of paragraph (l) shall not be deemed to violate paragraph (k).

(m) Credit Card Laundering

Except as expressly permitted by the applicable credit card system, no Member or associated person of a Member shall:

(1) present to or deposit into, the credit card system for payment, a credit card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the Member;

(2) employ, solicit, or otherwise cause a merchant, or an employee, representative or agent of the merchant, to present to or to deposit into the credit card system for payment, a credit

card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the merchant; or

(3) obtain access to the credit card system through the use of a business relationship or an affiliation with a merchant, when such access is not authorized by the merchant agreement or the applicable credit card system.

(n) Definitions

For purposes of this Rule:

(1) The term "account activity" shall include, but not be limited to, purchases, sales, interest credits or debits, charges or credits, dividend payments, transfer activity, securities receipts or deliveries, and/or journal entries relating to securities or funds in the possession or control of the Member.

(2) The term "acquirer" means a business organization, financial institution, or an agent of a business organization or financial institution that has authority from an organization that operates or licenses a credit card system to authorize merchants to accept, transmit, or process payment by credit card through the credit card system for money, goods or services, or anything else of value.

(3) The term "billing information" means any data that enables any person to access a customer's or donor's account, such as a credit or debit card number, a brokerage, checking, or savings account number, or a mortgage loan account number.

(4) The term "broker-dealer of record" refers to the broker or dealer identified on a customer's account application for accounts held directly at a mutual fund or variable insurance product issuer.

(5) The term "caller identification service" means a service that allows a telephone subscriber to have the telephone number and, where available, name of the calling party transmitted contemporaneously with the telephone call, and displayed on a device in or connected to the subscriber's telephone.

(6) The term "cardholder" means a person to whom a credit card is issued or who is authorized to use a credit card on behalf of or in addition to the person to whom the credit card is issued.

(7) The term "credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(8) The term "credit card" means any card, plate, coupon book, or other credit device existing for the purpose of obtaining money, property, labor, or services on credit.

(9) The term "credit card sales draft" means any record or evidence of a credit card transaction.

(10) The term "credit card system" means any method or procedure used to process credit card transactions involving credit cards issued or licensed by the operator of that system.

(11) The term "customer" means any person who is or may be required to pay for goods or services offered through telemarketing.

(12) The term "established business relationship" means a relationship between a Member and a person if:

(A) the person has made a financial transaction or has a security position, a money balance, or account activity with the Member or at a clearing firm that provides clearing services to such Member within the previous 18 months immediately preceding the date of the telemarketing call;

(B) the Member is the broker-dealer of record for an account of the person within the previous 18 months immediately preceding the date of the telemarketing call; or

(C) the person has contacted the Member to inquire about a product or service offered by the Member within the previous three months immediately preceding the date of the telemarketing call.

A person's established business relationship with a Member does not extend to the Member's affiliated entities unless the person would reasonably expect them to be included. Similarly, a person's established business relationship with a Member's affiliate does not extend to the Member unless the person would reasonably expect the Member to be included.

(13) The term "free-to-pay conversion" means, in an offer or agreement to sell or provide any goods or services, a provision under which a customer receives a product or service for free for an initial period and will incur an obligation to pay for the product or service if he or she does not take affirmative action to cancel before the end of that period.

(14) The term "merchant" means a person who is authorized under a written contract with an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution. . A "charitable contribution" means any donation or gift of money or any other thing of value, for example a transfer to a pooled income fund.

(15) The term "merchant agreement" means a written contract between a merchant and an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution.

(16) The term "outbound telephone call" means a telephone call initiated by a telemarketer to induce the purchase of goods or services or to solicit a charitable contribution from a donor. A "donor" means any person solicited to make a charitable contribution.

(17) The term "person" means any individual, group, unincorporated association, limited or general partnership, corporation, or other business entity.

(18) The term "personal relationship" means any family member, friend, or acquaintance of the person making an outbound telephone call.

(19) The term "preacquired account information" means any information that enables a Member or associated person of a Member to cause a charge to be placed against a customer's or donor's account without obtaining the account number directly from the customer or donor during the telemarketing transaction pursuant to which the account will be charged.

(20) The term "telelmarketer" means any person who, in connection with telemarketing, initiates or receives telephone calls to or from a customer or donor.

(21) The term "telemarketing" means consisting of or relating to a plan, program, or campaign involving at least one outbound telephone call, for example cold-calling. The term does not include the solicitation of sales through the mailing of written marketing materials, when the person making the solicitation does not solicit customers by telephone but only receives calls initiated by customers in response to the marketing materials and during those calls takes orders only without further solicitation. For purposes of the previous sentence, the term "further solicitation" does not include providing the customer with information about, or attempting to sell, anything promoted in the same marketing materials that prompted the customer's call.

Interpretations and Policies:

.01 Members and associated persons of Members that engage in telemarketing also are subject to the requirements of relevant state and federal laws and rules, including but not limited to the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Telephone Consumer Protection Act, and the rules of the Federal Communications Commission ("FCC") relating to telemarketing practices and the rights of telephone consumers.[(a) No Member or associated person shall make an outbound telephone call to any person's residence for the purpose of soliciting the purchase of securities or related services ("telemarketing" or "cold-calling") at any time other than between 8 a.m. and 9 p.m. local time at the called person's location, without that person's prior consent.

(b) No Member or associated person shall make an outbound telephone call to any person for the purpose of telemarketing without disclosing promptly and in a clear and conspicuous manner to the called person the following information:

(1) The identity of the caller and the Member firm.

(2) The telephone number or address at which the caller may be contacted.

(3) That the purpose of the call is to solicit the purchase of securities or related services.

(c) The prohibitions of paragraphs (a) and (b) do not apply to telephone calls by an associated person (whether acting alone or at the direction of another associated person) who controls or has been assigned to a Member's existing customer account for the purpose of maintaining and servicing that account, provided that the call is to:

(1) An existing customer who, within the preceding eighteen (18) months, has made a securities transaction in or has deposited funds or securities into an account, that was under the control of or assigned to that associated person at the time of the transaction or deposit;

(2) An existing customer whose account has earned interest or dividend income during the preceding eighteen (18) months, and who previously has made a securities transaction in or has deposited funds or securities into an account, that was under the control of or assigned to the associated person at the time of the transaction or deposit; or

(3) A broker or dealer.

(d) For purposes of paragraph (c) above, the term "existing customer" means a customer for whom the broker or dealer, or a clearing broker or dealer on its behalf, carries on account. The scope of this Rule 1324 is limited to the telemarketing calls described herein. The terms of this Rule do not impose, expressly or by implication, any additional requirements on Members with respect to the relationship between a Member and a customer or between an associated person and a customer.

(e) Each Member shall make and maintain a centralized list of persons who have informed the Member, or any employee thereof, that they do not wish to receive telephone solicitations, and shall refrain from engaging in telephone solicitations of persons named on such list.

(f) Each Member or associated person engaged in telemarketing shall have a customer's express written authorization in order to obtain or submit for payment a check, draft, or other form of negotiable instrument drawn on a customer's checking, savings, share or similar account. Written authorization may include the customer's signature on the negotiable instrument. The authorization must be retained for at least three (3) years. This provision does not require maintenance of copies of negotiable instruments signed by customers.

(g) Members and associated persons that engage in telemarketing also are subject to the requirements of the rules of the Federal Communications Commission relating to telemarketing practices and the rights of telephone consumers.]

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